

The Federal Minimum Wage

A Long-Overdue Raise Needed for Latino Workers and the Economy

The “Fair Minimum Wage Act of 2013” (S. 460/H.R. 1010) would restore the value of the minimum wage and the tipped minimum wage, ensuring that more people who work in low-wage jobs can afford the basics and help the economy grow. One-quarter of workers who would be directly affected by the minimum wage increase are Latino.

Latino Employment Statistics for March 2013

The [latest report](#) from the U.S. Department of Labor shows that U.S. employment increased by 88,000 in March, barely half of the average monthly growth over the past year. The national unemployment rate remained about the same at 7.6%, while the labor force shrank by 496,000 people. Latino unemployment edged down to 9.2%, but this drop was not a result of healthy labor market conditions; rather, consistent with the overall workforce, fewer Latinos were employed or actively searching for work compared to the previous month.

Table 1. The Employment Situation for Latino Workers in March 2013

Indicators	Latinos, March 2013
Employed —Working people over the age of 16, including those temporarily absent from their jobs	22 million
Unemployed —Those who are available to work, make an effort to find a job, or expect to be called back from a layoff but are not working	2.2 million
Civilian Labor Force —The sum of employed and unemployed people	24 million
Not in the Labor Force —People over the age of 16 classified as neither employed nor unemployed	13 million
Unemployment Rate —Share of the labor force that is unemployed	9.2%
Labor Force Participation Rate —Share of the population over the age of 16 that is in the labor force	65.4%
Employment-Population Ratio —Share of the population over the age of 16 that is working	59.4%

Source: U.S. Bureau of Labor Statistics, “Employment Status of the Hispanic or Latino Population by Sex and Age,” *Current Population Survey*, <http://www.bls.gov/webapps/legacy/cpsatab3.htm> (accessed February 1, 2013), Table A-3.

Latinos Are Overrepresented in High-Growth Low-Wage Jobs

As documented in [our year-end report](#), several of the occupations with significant recent employment growth also employ a large share of the Hispanic workforce. Yet, while Latinos are overrepresented in several growth occupations, those occupations also tend to pay below-

median wages, as Table 2 illustrates. In fact, [low-wage jobs](#) account for the majority of the job growth since the end of the Great Recession, leaving jobseekers with few employment job prospects that offer basic economic security.

Table 2. Wages and Hispanic Share of Occupations with the Most Projected Job Growth

Occupations	Projected change, 2010–2020 (thousands)	Median annual wage, 2010	Percent Hispanic, 2012
Total, All Occupations	20,468.9	\$33,840	15.4
Registered Nurses	711.9	64,690	6.2
Retail Salespersons	706.8	20,670	15.3
● Personal Care Aides	607.0	19,640	21.2
● Office Clerks, General	489.5	26,610	16.9
● Combined Food Preparation and Serving Workers, Including Fast Food	398.0	17,950	23.8
● Customer Service Representatives	338.4	30,460	18.0
● Laborers and Freight, Stock, and Material Movers, Hand	319.1	23,460	23.0
Postsecondary Teachers	305.7	45,690	6.2
● Childcare Workers	262.0	19,300	20.3
Bookkeeping, Accounting, and Auditing Clerks	259.0	34,030	9.0
● Cashiers	250.2	18,500	19.9
● Receptionists and Information Clerks	248.5	25,240	17.9
● Janitors and Cleaners, Except Maids and Housekeeping Cleaners	246.4	22,210	30.9
Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific Products	223.4	52,440	9.4
● Construction Laborers	212.4	29,280	41.2

● Indicates occupations with higher Latino share and lower median wages compared to all occupations
 Source: U.S. Bureau of Labor Statistics, “Occupations with the most job growth, 2010 and projected 2020,” *Employment Projections Project*, http://www.bls.gov/emp/ep_table_104.htm (accessed April 3, 2013), Table 1.4 and U.S. Bureau of Labor Statistics, *Current Population Survey, 2012 Annual Averages*, <http://www.bls.gov/cps/cpsaat11.htm> (accessed April 3, 2013).

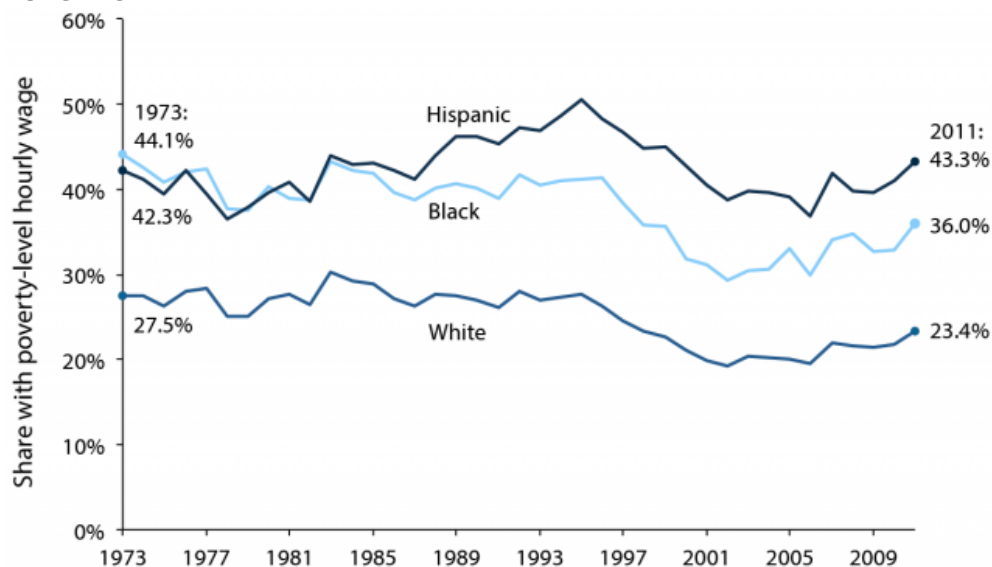
Even before the recession, wages for American workers were on a multi-decade decline. What Yale political scientist [Jacob Hacker](#) describes as “the breaking of the historical connection between growing economic output on the one hand and middle-class wages and income on the other” has resulted in widening income inequality.

Workers at the bottom of the wage scale are especially vulnerable because [their wages have](#)

stagnated more than average workers' wages. The federal minimum wage, which sets the floor on wages nationwide, has lost significant "real" value since it was first set in 1938. Despite inflation, Congress has only raised the minimum wage three times in the past 30 years, most recently in 2007. The federal minimum wage is currently \$7.25 per hour (nineteen states have higher minimum wages). If instead the minimum wage had kept pace with inflation, it would be [\\$10.67 per hour](#).

The current minimum wage is not enough to keep a single parent with one child out of poverty. Over the past few decades, Latinos have been more likely than Whites and Blacks to earn poverty-level wages (see Figure 1). The failure of wages to cover basic needs is one of the major factors contributing to rising Latino child poverty and income inequality.

Figure 1. Share of Workers Earning Poverty-Level Wages, By Race and Ethnicity, 1973–2011



Source: Economic Policy Institute, *The State of Working America*, "Share of workers earning poverty-level wages, by race and ethnicity, 1973–2011," <http://stateofworkingamerica.org/chart/swa-wages-figure-4f-share-workers-earning> (accessed April 3, 2013).

Raising the Federal Minimum Wage Would Lift Latino Workers and the Economy

There is renewed enthusiasm in Congress and from President Obama to raise the federal minimum wage. The "Fair Minimum Wage Act of 2013," (S. 460/H.R. 1010), would accomplish three goals that are critical to the economic security of millions of Latino workers and their families:

- **Raise the federal minimum wage to \$10.10** by 2015, increasing it by 95 cents each year
- **Adjust the minimum wage each year to keep pace with the rising cost of living** starting in 2016, a policy reform known as "indexing," which ten states are already using to prevent the minimum wage from falling in value each year
- **Raise the minimum wage for tipped workers**, which has been frozen at a meager \$2.13 per hour for more than twenty years, to 70% of the minimum wage

Latinos would benefit disproportionately from an increase in the federal minimum wage because of their overrepresentation in low-wage occupations. Approximately 25% of the 30 million workers who would be directly affected by the “Fair Minimum Wage Act of 2013” are Latino. Contrary to stereotypes of minimum wage workers, the majority (54%) of workers who would benefit are non-Hispanic Whites. Additionally, 55% work full time, 28% are parents, and 36% are married.

Raising the federal minimum wage is also a boon to the overall economy. Local communities and businesses benefit as more workers can afford basic necessities such as food, clothing, and rent. In fact, the resulting increase in consumer spending from this bill would create approximately 140,000 jobs, a critical boost to the sluggish economic recovery (estimated benefits come from an analysis by the [Economic Policy Institute](#)).

Tipped Workers, Mostly Women, Must Be Included in the Raise

An essential piece of effective minimum wage legislation is to restore the value of the tipped minimum wage, also known as the tip credit, to at least 70% of the minimum wage. Workers who receive a portion of their income from tips are subject to a different minimum wage under federal law.

Currently, the federal tipped minimum wage is only \$2.13 per hour. Although the expectation is that tips will make up the remainder of a workers’ income, income can fluctuate widely depending on the pace of business and customers’ generosity. Furthermore, while the law requires employers to “make up the difference” if workers’ tips total less than the federal minimum wage, [this requirement is frequently violated in practice](#).

The majority (61.2%) of tipped workers are waiters and waitresses; other tipped occupations include barbers, parking attendants, and nail salon workers. [Latinos represent 19.6% of waiters and waitresses](#) nationwide, compared to 15% of workers in all occupations. [Women are also overrepresented in the tipped workforce](#), composing 66% of tipped restaurant workers. The subminimum wages for women in tipped occupations exacerbates the existing wage gap women face in the workplace. Raising the tipped minimum wage would significantly raise the wage standard in Latino- and women-dominant occupations that form the backbone of restaurant work and other high-growth service sectors.

A Latino Worker's Voice: "I Haven't Been Able to Find One Good Job"

Pedro has been living and working in the United States for nine years, juggling a number of part-time restaurant jobs, including dishwasher, food runner, and server. All of these positions pay the tipped wage of \$2.13 per hour. Pedro has searched unsuccessfully for a full-time position that pays higher wages. Pedro explains:

"Being undocumented has prevented me from pursuing better job opportunities. But the truth is many of the job openings in the restaurant industry are low-paying, part-time positions. The past nine years has been tough because I haven't been able to find one good job. I usually can't afford to leave the few jobs I get because I would like to save money in order to buy a house, marry my girlfriend, and start a family."



Pedro recently had to leave a position as a runner after his employer repeatedly cut his hours and wages. According to Pedro:

"My employer was interested in doing more with less. When I started my position as a runner two years ago, I worked 15–20 hours a week and earned about \$5 an hour plus tips. But the tips varied because the waiters would collect all the tips and give them to the owner who would distribute them between the busboys and runners. I tried to ask for more hours and a wage increase, but the owner would tell me that business was slow and instead of firing workers he had to keep wages and hours low. It was a tough decision, but I had to leave my job in hopes of finding something better."

Today Pedro is enrolled in job training programs at the [Spanish Catholic Center](#) in Washington, DC. He aspires to find better employment opportunities in the construction industry. Pedro insists that although he is undocumented, he has always earned an honest living and paid his taxes.

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