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TESTIMONY OF HILARY O. SHELTON

Director, NAACP Washington Bureau &

Senior Vice President for Policy and Advocacy

Before the Senate Committee on Health, Education,

Labor and Pensions

On

“Building a Foundation of Fairness: 75

Years of the Federal Minimum Wage”

Wednesday, June 25, 2013

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Good afternoon, Chairman Harkin and Ranking Member Alexander and members of this esteemed Committee. I greatly appreciate being invited to testify before this storied panel to discuss the minimum wage, the Fair Labor Standards Act, and the impact these polices have had on communities of color, specifically African Americans. I would also like to thank you, Mr. Chairman, for all that you are doing and all that you have done to highlight the impact of the Fair Labor Standards Act, and the Minimum Wage on American workers, and the need for legislation to increase the current minimum wage and index it to inflation.

My name is Hilary Shelton, and I am the Director of the NAACP Washington Bureau and the Senior Vice President for Policy and Advocacy. Founded more than 104 years ago, in 1909, the National Association for the Advancement of Colored People, the NAACP, is our nation's oldest, largest, and most widely-recognized grassroots based civil rights organization. We currently have more than 2,200 membership units across the nation, with members in every one of the 50 states. For almost 16 years now, I have been the Director of the NAACP Washington Bureau, our Association's federal legislative and political advocacy arm.

The NAACP currently strongly supports The *Fair Minimum Wage Act*, S. 450 / H.R. 1010 in the 113th Congress.

But in order to fully understand our current position, let me begin by putting our support in historical context.

When the Congress was considering the Fair Labor Standards Act (FLSA) in the mid-1930's, Walter White was our association's Executive Director. Walter White recognized the potential positive impact a minimum wage could have on racial and ethnic minority workers, especially African Americans, and thus worked tirelessly to ensure that all workers were covered by the key provisions of that Act – a 44 hour work week; protections against child labor; overtime protections; and a minimum wage.

A review of NAACP archives shows that during Congressional consideration of various “New Deal” legislative proposals, the NAACP spent considerable time and energy expanding our legislative advocacy efforts to ensure that proposals such as the FLSA and the National Recovery Act did not contain provisions which would prevent the benefits of the new laws from reaching African Americans¹. In fact, White strongly supported a version of the FLSA which covered all workers, and while we were very disappointed with the fact that the initial law did not cover agricultural or domestic workers – two areas which at the time were dominated by African American laborers – we were nevertheless pleased with enactment of this law.

Continued advocacy efforts by the NAACP on behalf of African American workers, including the strengthening and expansion of the FLSA and stronger labor laws, led to the creation of the NAACP Washington Bureau in 1941 with the first Director, Clarence Mitchell, who had previously worked for the federal Fair Employment Practice Committee.

Since that time, we have been strong supporters of increasing the minimum wage and expanding its reach. As early on as 1945, we testified before the House Labor Committee in support of increasing the minimum wage to 75 cents per hour.

The original minimum wage, which was signed into law 75 years ago today, was 25 cents per hour. While I am pleased to report that the minimum wage has increased substantially since then, we are continuing to fight battles to ensure that the buying power of the minimum wage keeps up with the cost of living in the United States, and that minimum wage earners, who by definition are working men and women, are able to keep their families out of poverty.

I should be very clear: throughout the past 75 years, every time we have had a debate about increasing the minimum wage, we hear the argument that an increase in the minimum wage will result in a decrease in available jobs. Given the consistently high unemployment rate among African Americans, we take this argument very seriously. We at the NAACP are very careful to not advocate for any policy which would contribute to higher unemployment rates. What we have found, however, is that the opposite of this argument is true: when American workers have a higher income, and more income security, they are likely to spend more, thus creating more jobs. And while I understand that another one of my colleagues will be testifying at length on this issue, suffice it to say that the NAACP has never found an increase in the minimum wage to lead to higher unemployment. In fact, as written, the NAACP believes that the *Fair Minimum Wage Act of 2013* would generate more than \$32 billion in new economic

¹ Bracey, Jr., John H. & Meler, August, general editors, Papers of the NAACP part 10 Peonage, Labor and the New Deal, 1913 – 1939. University Publications of America, pp. vii - viii

activity, translating to 140,000 new full-time jobs as higher sales lead businesses to hire more employees.

As I said earlier, the NAACP has consistently been a strong advocate for an increase in the minimum wage, which in turn will lead to greater economic security for millions of Americans, a disproportionate number of whom are African American. While African Americans have made great strides in terms of opening doors and making our way up the employment ladder to better paying jobs, we are nevertheless still overrepresented in the area of minimum wage workers. African Americans and other people of color are disproportionately represented among low wage workers with African Americans making up approximately 14.1% of those working jobs that earn a minimum wage compared to being approximately 12% of the U.S. population².

The minimum wage needs to be increased: what started as 25 cents an hour is now \$7.25 an hour. Yet if it were to keep up with inflation over the past 40 years alone, it would be \$10.69 per hour. Contrary to stereotypes, low-wage workers whose pay scales are affected by the minimum wage are overwhelmingly adults, many who support families. According to the Bureau of Labor Statistics, three quarters of minimum wage earners are 20 years of age or older. The percentage is even higher for low-wage workers earning \$9.00 or \$10.00 per hour, whose pay scales would rise if the minimum wage were restored to its historical level. In fact, the median worker age is close to 40 for home health care workers, one of the nation's top-growth low-wage occupations. Especially after the recent economic hardships faced by most in the nation, more and more Americans are spending their careers in low-wage jobs where the minimum wage helps set pay scales.

Among those who would particularly benefit from an increase in the minimum wage are women of color. In 2012, more than 7% of African-American women and 8% of Hispanic women worked in jobs that paid at or below the federal minimum wage, such as home health aides, maids and housekeepers, and servers, compared to less than 4% of white men.

Given that more women of color are the primary breadwinners for their families than their Caucasian counterparts, the end result is the perpetuation of poverty among families of color. According to the 2011 Census data, African American women are the heads of their households almost 29% of the time, compared to White women, who are the heads of their households less than 9% of the time³.

² Mishel, Lawrence, Economic Policy Institute, "Declining value of the federal minimum wage is a major factor driving inequality", February 21, 2013

³ Found at <http://www.census.gov/population/race/data/ppl-ba11.html>

An increase in the minimum wage has a tremendous impact on children as well, given that the majority of African American children nationwide – 54% – are being raised by single mothers. In 2011, an African American or a Hispanic woman working full time, year round who was a relatively low-wage earner (at or below the 25th percentile) for her ethnic group and gender did not earn enough to bring a family of four above the Federal Poverty Level⁴.

A higher minimum wage would disproportionately help women: They constitute a majority (54.5%) of those who would benefit, greater than their 48.3% share of the workforce. The vast majority (87.9 %) of those who would be affected by the higher minimum wage are age 20 or over; thus, it is clear the increase would not mainly benefit teenagers. Similarly, single parents would disproportionately benefit from a higher minimum wage: 10.4% of those who would be affected are single parents, higher than their 7.5% share of the workforce⁵.

Mr. Chairman, members of this Committee, there exists today an unacceptable wealth gap which currently exists between races: a 2011 study by the Pew Foundation showed that wealth in White households exceeds that of Hispanic households by a staggering 18-to-one ratio and by a completely unacceptable 20-to-one for African American households⁶. We as a nation and a society can and must do better. The NAACP will continue to advocate for policies that we strongly believe in as helping working African Americans, and indeed all Americans who work, rise out of poverty, including the *Fair Minimum Wage Act*.

Mr. Chairman, members of the Committee, I thank you again for inviting me to testify before you today. It has been an honor. I welcome any questions you may have about the NAACP's long-standing support for the FLSA or the minimum wage or the *Fair Minimum Wage Act*.

⁴ National Women's Law Center: "Closing the Wage Gap: How Raising the Minimum Wage Promotes Fair Pay for Women" June 3, 2013

⁵ Ibid

⁶ Paul Taylor et al., *Twenty to One: Wealth Gaps Rise to Record Highs Between Whites, Blacks and Hispanics* (Washington, DC: Pew Research Center Social and Demographic Trends, 2011).