

CLOSING THE GAP TO THE AMERICAN DREAM

Increasing the Minimum Wage Will Help Millions of African American Workers

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Every day, millions of African Americans go to work but struggle to support their families. Earning poverty wages in an economy with ever-increasing costs of living, these working families frequently are forced to forgo basics—food, housing, clothing—and rely on public assistance to make ends meet.

As the Senate prepares to consider a bill to raise the minimum wage to \$10.10 per hour, this report from the AFL-CIO featuring data from the Economic Policy Institute shows that more than 4 million African American workers would benefit from the opportunity to earn a living wage. African Americans comprise 11% of the nation's workforce, but they are 14.8% of the workers who would be positively affected by raising the minimum wage.

As this report details, many African Americans live in a state of economic insecurity and are much more likely to be paid lower wages than others. African Americans often have trouble finding a job, and struggle to save for retirement. Hiking the minimum wage to \$10.10 would greatly help African American workers across the country.

The State of African American Employment

Too many African American workers cannot find a job in this economy. The unemployment rate for African American workers has not recovered to its pre-recession level; it remains far too high. The unemployment rate for African

American workers is consistently higher than the unemployment rate for white and Latino workers.¹

- The African American unemployment rate is 14%, higher than the unemployment rate for whites (6%) and Latinos (9.8%).
- At the end of 2012, the states with the highest African American unemployment rates were in all regions of the country—the Northeast, Southeast, Midwest and the West. In each of these states, the unemployment rate for African Americans was worse than the state average. They include Michigan (18.7%), New Jersey (17.8%), Illinois (17.6%), North Carolina (17.3%) and California (17.2%).
- At the end of 2013, the states with the lowest African American unemployment rates were Louisiana (9.5%), Delaware (9.9%) and Maryland (10.3%).

According to the EPI,² raising the minimum wage would create 85,000 net new jobs, putting money into the pockets of workers and increasing consumer spending, which would get African Americans back to work.

African Americans Are Seeing Little to No Increase in Wages

While wages for African American workers have risen over the past decade, they are consistently paid less than whites.³ Between 2000 and 2007:

- For full-time female workers, weekly wages increased 3.4% in the 2000–2007 period. **African American women saw the smallest increase, 3.2%, from \$572 to \$590.** White women saw a 3.6% increase, from \$669 to \$693, and Latinas saw a 7.3% increase, from \$488 to \$524.
- For full-time male workers (who work 35 hours or more a week), weekly wages **decreased by 0.7% between 2000 and 2007. African American men saw the greatest decrease in weekly earnings, 2.3%, from \$680 to \$665.** White men saw a decrease of 1.1%, from \$883 to \$873, while Latino men saw an increase of 3.6%, from \$556 to \$576.

Between 2007 and 2012:

- For full-time female workers, weekly wages **increased 1.6%. African American women saw a 1.5% increase, from \$590 to \$599.** Latinas saw a 0.5% decline, from \$524 to \$521. By contrast, white women saw an increase of 2.4%, from \$693 to \$710.
- For full-time male workers, weekly wages increased 0.7% over the same period. **The earnings of African American men saw virtually no change, from \$664 to \$665.** White men saw a 0.7% increase, from \$873 to \$879, while Latino men saw a 2.8% increase, from \$576 to \$592.

African American men’s salaries are just 72% of their white counterparts and African American women’s salaries are 85% of their white counterparts. Despite tremendous progress that has been made, African American workers still are behind when it comes to wages.

Raising the Wage Will Benefit African American Working Families

A significant percent of the workers who would benefit from an increase in the minimum wage are African American.

- Some 11% of our country’s workforce is African American, but **14.8% of the workers** who would be positively affected by an increase in the minimum wage are African American. **That means 4,123,000 African American workers** would be helped by raising the minimum wage to \$10.10.⁴
- In some states, the percentage of the workers affected who are African American is even higher.⁵ The highest percentages are found in Washington, D.C. (54.3%), Louisiana (44.1%), Georgia (40.2%), Mississippi (39.6%), South Carolina (37%), Maryland (33%), Delaware (26.9%), North Carolina (26.2%), Virginia (24.1%) and Tennessee (22.8%).

Raising the minimum wage would help 4.12 million African American workers, which is 14.8% of the affected population.

African Americans Suffer from Retirement Security Crisis

Our country faces a retirement crisis that is disproportionately affecting African American workers. From the attack on public-sector pensions to the private-sector shift to 401(k) plans over the past two decades, African American workers are less prepared for retirement than their peers.⁶ Many African Americans don’t make enough money to save for retirement and desperately need a raise in order to reach retirement age without living in poverty.⁷

- **As of 2010, just 43% of African American workers** between ages 26–61 were participating in an employer-based retirement plan, compared with 50% of white workers of the same age. **This number has fallen since 2000, when 48%** of African American workers had an employer-based retirement plan.
- **Nearly one in six (17.1%) African American seniors lives in poverty.** This is higher than the poverty rate for whites (6.7%) and Asians (11.6%), but lower than that of Latinos (18.7%).

Conclusion

Based on the data, too many African American workers are vulnerable in this economy. Living in a state of financial insecurity, many work full time but are trapped in low-wage positions, living paycheck to paycheck to support their families. These more than 4.1 million African American workers would benefit greatly from

a raise in the minimum wage. A \$10.10-an-hour wage would provide higher take-home income, improved employment prospects and increased opportunities to save for retirement. As Congress prepares to vote, it's clear how lawmakers can meet the needs of the African Americans they were elected to represent by raising the minimum wage.

Endnotes

1 Austin, Algernon, "Unemployment rates are projected to remain high for whites, Latinos, and African Americans throughout 2013," released Feb. 25, 2013, *available at* www.epi.org/publication/unemployment-rates-whites-latinos-african-americans/

2 Cooper, David, "Raising the Federal Minimum Wage to \$10.10 Would Lift Wages for Millions and Provide a Modest Economic Boost," released Dec. 19, 2013, *available at* www.epi.org/publication/raising-federal-minimum-wage-to-1010/

3 Mishel, Lawrence, and Heidi Shierholz, "A Decade of Flat Wages: The Key Barrier to Shared Prosperity and a Rising Middle Class," released Aug. 21, 2013, *available at* https://docs.google.com/viewer?url=http://www.epi.org/files/2013/BP365.pdf&hl=en_US&embedded=true

4 Cooper, David, "Raising the federal minimum wage to \$10.10 would give working families, and the overall economy, a much-needed boost," released March 13, 2013, *available at* www.epi.org/publication/bp357-federal-minimum-wage-increase/

5 Cooper, David, "Raising the federal minimum wage to \$10.10 would give working families, and the overall economy, a much-needed boost," supplementary data, *available at* <http://s2.epi.org/files/2013/minimum-wage-state-tables.pdf>

6 Morrissey, Monique, "Blacks and Hispanics Are Falling Behind Whites in Retirement Coverage," released Sept. 11, 2013, *available at* www.epi.org/publication/snapshot-blacks-hispanics-whites-retirement/

7 Austin, Algernon, "A Social Security cut could lead to higher Latino and black elder poverty," released Dec. 12, 2012, *available at* www.epi.org/blog/social-security-cut-higher-latino-black-elder-poverty/