

# THE IMPACT OF RAISING THE MINIMUM WAGE ON WOMEN

## And the Importance of Ensuring a Robust Tipped Minimum Wage

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This report was prepared by the National Economic Council, the Council of Economic Advisers, the Domestic Policy Council, and the Department of Labor

# The Impact of Raising the Minimum Wage for Women: And the Importance of Ensuring a Robust Tipped Minimum Wage

#### **Introduction and Summary**

Over the past 30 years, modest minimum wage increases have not kept pace with the rising costs of basic necessities for working families. No one who works full time should have to raise his or her family in poverty. The President supports raising the minimum wage to help build real, lasting economic security for the middle class and create more opportunities for every hardworking American to get ahead. The President knows this is important for workers, and good for the economy. That is why the President has already signed an executive order to raise the minimum wage and tipped minimum wage for federal contract workers and is calling on Congress to raise the Federal minimum wage from \$7.25 to \$10.10 per hour and index it to inflation thereafter, while also raising the tipped minimum wage for the first time in over 20 years.

Raising the minimum wage is especially important for women because:

- Women in the workforce are more highly concentrated in low-wage sectors such as personal care and healthcare support occupations.
- Women account for more than half (55 percent) of all workers who would benefit from increasing the minimum wage to \$10.10.

Women also make up the majority of workers in predominantly tipped occupations. Under Federal law, employers are allowed to pay a "tipped minimum wage" of \$2.13 per hour to employees who regularly earn tips as long as their tips plus the tipped minimum wage meet or exceed \$7.25 per hour.

- Women account for 72 percent of all workers in predominantly tipped occupations such as restaurant servers, bartenders, and hairstylists.
- Average hourly wages for workers in predominantly tipped occupations are nearly 40 percent lower than overall average hourly wages.
- Workers in predominantly tipped occupations are twice as likely as other workers to experience poverty, and servers are almost three times as likely to be in poverty.
- About half of all workers in predominantly tipped occupations would see their earnings increase as a result of the President's proposal.

The Federal tipped minimum wage has been stuck at \$2.13 for over 20 years. Partly as a result, tipped workers are at greater risk of not earning the full minimum wage, even though employers are required by law to ensure that employees' tips plus their employer-paid wage meet or exceed the full minimum wage.

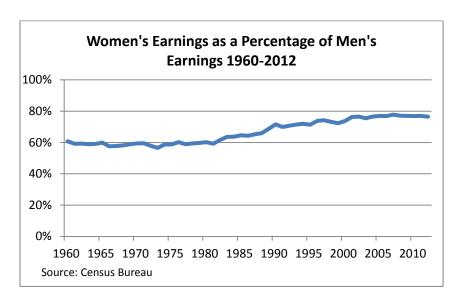
- Since 1991, the tipped minimum wage has declined by 40 percent in real terms. Today, the tipped minimum wage equals just 29 percent of the full minimum wage, the lowest share since the tipped minimum wage was established in 1966.
- When surveyed, more than 1 in 10 workers in predominantly tipped occupations report
  hourly wages below the full Federal minimum wage, including tips. This fact highlights
  the challenges of ensuring compliance with minimum wage laws for tipped workers, as
  the employer contribution has been eroded by 20 years of inflation.
- Many states have recognized the need for a greater employer contribution to the wages
  of tipped workers. Currently 32 states (including the District of Columbia) require
  employers to pay tipped workers an hourly wage that exceeds the Federal tipped
  minimum of \$2.13 and seven of these states require employers to pay both tipped and
  non-tipped workers the same state minimum wage before tips.

Raising the full minimum wage and the tipped minimum wage will help reduce poverty among women and their families, as well as make progress toward closing the gender pay gap.

- About one-quarter (26 percent) of all workers who would benefit from increasing the minimum wage to \$10.10 have dependent children, and 31 percent of female workers who would benefit have children.
- 2.8 million working single parents would benefit from the President's proposed increase in the full minimum wage, more than 80 percent of whom are women.
- Research shows that raising the minimum wage reduces child poverty among femaleheaded households.
- Increasing the minimum wage can also help women work their way out of poverty and into the middle class.
- For every dollar that men earn, women earn just 77 cents. Estimates from the President's Council of Economic Advisers suggest that increasing the minimum wage to \$10.10 an hour and indexing it to inflation could close about 5 percent of the gender wage gap.

#### I. Why the Minimum Wage Matters for Women

Despite progress in narrowing the gender wage gap in the 1980s and 1990s, women earn just 77 cents for every dollar that men earn, a figure that has remained constant for the past decade. While many factors contribute to the gender pay gap, one reason is that women are overrepresented in low-wage work, which suggests the minimum wage can be a tool in reducing the pay gap between men and women. For example, while women account for 30 percent or less of employees in some high-wage sectors such as computer and mathematical science and architecture and engineering occupations, they account for more than 70 percent of the workforce in low-wage sectors such as personal care and healthcare support occupations.<sup>2</sup>



Because women are disproportionately represented in low-wage work, they would also disproportionately benefit from an increase in the minimum wage. Women constitute more than half (55 percent) of all workers who would benefit from the Harkin-Miller proposal supported by the President to increase the minimum wage from \$7.25 to \$10.10. Of the more than 28 million workers who would benefit from the proposed minimum wage increase, 15.5 million are women.<sup>3</sup>

Despite the persistent gender wage gap, more women are breadwinners for their families than ever before. Women's labor force participation increased considerably from the 1940s through the 1980s. Although women's labor force participation has flattened since the mid-1990s, employed women's earnings account for an increasingly larger share of total family earnings. Between 1970 and 2013, working married women's contributions to their family earnings

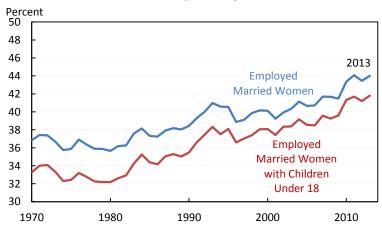
<sup>2</sup> Census Bureau, Current Population Survey, 2012.

<sup>&</sup>lt;sup>1</sup> Census Bureau, Historical Table P-40.

<sup>&</sup>lt;sup>3</sup> Council of Economic Advisers based on Current Population Survey data.

increased from 37 percent to 44 percent.<sup>4</sup> A recent Shriver Report analysis notes that women – including both married and single mothers – are breadwinners or co-breadwinners in nearly two-thirds of families with children as of 2009, compared to less than 30 percent of families in 1967. Working moms now make up about 40 percent of primary breadwinners for American families with children.<sup>5</sup> Roughly 7.4 million working single mothers were the sole breadwinners for their families in 2012.<sup>6</sup>

### **Employed Married Women's Percent Contribution to Family Earnings**



Source: Current Population Survey, Annual Social and Economic Supplement

Employed women have continued to increase their contributions to their families' income over the past 40 years. Over the past decade, women are increasingly working more hours throughout the year even as the gender wage gap has not improved and labor force participation has remained relatively flat. Moreover, working women in low-income families contribute a greater share of family resources than working women in higher-income families, underscoring the importance of the minimum wage to low- and moderate-income families.<sup>7</sup>

<sup>5</sup> Breadwinners are defined as single working mothers or married working mothers who earn as much as or more than their spouses; co-breadwinners are married mothers who earn between 25 and 50 percent of the couple's earnings. Center for American Progress, Infographic: How Far We've Come and How Far We Need to Go, January 12, 2014, <a href="http://www.americanprogress.org/issues/economy/news/2014/01/12/81859/infographic-how-far-weve-come-and-how-far-we-need-to-go/">http://www.americanprogress.org/issues/economy/news/2014/01/12/81859/infographic-how-far-weve-come-and-how-far-we-need-to-go/</a>. See also Wendy Wang, Kim Parker, and Paul Taylor, Breadwinner Moms, Pew Research Center, May 29, 2013, <a href="http://www.pewsocialtrends.org/2013/05/29/breadwinner-moms/">http://www.pewsocialtrends.org/2013/05/29/breadwinner-moms/</a>.

<sup>&</sup>lt;sup>4</sup> Census Bureau, Current Population Survey.

<sup>&</sup>lt;sup>6</sup> Census Bureau, Current Population Survey, Family Income Tables.

<sup>&</sup>lt;sup>7</sup> Council of Economic Advisers based on Current Population Survey. Married women's earnings account for a greater share of total household earnings in households where total income is below the median.

#### II. Importance of Ensuring a Robust Tipped Minimum Wage

Women are not only disproportionately represented in minimum wage work overall, but they also make up the majority of workers in predominantly tipped employment and are thus disproportionately impacted by the tipped minimum wage. Under Federal law, tipped workers are covered by the same Federal minimum wage as other workers, currently \$7.25 per hour. However, there are special provisions which allow employers of tipped workers to pay an hourly wage of only \$2.13, so long as employee tips make up the difference between \$2.13 and \$7.25; this difference is also known as the "tip credit" to employers.

Nearly three out of four workers in predominantly tipped occupations are women. These are occupations where employees are likely to receive tips and include restaurant servers, bartenders, barbers, hairdressers, massage therapists, other personal appearance workers, and gaming service workers. Tipped occupations are also more likely to be lower-wage. Average hourly wages for workers in predominantly tipped occupations are nearly 40 percent lower than overall average hourly wages.

Of the 3.3 million workers in predominantly tipped occupations, about 2.0 million (60 percent) are waiters and waitresses (i.e. servers), 70 percent of whom are women. And while tipped workers overall tend to earn less than other workers, servers earn less than other tipped workers. Thus while workers in predominantly tipped occupations overall are twice as likely as other workers to experience poverty, servers are almost three times as likely to be in poverty.<sup>9</sup>

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<sup>&</sup>lt;sup>8</sup> We define predominantly tipped occupations as those that are most likely to report receiving tips, commissions, or overtime in the Current Population Survey (CPS). The CPS does not ask survey respondents separately about their tip income, therefore we are unable to directly identify tipped workers from available data. We instead identified occupations where workers are likely to receive tips, following the methodology in Allegretto and Filion (2011).

<sup>&</sup>lt;sup>9</sup> Sylvia A. Allegretto and Kai Filion, "Waiting for Change: The \$2.13 Federal Subminimum Wage," Economic Policy Institute and Center on Wage and Employment Dynamics, Briefing Paper #297, 2011.

**Wages and Gender Composition of Predominantly Tipped Occupations** 

Occupation	Share of tipped workers	Median wage	10th percentile wage	Women as share of employment			
All workers		\$17.12	\$8.33	48%			
Predominantly tipped occupations:							
Servers	60%	\$9.83	\$5.97	70%			
Barbers	2%	\$10.70	\$6.43	27%			
Misc. personal appearance workers	7%	\$11.33	\$7.13	84%			
Hairdressers	14%	\$12.05	\$6.65	95%			
Bartenders	11%	\$12.44	\$7.10	56%			
Massage therapists	3%	\$15.04	\$8.43	76%			
Gaming Services	3%	\$15.46	\$8.57	49%			
Total predominantly tipped occupations	100%	\$10.64	\$6.44	72%			
Source: Council of Economic Advisers based on Current Population Survey data.							

Because women account for the majority of workers in tipped occupations – and because jobs that rely on tips tend to pay less than other occupations – most of the workers who would benefit from an increase in the tipped minimum wage are women. The Harkin-Miller proposal supported by the President would not only increase the full minimum wage to \$10.10, but would also increase the tipped minimum wage to \$4.90 by 2016 and eventually to 70 percent of the full minimum wage. While women account for 55 percent of all workers who would benefit from the proposed minimum wage increase, they account for three-quarters of all workers in predominantly tipped occupations who would benefit.

#### **Enforcement Challenges Due to the Tipped Minimum Wage**

By Federal law, all workers covered by the Fair Labor Standards Act (FLSA) must be paid the full minimum wage of \$7.25 per hour. Employers *must* pay tipped workers *at least* a tipped minimum wage of \$2.13 per hour, and if workers' tipped earnings are less than the amount needed to ensure they earn the full minimum wage, their employer must make up the difference to ensure their total pay meets or exceeds the full minimum wage. In practice, however, this provision is difficult to enforce. When surveyed, more than 1 in 10 workers in predominantly tipped occupations report hourly wages below the full Federal minimum wage, including tips. (By comparison, just 4 percent of all workers report hourly wages below the minimum wage.)<sup>10</sup> Raising the full minimum wage without also raising the tipped minimum wage could exacerbate noncompliance; the greater the difference between the tipped

<sup>&</sup>lt;sup>10</sup> Council of Economic Advisers based on Current Population Survey data. For the purposes of this report, hourly wages are computed by dividing weekly earnings by usual hours worked on the main job. As noted by other analysts this definition sometimes leads to imputed hourly wage estimates below the hourly wage exclusive of overtime, tips, and commissions reported by hourly workers in the survey, implying negative tips. Replacing such implausible implied wages with the reported hourly wage exclusive of overtime would lead to slightly higher estimated wages, but does not alter the substantive conclusions presented here.

minimum wage and the full minimum wage, the more likely it is that tipped workers will not earn enough in tips to earn the difference.

In order for employers to pay the tipped minimum wage of \$2.13, employees must earn about 70 percent of their wages in tips to bring their overall wage to \$7.25. However, the typical tipped worker receives far less than 70 percent of their wages in tips. Even servers and bartenders make just about 60 percent of their wages in tips, on average. Workers in almost all other tipped occupations earn substantially less from tips as a share of their total wages. <sup>11</sup>

The rules for tipped workers are complicated and can be confusing for employers and employees alike. One of the most prevalent violations is the failure to keep track of employee tips and therefore the failure to "top up" employees if their tips fall short of the full minimum wage. Additionally, minimum wage compliance is determined on a weekly basis, such that tipped workers may earn less than the full minimum wage on any given shift. For example, a server is permitted to earn \$2.13 per hour while working a slow shift as long as their tips and wages for the rest of the week ensure they earn an average weekly wage of at least \$7.25 per hour.

The Wage and Hour Division at the Department of Labor (DOL) administers and enforces Federal standards for wages and working conditions, including the FLSA. While the failure to ensure that employees are earning the minimum wage is the most prevalent wage and hour violation, other violations occur. For example, other violations include failing to pay overtime wages as required for weekly hours worked over 40; failing to pay the full minimum wage when tipped employees are asked to perform non-tipped work such as cooking, cleaning, and stocking in excess of 20 percent of their time; or failing to pay employees any wage at all (leaving them to work only for the tips they make). While employers are allowed to let employees who customarily receive tips (such as servers, bussers, and bartenders) pool tips among other workers, requiring employees to share tips with employees who do not typically receive tips (such as cooks, dishwashers, chefs, and janitors) is prohibited. Moreover, aside from valid tip pooling arrangements, a tip is the property of the employee and may not be retained by management.

In February 2014, the Wage and Hour Division concluded one of its largest tipped employee investigations in recent years. DOL alleged that a Philadelphia restaurant chain had illegally retained a portion of servers' tips, among other violations of the FLSA's minimum wage, overtime, and recordkeeping requirements. As a result of this investigation, the restaurants agreed to pay more than \$6.8 million in back wages and damages.

The President's Budget calls for a \$41 million (18 percent) increase in funding for the Wage and Hour Division over current levels in order to support 300 new investigators and adapt

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<sup>&</sup>lt;sup>11</sup> The Payscale 2013 Tipping Study, <a href="http://www.payscale.com/data-packages/tipping-chart-2013">http://www.payscale.com/data-packages/tipping-chart-2013</a>.

enforcement practices to the 21<sup>st</sup> century workforce.<sup>12</sup> While enforcement efforts from DOL have helped crack down on egregious cases of wage violations, raising the tipped minimum wage would substantially improve conditions for tipped workers.

#### **Erosion of the Tipped Minimum Wage**

Though increases in the Federal minimum wage were passed in 1996 and 2007, the tipped minimum wage has remained stuck at \$2.13 an hour since 1991 – losing 40 percent of its value in real terms over the last 23 years. The real decline has resulted in less security over time for tipped workers whose employers pay the Federal wage floor of \$2.13.

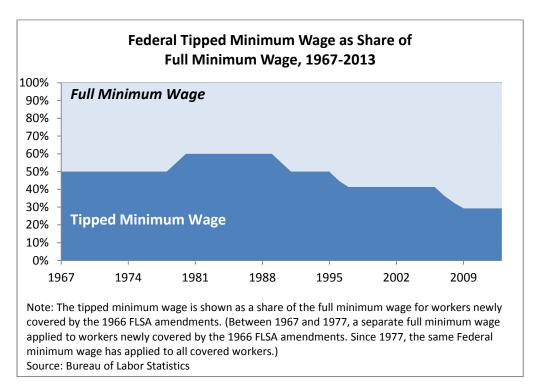


Nearly 50 years ago, most tipped workers were not covered by any Federal minimum wage requirements. In 1966, amendments to the FLSA first applied the Federal minimum wage to the vast majority of tipped workers and effectively established a tipped minimum wage at 50 percent of the full Federal minimum. The Senate Report on the 1966 legislation noted the "great need for extending the present coverage of the act to large groups of workers whose earnings today are unjustifiably and disproportionately low." <sup>13</sup>

<sup>13</sup> Senate Report (Labor and Public Welfare Committee) No. 89-1487 on HR 13712, 1966 U.S.C.C.A.N. 3002, 3004 (1966).

<sup>&</sup>lt;sup>12</sup> See Department of Labor, FY 2015 Congressional Budget Justification, Wage and Hour Division, <a href="http://www.dol.gov/dol/budget/">http://www.dol.gov/dol/budget/</a>.

Historically, the tipped minimum wage was defined as a percentage of the full minimum wage, with the tipped minimum wage never falling below 50 percent of the full minimum wage prior to 1996. However, the 1996 FLSA amendments severed this relationship, effectively decoupling the tipped minimum wage from the full minimum wage. As a result, the tipped minimum wage has declined both in real terms and as a share of the full minimum wage over time and remains at its 1991 nominal level. Today, the Federal tipped minimum wage is just 29 percent of the full minimum wage. This means that employees who are paid the tipped minimum wage must earn 70 percent of their wages through tips to earn the full minimum wage. At a minimum wage of \$7.25, tips must be at least \$5.12 an hour, and this portion of the minimum wage that employers do not expect to pay has also grown over time.



#### **States Demonstrate Benefit of Higher Tipped Minimum Wage Laws**

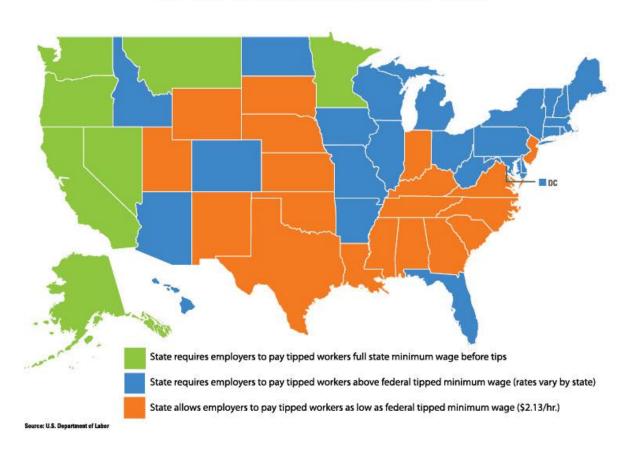
As with the full minimum wage, many states have adopted higher tipped minimum wages. Thirty-two states (including the District of Columbia) require employers to pay tipped workers more than the Federal minimum tipped wage, and 7 of those states have no employer tip credit, meaning tipped workers and non-tipped workers must be paid the same state minimum wage by their employer before tips. <sup>14</sup> States across the political spectrum have enacted raises in the tipped minimum wage above the Federal wage of \$2.13, including California – the country's biggest state economy – where the full state minimum wage and tipped minimum

<sup>&</sup>lt;sup>14</sup> We classify Minnesota as a no-tip credit state because its state tipped minimum wage equals the state total minimum wage of \$6.15. However, because most employers must nonetheless pay the Federal minimum wage of \$7.25, Minnesota's tipped minimum wage is less than the effective full minimum wage.

wage are both \$8.00. The same is true in Montana, where both wages equal \$7.90, and Alaska, where they are both \$7.75. In states like Florida and Arizona, the tipped minimum wage is nearly \$5.00, more than 60 percent of the full state minimum wage.

However, the Federal tipped minimum wage of \$2.13 still prevails in 19 states. About 30 percent of the workforce lives in states where the tipped minimum wage equals the Federal \$2.13, about 50 percent live in states where the tipped minimum wage is greater than \$2.13 but less than the full state minimum wage, and about 20 percent live in states where the tipped minimum wage and the full state minimum wage are equal.<sup>15</sup>

#### THE TIPPED MINIMUM WAGE BY STATE



Cross-state analysis of the wages of tipped workers finds that a higher tipped minimum wage boosts earnings for low-income tipped workers and, as such, may reduce poverty for tipped workers. Poverty is considerably lower for tipped workers, and especially servers, in states that require employers to pay tipped and non-tipped workers the same minimum wage before tips. By comparison, poverty rates for non-tipped workers are similar in states that require and do

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<sup>&</sup>lt;sup>15</sup> Allegretto and Filion 2011.

not require employers to pay tipped and non-tipped workers the same wage, suggesting that the differences in poverty among tipped workers may be partially related to the higher tipped minimum wage.

Poverty Rates by State According to State Tipped Minimum Wage Policy

	State tipped minimum wage			Percentage point difference in poverty:	
	Federal minimum (\$2.13)	Between \$2.13 and full state minimum	Equals full state minimum	Equal states vs Federal minimum states	
All Workers	7%	6%	7%	0%	
Tipped Workers	16%	15%	12%	-4%	
Servers	19%	16%	14%	-6%	
Percentage point difference in poverty: waiters vs all workers	13%	10%	7%		

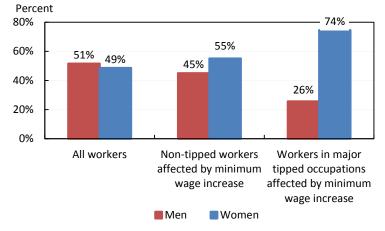
Note: Official Census poverty measure based on 2007-2009 March Current Population Survey

Source: Allegretto and Filion 2011

#### III. Benefits of Raising the Minimum and the Tipped Minimum

Raising both the full and tipped minimum wage would help address poverty, as well as the gender pay gap. More than half of all workers who would benefit from increasing the minimum wage to \$10.10 are women, and three-quarters of workers in predominantly tipped occupations who would benefit from increasing the minimum wage are women.

Gender Composition of All Workers and Those Directly Affected by the Harkin-Miller Minimum Wage Proposal

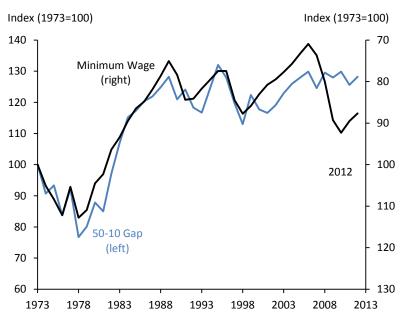


Source: Current Population Survey, CEA calculations

Importantly, many of the benefits of the President's proposal to increase the minimum wage to \$10.10 accrue to mothers: 31 percent of female workers who would benefit have children. Moreover, women constitute more than 80 percent of the 2.8 million working single parents who would benefit from the President's proposed increase in the minimum wage. One study also finds that the minimum wage reduces child poverty in female-headed households.

The minimum wage can also be a powerful tool in helping women work their way out of poverty and into the middle class. Researchers have found that the decline in the real minimum wage during the 1980s accounts for a sizable portion of the increase in the women's "50-10" wage gap – that is, the difference in wages between low-earning women at the 10<sup>th</sup> wage percentile and women at the 50<sup>th</sup> wage percentile, or the median. One recent study concludes that the decreases in the real minimum wage during the 1980s can account for between one-third and one-half of the increase in the women's 50-10 wage gap.<sup>18</sup>

#### Women's 50-10 Wage Gap vs. Real Minimum Wage, 1973-2012



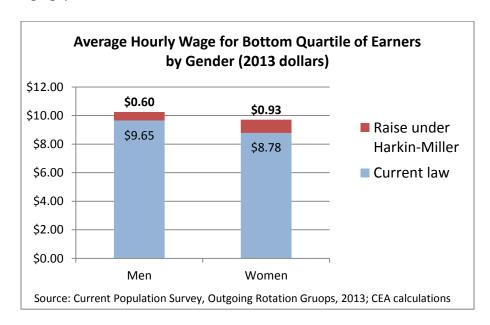
Source: CEA calculations based on updated data from Lemieux (2007).

<sup>16</sup> Council of Economic Advisers based on Current Population Survey data.

<sup>&</sup>lt;sup>17</sup> Robert H. DeFina, "The Impact of State Minimum Wages on Child Poverty in Female-Headed Families," Journal of Poverty, vol. 12, no. 2 (October 2008), pp. 155–174, <a href="http://dx.doi.org/10.1080/10875540801973542">http://dx.doi.org/10.1080/10875540801973542</a>.

<sup>&</sup>lt;sup>18</sup> Low-wage income inequality is measured as the difference between the log of median earnings to earnings at the 10th percentile of workers (the 50-10 ratio). See, e.g. Dinardo, John, Nicole Fortin, and Thomas Lemieux. Labor Market Institutions and the Distribution of Wages, 1973-1992: A Semi-parametric Approach. <a href="http://www.nber.org/papers/w5093">http://www.nber.org/papers/w5093</a>; David Autor, Alan Manning, and Christopher L. Smith, The Contribution of the Minimum Wage to U.S. Wage Inequality over Three Decades: A Reassessment. <a href="http://www.federalreserve.gov/pubs/feds/2010/201060/201060pap.pdf">http://www.federalreserve.gov/pubs/feds/2010/201060/201060pap.pdf</a>.

Raising the minimum wage would also make progress toward closing the gender pay gap, which remains about 23 cents on the dollar. That is, for every dollar that men earn, women earn just 77 cents. Estimates from the President's Council of Economic Advisers suggest that increasing the minimum wage to \$10.10 an hour and indexing it to inflation could close about 5 percent of the gender wage gap.



While research on the tipped minimum wage is much more limited, raising the tipped minimum wage would benefit low-wage tipped workers – the majority of whom are women – without providing a windfall to higher-wage workers or adversely affecting employment. Some have suggested that raising the tipped minimum wage would give a raise to all tipped workers, including the very few who earn high wages through tips. However, nearly all workers in predominantly tipped occupations (90 percent) earn less than \$21 per hour – the equivalent of about \$42,000 working full-time, and less for part-time workers. In fact, raising the tipped minimum wage may have very little impact on wages above \$12 per hour. An analysis by the Council of Economic Advisers, utilizing state variation in tipped minimum wage policies, found that increases in the tipped minimum wage increase the probability of earning higher total wages – including both tips and employer wages – at low wage levels up to about \$11-12 per hour.

Additionally, a recent working paper from economist Sylvia Allegretto finds that — like most research on the full minimum wage — raising the tipped minimum wage has little to no impact on employment. Allegretto finds that implementing a policy similar to the Harkin-Miller proposal supported by the President would have very little effect on restaurant employment

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<sup>&</sup>lt;sup>19</sup> Council of Economic Advisers based on Current Population Survey.

while boosting overall earnings for workers in full-service restaurants. Specifically, she finds that impacts on employment are "small and not distinguished from zero." <sup>20</sup>

Moreover, raising the tipped minimum wage along with the full Federal minimum wage would level the playing field for employers who already play by the rules. Raising the minimum wage without also raising the tipped minimum would exacerbate existing enforcement challenges, since it would leave workers receiving only 21 percent of their wages from the tipped minimum wage and require even more employers to top off wages in order to be in compliance with the full minimum wage.

The President is leading the way toward a nationwide increase in the minimum wage through his recent Executive Order to increase the minimum wage to \$10.10 for federal contractors. The Executive Order also increases the tipped minimum wage for federal contractors to \$4.90, with increases of \$0.95 per year until it reaches 70 percent of the full minimum wage. States, too are leading the way toward ensuring wage fairness for tipped workers. For example, a number of states passed minimum wage laws in 2006 that also raised their minimum wages for tipped workers by at least \$1.00 effective January 1, 2007: Arizona (from \$2.13 to \$3.75), Colorado (\$2.13 to \$3.83), Montana (\$5.15 to \$6.15), Nevada (\$5.15 to \$6.15), and Ohio (\$2.13 to \$3.43). Thirty-two states (including the District of Columbia) already have a tipped minimum wage higher than the Federal \$2.13 an hour, and 9 of those states require employers to pay tipped workers equal to or greater than 70 percent of the prevailing full minimum wage.

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<sup>&</sup>lt;sup>20</sup> Sylvia Allegretto, "Waiting for Change: Is it Time to Increase the \$2.13 Subminimum Wage?" Institute for Research on Labor and Employment, Working Paper No. 155-13, December 16, 2013.

<sup>&</sup>lt;sup>21</sup> See Wage and Hour Division, Minimum Wage for Tipped Employees 2006, <a href="http://www.dol.gov/whd/state/tipped2006.htm">http://www.dol.gov/whd/state/tipped2006.htm</a>; Wage and Hour Division, Minimum Wage for Tipped Employees 2007, <a href="http://www.dol.gov/whd/state/tipped2007.htm">http://www.dol.gov/whd/state/tipped2007.htm</a>.

#### **Appendix: State-by-State Full and Tipped Minimum Wage**

State	Full	Tipped	Tipped as share of Full	Tip Credit	State	Full	Tipped	Tipped as share of Full	Tip Credit
WA	\$9.32	\$9.32	100%	\$0.00	DC	\$8.25	\$2.77	34%	\$5.48
OR	\$9.10	\$9.10	100%	\$0.00	MI	\$7.40	\$2.65	36%	\$4.75
NV	\$8.25	\$8.25	100%	\$0.00	AR	\$7.25	\$2.63	36%	\$4.62
CA	\$8.00	\$8.00	100%	\$0.00	MA	\$8.00	\$2.63	33%	\$5.37
MT	\$7.90	\$7.90	100%	\$0.00	WI	\$7.25	\$2.33	32%	\$4.92
AK	\$7.75	\$7.75	100%	\$0.00	DE	\$7.75	\$2.23	29%	\$5.52
HI	\$7.25	\$7.00	97%	\$0.25	AL	\$7.25	\$2.13	29%	\$5.12
MN	\$7.25	\$6.15	85%	\$1.10	GA	\$7.25	\$2.13	29%	\$5.12
WV	\$7.25	\$5.80	80%	\$1.45	IN	\$7.25	\$2.13	29%	\$5.12
CT	\$8.70	\$5.69	65%	\$3.01	KS	\$7.25	\$2.13	29%	\$5.12
NY	\$8.00	\$5.00	63%	\$3.00	KY	\$7.25	\$2.13	29%	\$5.12
СО	\$8.00	\$4.98	62%	\$3.02	LA	\$7.25	\$2.13	29%	\$5.12
IL	\$8.25	\$4.95	60%	\$3.30	MS	\$7.25	\$2.13	29%	\$5.12
FL	\$7.93	\$4.91	62%	\$3.02	NC	\$7.25	\$2.13	29%	\$5.12
ΑZ	\$7.90	\$4.90	62%	\$3.00	NE	\$7.25	\$2.13	29%	\$5.12
ND	\$7.25	\$4.86	67%	\$2.39	NJ	\$8.25	\$2.13	26%	\$6.12
IA	\$7.25	\$4.35	60%	\$2.90	NM	\$7.50	\$2.13	28%	\$5.37
VT	\$8.73	\$4.23	48%	\$4.50	ОК	\$7.25	\$2.13	29%	\$5.12
ОН	\$7.95	\$3.98	50%	\$3.97	SC	\$7.25	\$2.13	29%	\$5.12
ME	\$7.50	\$3.75	50%	\$3.75	SD	\$7.25	\$2.13	29%	\$5.12
МО	\$7.50	\$3.75	50%	\$3.75	TN	\$7.25	\$2.13	29%	\$5.12
MD	\$7.25	\$3.63	50%	\$3.62	TX	\$7.25	\$2.13	29%	\$5.12
ID	\$7.25	\$3.35	46%	\$3.90	UT	\$7.25	\$2.13	29%	\$5.12
NH	\$7.25	\$3.27	45%	\$3.98	VA	\$7.25	\$2.13	29%	\$5.12
RI	\$8.00	\$2.89	36%	\$5.11	WY	\$7.25	\$2.13	29%	\$5.12
PA	\$7.25	\$2.83	39%	\$4.42					

Notes where state minimums default to Federal:

4 states have full state minimum wages below the Federal minimum wage: AR (\$6.25), GA (\$5.15), MN (\$6.15) and WY (\$5.15). Minnesota's state full minimum wage is equal to its tipped minimum wage.

5 states do not have a state full minimum wage: AL, LA, MS, SC, TN

6 states do not have a state tipped minimum wage: AL, GA, LA, MS, SC, TN