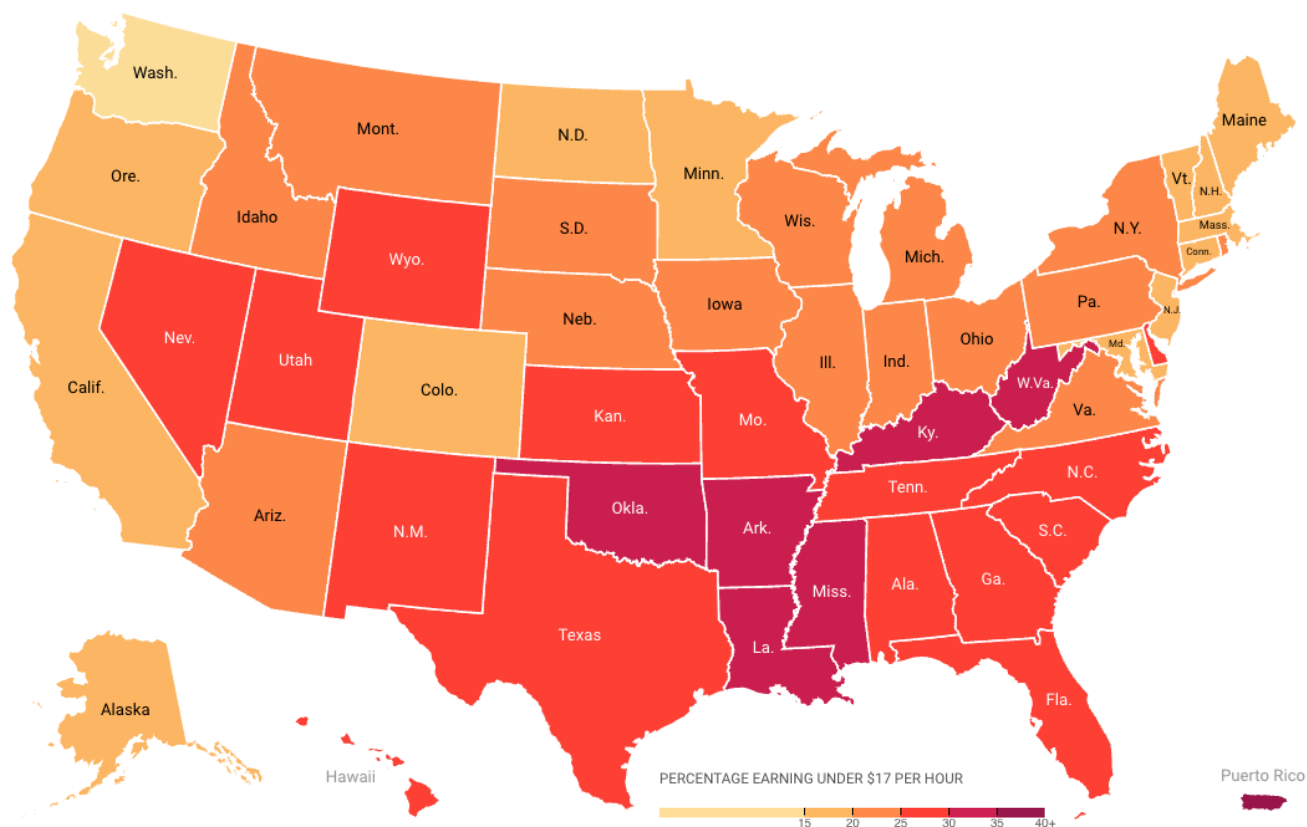


THE CRISIS OF LOW WAGES

WHO EARNS LESS THAN \$17 AN HOUR IN THE U.S. IN 2024?



It has been 15 years since the federal government raised the minimum wage. As a result, today, millions of workers in the United States are trapped earning low wages, which Oxfam defines as less than \$17 an hour.

That millions of workers are stuck in low-wage jobs, struggling to make ends meet, is the result of federal inaction to raise the minimum wage for all workers, regardless of where they live.

This hurts our economy, and it deepens inequality. Women (especially Black and Latina women) and people of color are disproportionately represented among the low-wage workforce, meaning they're more likely to be trapped in poverty. And a patchwork of wage laws from state to state means workers' ability to support themselves and their families can depend on where they live.

It is past time to raise the minimum wage, and there is a bill in front of Congress that can help. The proposed Raise the Wage Act of 2023 would raise the minimum wage to \$17 over five years. This much-needed increase would lift millions out of poverty, fight gender and racial inequality, and strengthen our economy. It would also abolish subminimum wages, a move that is long past due. At the federal level, employers are still allowed to pay below \$7.25 to tipped workers, student workers, workers with

disabilities, and some agricultural and domestic workers. For more on our policy recommendations, please see below.

THE DEMOGRAPHICS OF LOW-WAGE WORKERS ARE STARK

- Nearly one in four workers (23 percent) earns less than \$17 an hour: roughly 39 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 19 percent of men earn less than \$17, 27.6 percent of women do.
- **Race:** While 21 percent of white workers earn less than \$17, 33 percent of Hispanic/Latin workers do, and 32 percent of Black workers do.

ABOVE: Map showing shares of all workers earning under \$17, by state. The darker the color, the higher the percentage of low-wage workers in the state. Percentages for all workers range from 8.6 percent (DC) to 75.8 percent (Puerto Rico).



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- **Race and gender:** Nationally, women of color (includes all women who do not self-identify as white) are disproportionately represented in the low-wage workforce. Thirty-four percent of women of color earn less than \$17. Latina/Hispanic women have the highest proportion of low-wage workers (39.9 percent), followed closely by Black women (35 percent). These numbers are even higher when looking at certain states: over 40 percent of women of color earn low wages in 16 states, but when considering Black women or Latina/Hispanic women, those numbers jump higher still.
- **Age:** The vast majority of the workers earning less than \$17 are NOT teenagers: 88 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, 42 percent earn less than \$17, compared to 12 percent of partnered parents.

SUPPORTING CARE WORKERS

Occupations that tend to employ majority women, immigrants, or people of color are often underpaid positions, reflecting a social devaluation of work that is critical to the functioning of our communities and economies, such as care work. Some domestic workers, for example, continue to be excluded from minimum wage protections.

Care workers, including adult, disability, and child care providers, are some of the low-wage workforces in the country. Child care workers, for example, earn an average of \$15.42 an hour in the United States. Adult and disability care workers earn an average hourly income of \$16.05. In both cases, these care professionals earn less than \$35,000 a year—an income that is not livable. Those who care for our loved ones deserve to earn enough to support themselves and their families.

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

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 \$17. For example, Washington, DC has the highest minimum wage in the country (\$17.50), and the lowest percentage of workers earning under \$17 (8.6 percent).

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 activists have won advances for these workers at state levels, federal law still permits subminimum wages for the tipped workforce. According to data from the National Women's Law Center, 69.1 percent of tipped wage workers nationally are women, a number that notably increases in many states. In New Hampshire, for example, 79.3 percent of the tipped wage workforce 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. According to Oxfam's data, 53 percent of tipped wage workers earn \$17 an hour or less, compared to 20 percent of nontipped wage workers.

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.

POLICY RECOMMENDATIONS

Policymakers can act to address these inequities in wage policy, and in turn can help reduce economic, gender, and racial inequality. Policymakers should:

RAISE THE MINIMUM WAGE

- At the federal level, Congress must pass the [Raise the Wage Act](#) to raise the federal minimum wage and eliminate exclusions in our national minimum wage laws, including subminimum wages for tipped workers, youth, and workers with disabilities (see the text box below for details on the Raise the Wage Act).
- Indexing minimum wage increases to inflation can help ensure wages keep pace with the cost of living. Congress can follow the lead of the District of Columbia and many states—including Colorado, Maine, Minnesota, Montana, New York, South Dakota, Vermont, and Washington—that have already adopted this approach for setting new minimum wages.
- As we wait for the federal minimum wage to increase, states and localities can lead the way, implementing their own minimum wage laws. It is vital that such laws not only raise wages, but also close gaps and deficiencies in the federal minimum wage, like the exclusion of certain categories of workers from minimum wage protections.

THE RAISE THE WAGE ACT OF 2023 WOULD:

- Gradually increase the hourly minimum wage from \$7.25 to \$17 over five years.
- Index future federal minimum wage increases to median wage growth to ensure the value of the minimum wage does not weaken over time.
- Eliminate the subminimum wage for tipped workers (which has been stuck at \$2.13 since 1991) over seven years.
- Eliminate the youth subminimum wage (which allows employers to pay workers under 20 \$4.25 per hour for 90 calendar days) over seven years.
- Eliminate the subminimum wage for workers with disabilities over five years.

END STATE WAGE PREEMPTION POLICIES

- States must end preemption policies that prohibit localities from raising the minimum wage at the local level. Allowing localities to raise their minimum wages beyond state standards can help wages better approximate the local cost of living.

DISRUPT OCCUPATIONAL SEGREGATION AND CLOSE WAGE GAPS

- The federal government can disrupt occupational segregation by supporting women entering male-dominated professions and raising wages and protections across all sectors. This includes enacting policies that support women in the workplace, like paid family and medical leave and flexible scheduling. Congress should pass the [FAMILY Act](#) and the [Schedules That Work Act](#).
- To fight pay discrimination and help close wage gaps, we must enhance equal pay protections, including passing the [Paycheck Fairness Act](#) and requiring salary transparency.

INVEST IN THE CARE ECONOMY

- Given the extreme cost of care for children, the elderly, and people with disabilities in the U.S., and the burden these costs place on already insufficient wages, there is a serious need for federal investment in the care economy. Congress can help make care services more accessible and affordable, while increasing pay for child care workers and early educators, including through the [Child Care for Working Families Act](#) and the [Child Care for Every Community Act](#).

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 data as formatted and made available by [CEPR](#).

We use CPS-ORG data to gather wages, and both CPS-ORG and ACS data for demographics and household information. Data on tipped occupations is sourced from the Bureau of Labor Statistics. For more information, the full methodology can be found at oxfamamerica.org/lowwagereport2024.



EXPLORE THE INTERACTIVE MAPS

To learn more about low-wage workers at the state or national level, and to see our full demographic breakdown of low-wage workers, please visit: oxf.am/lowwage24



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