



Independent Democratic Conference

The Benefits of Raising the Minimum Wage for
New York's Women and Minority Workers

February 2013

New York's minimum wage is currently \$7.25 an hour, which equals the federal minimum wage. The neighboring states of Connecticut, Vermont, and Massachusetts all have higher minimum wages than New York currently. A person working 40 hours a week for 52 straight weeks would earn \$15,080 a year, and many workers making the minimum wage aren't scheduled to work that many hours in a week or work that many weeks, meaning that they likely make less than \$15,000 a year. Given the high cost of living, especially in New York City and surrounding counties, making just \$15,000 a year, even for a single person without dependents, means having barely enough to provide basic needs or afford one's rent.

In April 2012, Senator Jeffrey D. Klein and the Independent Democratic Conference (IDC) issued a report entitled "Creating Jobs and Stimulating New York's Economy: Now is the Time to Raise New York's Minimum Wage" setting forth data and analysis supporting the need and urging the passage of a minimum wage hike in New York. The report demonstrated that raising the minimum wage in New York was an economic necessity because it would boost consumer spending and stimulate job creation.¹ The data illustrated that increasing the minimum wage from \$7.25 to \$8.50 per hour would boost the wages of all affected workers by roughly \$950 million and, of this \$950 million in additional wages, New Yorkers could have expected an increase in statewide spending of over \$600 million.² While all New Yorkers would benefit from an increase to the minimum wage, some of New York's residents would see greater gains than others. Data on New York's workforce makes it clear that women and minority workers are more likely than male or white workers to hold jobs that pay the minimum wage or slightly above. Since women and minority workers are more likely to hold these lower paying jobs, they also stand to see the greatest benefit from an increase in the minimum wage. Raising the minimum wage is one of the surest ways in which New York can help significantly increase the opportunities and spending power of our women and minority workers.

Nationally, women make less than men across all occupations, and this adversely affects women's long-term security and retirement. The average working woman earns just 77 cents to her male counterpart's dollar.³ Over time, this translates to \$10,849 per year in female median earnings.⁴ For racial-minority women, the wage gap is even greater. Currently, African American women make only 62 cents and Latinas only 53 cents for every dollar earned by white, non-Hispanic men.⁵

Additionally, women make up just under half of the national workforce, but account for roughly 60 percent of minimum wage workers.⁶ According to the Bureau of Labor Statistic's 2011 report

¹ Analysis by the non-partisan Economic Policy Institute (EPI), February 2012, on behalf of the Office of Senator Jeffrey D. Klein.

² *Id.*

³ See National Women's Law Center, available at <http://www.nwlc.org/resource/women-cant-afford-unfair-pay-today> (Data based on calculations from the U.S. Census Bureau, Current Population Survey, 2011 Annual Social and Economic Supplement, Table PINC-05: Work Experience in 2010 – People 15 Years Old and Over by Total Money Earnings in 2010 Age, Race, Hispanic Origin, and Sex, available at <http://www.census.gov/hhes/www/cp-stables/032011/perinc/toc.htm>).

⁴ *Id.*

⁵ *Id.*

⁶ See Center For American Progress, The State of Diversity in Today's Workforce, "As Our Nation Becomes More Diverse So Too Does Our Workforce", by Crosby Burns, Kimberly Barton, and Sophia Kerby, July 2012; see also National Women's Law Center, "Fair Pay for Women Requires Increasing the Minimum Wage and Tipped

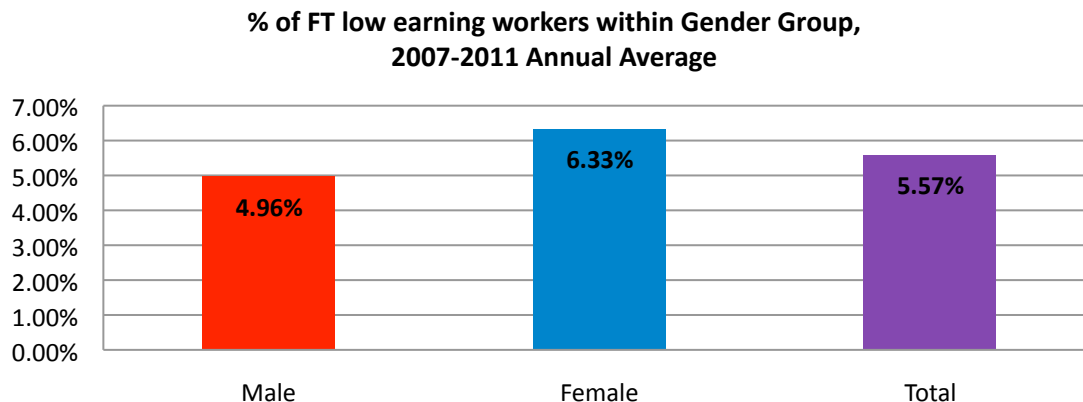
on the characteristics of minimum wage workers nationally, around 5.2% of workers in the country earned paid hourly rates at or below the federal minimum wage. In New York State, around 5.1% of workers earned hourly rates at or below the federal minimum wage, right in line with the national average. The Bureau of Labor Statistics (BLS) also reported that while 3.9% of male workers 16 and older earned hourly rates at or below the minimum wage, 6.3% of female workers earned these kind of rates⁷. In New York, women also make up just under half of the state workforce, but account for roughly 56.1 percent of minimum wage workers.⁸ Such high numbers are due to the fact that women are highly concentrated in low-wage industries such as food service, retail, and home health care, where their wages most often only meet or slightly exceed minimum wage.⁹

Data from the American Communities Survey (ACS)¹⁰, collected by the Census Bureau, gives is a very similar picture. The ACS has statistics on individual earned income for year-round, full-time workers in the past 12 months in New York. The ACS data and the BLS data both show that women workers are over-represented amongst those workers making an income equivalent to earning the minimum wage.

Figure 1: ACS Data on full time workers with an income under \$15,000 a year

	Male	Female	Total
Total pop over 16	7,394,890	8,099,470	15,494,360
Worked full-time, year-round in the past 12 months:	3,562,654	2,792,073	6,354,727
Earned \$1-\$14,999	177,018	176,663	353,681
Low earners as a % of group	4.96%	6.33%	5.57%

Figure 2: Percentage of male and female workers in NY earning under \$15,000



Minimum Wage, Nov. 30, 2012, available at <http://www.nwlc.org/resource/fair-pay-women-requires-increasing-minimum-wage-and-tipped-minimum-wage>).

⁷ US. Department of Labor, Bureau of Labor Statistics. “Characteristics of Minimum Wage Workers:2011” Pg. 2. Available at: <http://www.bls.gov/cps/minwage2011.pdf>

⁸ Updated analysis by the EPI, January 2013, on behalf of the Office of Senator Jeffrey D. Klein.

⁹ See U.S. Department of Labor, Bureau of Labor Statistics, available at http://www.bls.gov/emp/ep_table_104.htm).

¹⁰ ACS data can be found by looking for the 2011 American Community Survey 5-Year Estimates (2007-2011) at: <http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml>

It is also significant to note that in the coming years, these female-dominated sectors will be some of the fastest growing sources of low-wage jobs.¹¹ Specifically, retail salespersons, registered nurses, home health and personal care aides and food servers are all in occupations with the most job growth expected through 2020.¹² Yet the median annual salary for women-dominated occupations is only somewhat above minimum wage levels. This is astonishingly low for a family to thrive on. In 2010, the median annual salary for retail workers was just \$20,670 and only \$18,330 a year for food servers.¹³ Despite the projected growth of job opportunity, these jobs, without an increase in the minimum wage, will fail to pay enough for women to cover even the fundamental costs of living.

Moreover, women are disproportionately affected by poverty.¹⁴ In 2011, more than 5 million more women lived in poverty than men.¹⁵ Families headed by a single adult are more likely to be headed by women, and these female-headed families are at greater risk of poverty and deep poverty; 34.2 percent of families with a female householder where no husband is present were poor and 16.9 percent were living in deep poverty; 16.5 percent of families with a male householder where no wife was present were poor and 6.7 percent were living in deep poverty; and 7.4 percent of married couple families with children were living in poverty, 2.4 percent were in deep poverty.¹⁶

The Fiscal Policy Institute (FPI) just last month released a report in which they accounted for the possible direct and indirect benefits that workers in New York might have seen from an increase of the minimum wage from \$7.25 an hour to \$8.75 per hour, which was a previous minimum wage increase proposal¹⁷. The FPI data again shows that women and minority workers in New York are overrepresented amongst our lowest earning workers. According to the FPI report the overall workforce in New York is 51% male and 49% female. Yet according to their data, 56% of the workers who would be directly affected by an increase in the minimum wage are women while men make up only 44% of those directly affected.

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¹¹ *Id.*

¹² *Id.*

¹³ *Id.*

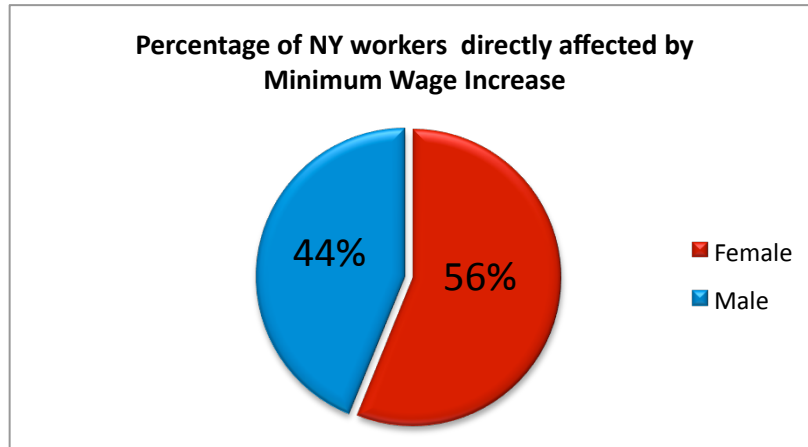
¹⁴ See U.S. Census Bureau for poverty thresholds, available at <http://www.census.gov/hhes/www/poverty/about/overview/measure.html>.

¹⁵ See National Center for Law and Economic Justice, available at <http://www.nclaj.org/poverty-in-the-us.php> (data from the U.S. Census Bureau and other published reports)

¹⁶ *Id.*

¹⁷ Fiscal Policy Institute, “Raising New York’s Minimum Wage: The Economic Benefits and Demographic Impacts of Increasing New York’s Minimum Wage to \$8.75 per Hour” January 2013. Available at: <http://fiscalspolicy.org/wp-content/uploads/2013/01/Raising-New-York-Min-Wage-FPI-NELP.pdf>

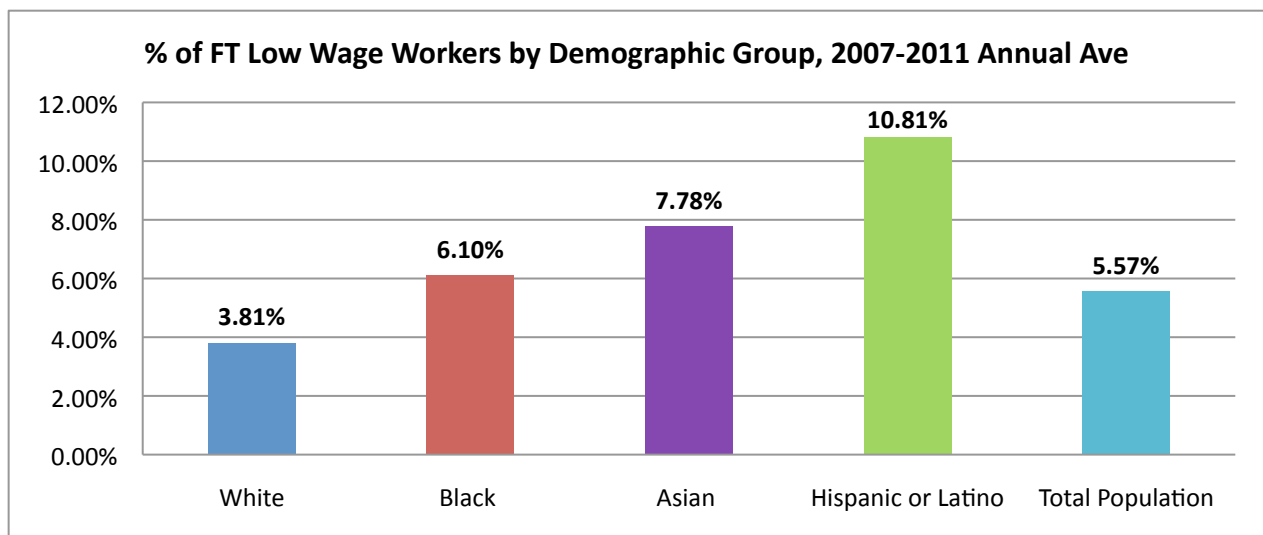
Figure 4: Breakdown by gender of workers affected by a minimum wage increase.



The ACS data also allows us to break down low-wage earning workers by racial and ethnic demographics as well. The data shows us that a higher percentage of full-time minority workers in New York earn under \$15,000 a year than non-minority workers.

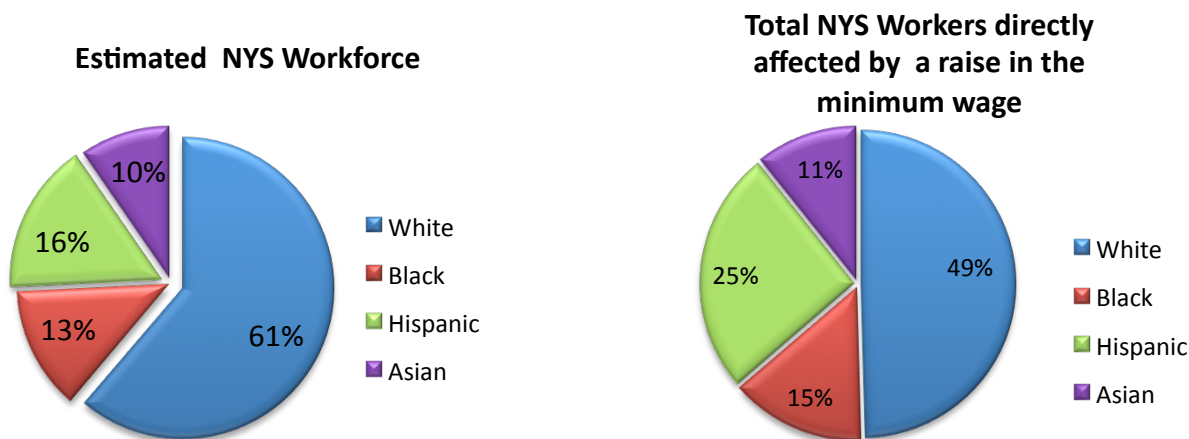
Figure 3: Percentage of full time workers in New York making under \$15,000 by race

Demographic breakdown:	White	Black	Asian	Hispanic or Latino	Total Population
Total	9,377,634	2,343,906	1,158,148	2,505,832	15,494,360
Worked full-time, year-round in the past 12 months:	3,876,936	923,275	488,285	1,022,021	6,354,727
Earning \$1-\$14,999	147,895	56,320	37,985	110,531	353,681
Low Wage Earners within Individual Group	3.81%	6.10%	7.78%	10.81%	5.57%



The data examined by the FPI report also shows that minority workers are overrepresented in low wage jobs here in New York State. Their data shows that whites make up 61% of the State workforce while minority workers make up 39%, yet 51% of the wage increases from raising the minimum wage would go to minority workers.

Figure 5: Breakdown of NYS workforce and of those directly affected by a minimum wage increase by race.



Nationally, minorities are facing alarmingly high levels of poverty. Based on U.S. Census data released in late 2012, 28 percent of Hispanics and 27.8 percent of African Americans are facing poverty.¹⁸ These numbers are alarmingly high when you consider the fact that 16 percent of the overall population is living in poverty.¹⁹

Raising the New York minimum wage would reverse these trends and would be a long overdue measure to increase the economic security of women and minority workers. With a \$1.25 per hour increase to the minimum wage in New York, total wages for women would increase by \$508,157,463 in the initial year.²⁰ Also, the average overall annual wage increase for a woman making the new minimum wage would be \$784.²¹ With a \$1.25 increase to the minimum wage in New York, wages for African Americans, Hispanics, and Asians, would increase by a total of \$503,333,649 in the initial year. The average overall annual total wage increase for New York’s low wage minority workers would be \$864. The IDC used this information to compute how different increases of the minimum wage ranging from an increase to \$8.25 per hour to an increase to \$8.75 per hour would affect New York’s women and minority workers.

¹⁸ Fox News Latino, “Latino Poverty Rate Climbs to 28%, November 14, 2012, available at <http://latino.foxnews.com/latino/lifestyle/2012/11/14/latino-poverty-rate-climbs/>.

¹⁹ *Id.*

²⁰ Updated analysis by the EPI, January 2013, on behalf of the Office of Senator Jeffrey D. Klein.

²¹ *Id.*

Figure 6: Total additional wages given a range of possible minimum wage increases

	Raise to \$8.25	Raise to \$8.50	Raise to \$8.65	Raise to \$8.75
Total New wages for Women workers	\$493,211,655	\$508,157,463	\$517,124,948	\$523,103,271
Average Wage increase per woman worker	\$761	\$784	\$798	\$807
Total new wages for Minority workers	\$488,529,718	\$503,333,649	\$512,216,008	\$518,137,580
Average wage increase for Minority Workers	\$839	\$864	\$879	\$890

Raising the minimum wage from \$7.25 to \$8.75 per hour would provide New York’s women workers an overall raise of over half a billion dollars. The state’s minority workers would also see a raise of over half a billion dollars as well.

Conclusion - The Time is Now To Enact a Higher Minimum Wage

With the cost of living increasing and the need for economic stimulus still present, the need for an increase in the minimum wage is vital. Previous reports by the IDC have shown that raising the minimum wage will spur additional spending and be a net creator of jobs here in New York. The data also makes it clear that it is women and minority workers who will see the biggest benefit from raising the minimum wage. These New York residents hold a disproportionate number of low wage jobs here in New York. Any increase in the minimum wage will therefore affect them the most. According to our IDC estimates, raising the minimum wage to \$8.75 perhour would mean an additional **\$523 million** in direct wages to women here in New York. If we break down the benefits by race and ethnicity, raising the minimum wage to \$8.75 per hour would provide New York’s minority workers with a wage increase of **\$518 million**. These are very significant raises that would directly impact the lives of hundreds of thousands of New Yorkers. It is clear that New York has every reason to raise the minimum wage.