



The federal tipped wage has been stuck at \$2.13 an hour since 1991.
Photo: pixdeluxe

THE CRISIS OF LOW WAGES

WHO EARNS LESS THAN \$15 AN HOUR IN THE US IN 2022?

Today, millions of Americans do arduous work in jobs that pay too little and offer few benefits. They serve food, clean offices, care for the young and elderly, stock shelves, and deliver pizza. They work these jobs year after year while caring for children and parents, trying to save for college, and paying their bills. Yet despite their best efforts, these low-wage workers are falling further behind.

The way Oxfam sees it, if you work hard, you should earn enough to get by. And right now, the place to start is to raise the federal minimum wage, and to abolish subminimum wages.

The proposed Raise the Wage Act of 2021 would raise the wage to \$15 by 2025. This modest, long-overdue increase would lift millions out of poverty, strengthen our economy, and save taxpayers billions of dollars. It would also abolish subminimum wages, a move that is long past due. At a federal level, employers are still allowed to pay below \$7.25 to tipped workers, student workers, workers with disabilities, agricultural workers, and domestic workers.

As the costs of living goes up, so should wages. It's common sense, it will benefit America as a whole, and it's only fair.

DECLINING WAGES, RISING INEQUALITY

In the past 40 years, the very rich have benefited from an astronomical increase in income, while middle- and low-wage workers have seen wages stagnate or even decline. The pandemic exacerbated this trend, sending billions in pandemic profits to the very wealthy, while millions lost ground.

As this divide has grown, the wealthiest people and companies have gained disproportionate power in our economy and our government; low-wage workers have seen their access to power and their ability to influence dwindle.

Just like poverty itself, however, this disparity is not inevitable. It is the consequence of our political choices over many years. In order to confront and address growing inequality, we need to identify and advocate for the right policy solutions.

THE NUMBERS, AND DEMOGRAPHICS, ARE STARK

- Nearly a third of the workforce (31.9 percent) is earning less than \$15 an hour: roughly 52 million workers and their families are struggling to get by on wages of declining value.
- The impact on historically marginalized workers is significant.
 - **Gender:** While 25 percent of men earn less than \$15, 40 percent of women do (31 million people).
 - **Race:** While 26 percent of white workers earn less than \$15, 46 percent of Hispanic/Latinx workers do, and 47 percent of Black workers do.
 - **Race and gender:** Women of color (includes women who do not self identify as white) are disproportionately represented in the low-wage workforce. While 25 percent of men earn less than \$15, and 40 percent of women do, **HALF** of working women of color earn less than \$15. **In 25 states, at least 60 percent of working women of color earn under \$15.**
- **Age:** The vast majority of the workers earning less than \$15 are NOT teenagers: 89 percent are age 20 or older.
- **Parents:** Millions of low-wage workers are parents, struggling to raise children on low wages. Among working single parents, 57 percent (11.2 million people) earn less than \$15.

CONCENTRATIONS OF ALL WORKERS EARNING LESS THAN \$15, BY STATE

	STATE	TOTAL WORKFORCE	NUMBER EARNING <\$15	SHARE EARNING <\$15
	UNITED STATES	162,891,467	51,924,658	31.9%
1	District of Columbia	412,788	35,247	9%
2	Washington	3,952,917	561,034	14%
3	California	19,074,870	3,405,104	18%
4	Massachusetts	3,690,317	714,141	19%
5	Maryland	3,132,555	753,231	24%
6	Connecticut	1,826,045	440,843	24%
7	New York	9,229,831	2,312,420	25%
8	New Jersey	4,445,947	1,126,877	25%
9	New Hampshire	744,509	190,808	26%
10	Minnesota	3,030,443	779,945	26%
11	Colorado	3,208,438	858,926	27%
12	Rhode Island	552,166	149,802	27%
13	Hawaii	647,426	176,462	27%
14	Alaska	352,071	99,982	28%
15	Delaware	490,957	143,479	29%
16	Oregon	2,169,925	634,735	29%
17	North Dakota	401,894	121,714	30%
18	Wisconsin	3,108,417	946,880	30%
19	Vermont	318,149	98,523	31%
20	Pennsylvania	6,240,617	1,946,241	31%
21	Illinois	6,271,493	1,956,300	31%
22	Virginia	4,261,535	1,399,200	33%
23	Wyoming	292,216	96,145	33%
24	Iowa	1,662,672	548,589	33%
25	South Dakota	470,859	157,276	33%
26	Indiana	3,311,320	1,115,144	34%
27	Arizona	3,654,052	1,231,238	34%
28	Utah	1,685,176	572,989	34%
29	Maine	677,134	238,422	35%
30	Missouri	3,058,440	1,081,731	35%
31	Georgia	5,177,893	1,873,796	36%
32	Tennessee	3,317,891	1,207,455	36%
33	Kansas	1,500,738	547,930	37%
34	Ohio	5,698,184	2,080,583	37%
35	Nebraska	1,025,621	378,866	37%
36	North Carolina	5,057,733	1,869,127	37%
37	Nevada	1,546,231	577,255	37%
38	Michigan	4,759,380	1,803,297	38%
39	Idaho	909,467	344,875	38%
40	Oklahoma	1,861,892	710,221	38%
41	Louisiana	2,062,975	802,558	39%
42	Montana	544,729	212,992	39%
43	West Virginia	789,907	313,952	40%
44	Texas	14,299,174	5,692,294	40%
45	Alabama	2,227,172	896,551	40%
46	Arkansas	1,353,108	558,648	41%
47	Kentucky	2,002,624	830,832	41%
48	Florida	10,660,197	4,464,287	42%
49	South Carolina	2,405,807	1,029,032	43%
50	New Mexico	952,327	423,336	44%
51	Mississippi	1,262,868	571,567	45%
52	Puerto Rico	1,100,370	841,775	76%

SHARE OF RACIAL/ETHNIC GROUP EARNING LESS THAN \$15 AN HOUR

WHITE WORKERS

26%

HISPANIC/LATINX WORKERS

46%

BLACK WORKERS

47%

A WIDENING GAP

Just 30 years ago, the average pay gap between CEOs and workers was 61 to 1; by 2019, it had soared to 320 to 1. The average CEO made \$13,940,000, while a worker paid the federal minimum wage worker made \$15,080: a gap of 924 to 1.

The US pay gap is more dramatic than in most other countries. In Japan the ratio is 58 to 1; in Germany, it's 136 to 1.

ABOUT THE DATA BY STATE

While the federal minimum wage has been stuck at \$7.25 since 2009, many states and cities have made the move to increase the minimum wage in their localities. As the wage floor rises in an area, it lifts wages for most workers.

These differences are reflected in the numbers of workers earning less than \$15. For example, Washington state has one of the highest minimum wages in the country (\$14.49), and one of the lowest percentages of workers earning under \$15 (14.2 percent).

For full information on state labor policies, visit oxfamamerica.org/statelabormap2021.

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HISTORY OF THE MINIMUM WAGE: FALLING SHORT

By almost any measure, the federal minimum wage is at a historic low in 2022. In the simplest sense, it has lost value (at least 21 percent) over the 13 years since it was last raised to \$7.25 an hour.

If it kept pace with the increase in basic costs (such as food) it would be \$9.17; if it had kept pace with its historic high value in 1968, it would be \$11.12. Moreover, if the wage reflected gains in productivity and technology, it would be around \$26 an hour.

WHY NOT NOW?

The US has raised the minimum wage 22 times since it was first established in 1938 by President Franklin Roosevelt. The last time the minimum wage was increased, in 2007 during the administration of President George W. Bush, it passed with overwhelming bipartisan support, by a 94-3 vote in the Senate and 315-116 in the House.

Not surprisingly, in the 15 years since Congress last passed an increase, countless employers have stepped in to raise wages. Many now offer starting wages above the minimum in their locality; and several large employers have raised the minimum to at least \$15.

WHILE STATES SEEK TO REDRESS LACK OF ACTION, A FEDERAL SOLUTION IS CRUCIAL

Most states and many cities have increased their minimum wages over the last 15 years. For example, the minimum wage in California is \$15; in DC, it's \$15.20. (For more information on state labor policies, visit oxfamamerica.org/statelabormap2021.)

The country is now a patchwork of state fixes, with no real, lasting solution for all workers in the US. States right next to each other, with similar costs of living, may have dramatically different wages—and disparate numbers of workers struggling. For example, in Washington, the minimum is \$14.49, and 14 percent of workers earn less than \$15; in Idaho, it's \$7.25, and 38 percent of workers.

SUBMINIMUM WAGES POSE PROBLEMS

The unfortunate reality is that federal law allows employers to pay wages even lower than \$7.25 to certain workers. While the Fair Labor Standards Act of 1938 created the minimum wage, it also reflected the systemic racism, sexism, and ableism of the time (especially in the South), and created subminimum wages for a variety of workforces dominated by Black, migrant, women, and disabled workers.

While countless activists have won advances for these workers at state levels, federal law still permits subminimum wages for tipped

workers (\$2.13 for more than 30 years), farm workers, domestic workers, student workers, disabled workers, and more.

The tipped wage workforce is by far the largest subminimum workforce. Roughly 4.3 million people work as servers, manicurists, valets, and more; two-thirds of them are women.

The tipped wage makes women vulnerable to wage theft and sexual harassment (both of which are rampant in the restaurant industry). While employers are legally obligated to ensure that tipped workers bring home the minimum wage, this often does not happen. In fact, tipped workers have a median wage (including tips) of \$10.22, compared with \$16.48 for all workers.

Moreover, women in these jobs earn less than men (\$10.07 for women versus \$10.63 for men)—and the disparity is even greater for women of color. Nearly one in six female tipped workers lives in poverty.

Paying tipped workers the regular minimum wage doesn't hurt job creation; research shows no discernable effect on employment when tipped workers receive close to or the minimum wage.

THE VAST MAJORITY OF LOW-WAGE WORKERS ARE NOT TEENAGERS

A common narrative to defend a low minimum wage maintains that it's little more than a starter wage for young people, and that employers need to be able to pay low wages to unskilled, unseasoned workers. The evidence shows otherwise: the vast majority (89 percent) of those earning under \$15 are 20 years or older; only 11 percent are teenagers.

And, while wages appear to increase as workers get older, the hard truth is that among workers 55 years and older, 19% are earning under \$15. Moreover, millions of low-wage workers are parents of children; many are the only breadwinner in the household. Among the single-parent working population, 57 percent are earning less than \$15.

\$15 IS NOT ENOUGH

When the Fight for 15 launched several years ago, it seemed like a big lift to get to a \$15 minimum wage. Today, we realize that even \$15 is not enough to provide a decent standard of living for most working families.

A true calculation of what is needed for a "living wage" includes items such as housing, utilities, clothing, healthcare, transportation, savings, and more—and quickly exceeds \$15 an hour.

WHY RAISE THE FEDERAL MINIMUM WAGE? SIX REASONS FOR FIFTEEN

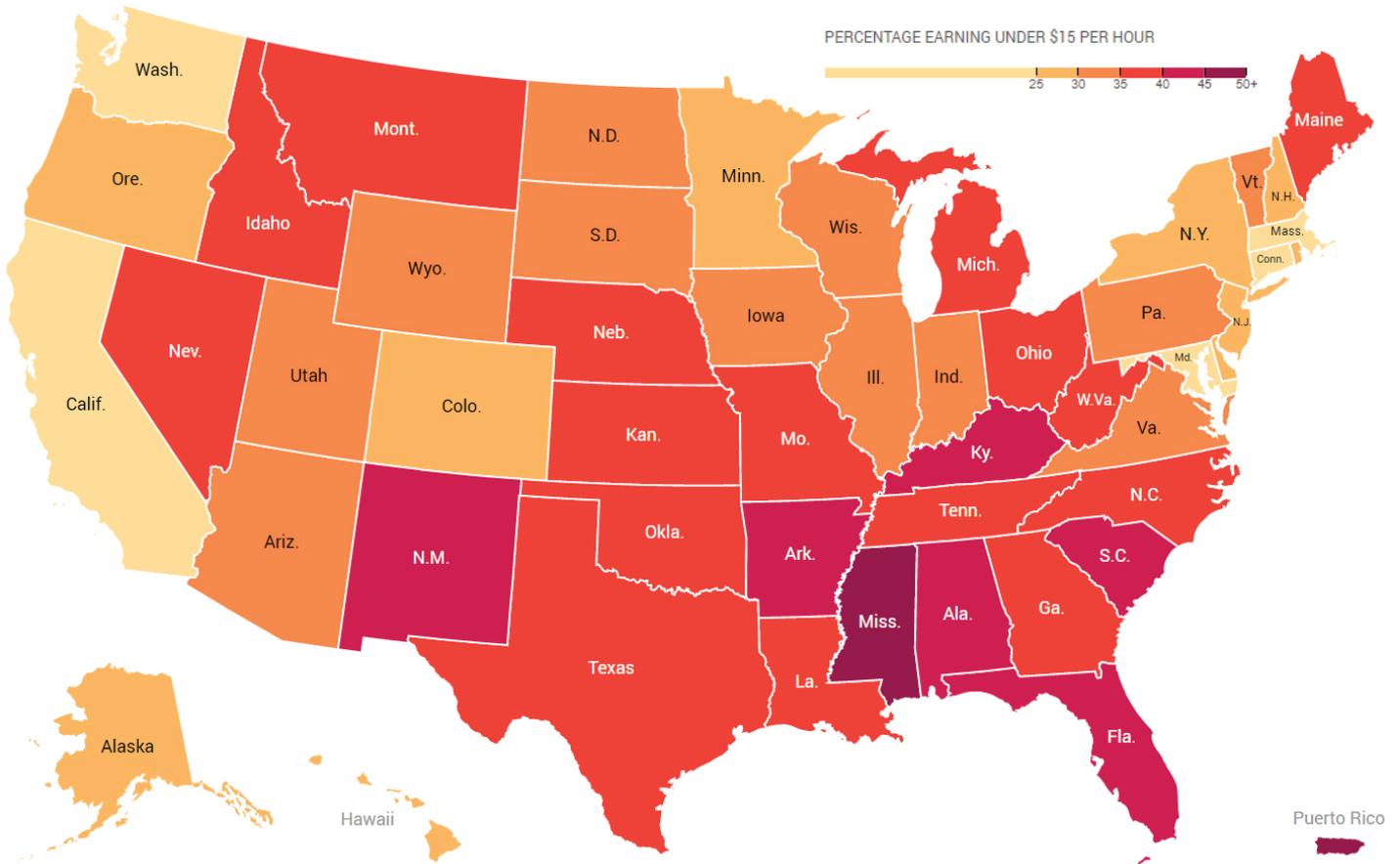
THE RAISE THE WAGE ACT OF 2021 WOULD:

- Gradually increase the minimum wage from \$7.25 to \$15 within four years of enactment;
- Create a system for future increases tied to wage growth;
- Gradually increase the subminimum wage for tipped workers from \$2.13 (set in 1991) to the full federal minimum wage;
- Repeal the youth subminimum wage, end subminimum wage certificates for workers with disabilities, and make all workers eligible for the minimum wage.

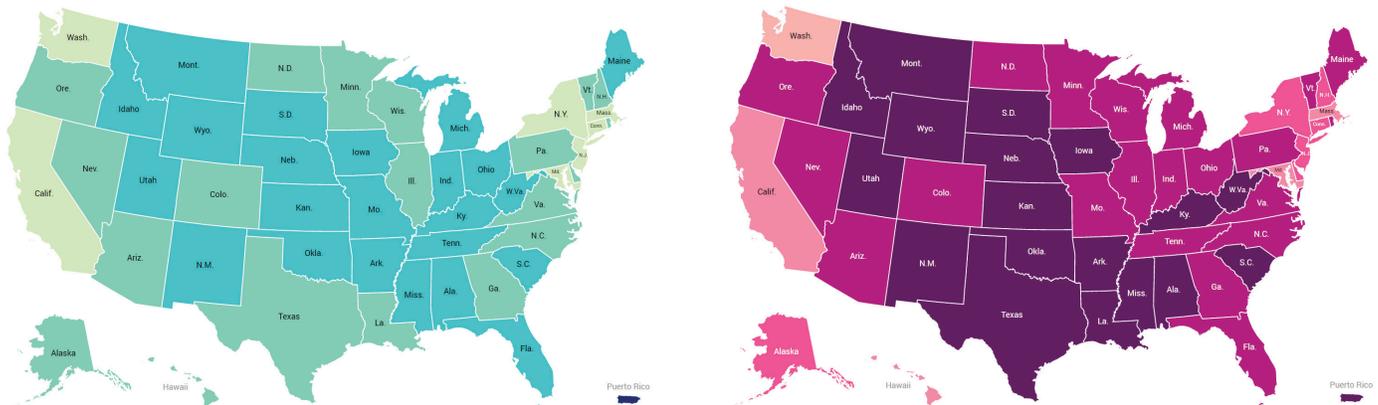
SIX REASONS TO RAISE THE MINIMUM WAGE

1. It is long overdue: it's been 13 years since the last raise.
2. It will address longstanding inequities in pay gaps by gender and race.
3. It is what the overwhelming majority of Americans want.
4. It will reduce poverty.
5. It will fuel economic growth.
6. It will save taxpayers money and reduce need for government benefits.

SHARES OF ALL WORKERS EARNING UNDER \$15, BY STATE



SHARES OF WHITE WORKERS VS WOMEN OF COLOR



The darker the color, the higher the percentage of low-wage workers in the state. Percentages for all workers range from 8.5 percent (DC) to 77 percent (Puerto Rico). Percentages of white workers range from 3 percent (DC) to 67 percent (Puerto Rico). Percentages for women of color soar up to 78 percent in Puerto Rico, and 70 percent in Mississippi. In 41 states, over HALF of all working women of color are earning under \$15. In 25 states, over 60 percent are earning less than \$15.

ABOUT THE DATA

The Oxfam Minimum Wage Model sources microdata from the 5-year Census American Community Survey (ACS-PUMS), and employs Current Population Survey (CPS-ORG) March 2021 data as formatted and made available by CEPR.

We use American Community Survey data to gather wages, demographics, and household data. For more information, please visit the Oxfam website.

PLEASE VISIT THE INTERACTIVE MAP ONLINE: WWW.OXFAMAMERICA.ORG/LOWWAGEMAP2022