

FACT SHEET – The Raise the Wage Act

Raising the minimum wage to \$12 by 2020 will give more than 35 million Americans a pay increase

For most Americans, wages have been stagnant for decades, making it harder and harder for families to make ends meet. In our country, no one who works hard in a full-time job should have to live in poverty. Raising the minimum wage to \$12 by 2020 will help more families make ends meet, expand economic opportunity, and help build an economy that works for all families, not just the wealthiest few.

The Raise the Wage Act would raise the minimum wage to \$12 over the next five years and index it to median wage growth. The raise would be phased in, first to \$8 an hour, followed by \$1 annual increases for the following four years. These increases would restore the value of the minimum wage to 1968 and 1969 levels, when the value was at its peak. The proposal would also gradually phase out the tipped minimum wage, bringing it up to equal the minimum wage and indexing it thereafter. This legislation would give more than 35 million low-wage workers a raise.ⁱ

Raising the minimum wage to \$12 by 2020

- **No one working in a full-time job should live in poverty.** Working full time at the current federal minimum wage of \$7.25 an hour leaves a family of three below the federal poverty line.ⁱⁱ Raising the minimum wage to \$12 by 2020 will lift families of three above the poverty threshold.ⁱⁱⁱ This increase would help more than 35 million – or one in four – workers, 89 percent of whom are adults over the age of 20.
- **The Raise the Wage Act would phase out the outdated and unfair subminimum tipped wage.** Since 1991, the federal subminimum tipped minimum wage has been frozen at \$2.13. The tips that supplement that subminimum wage are unstable and unreliable sources of income for workers because they vary from shift to shift and season to season. Tipped workers are two times more likely to live below the federal poverty line than the general workforce, and more than 46 percent of tipped workers receive federal assistance.^{iv} The \$12 by 2020 proposal gradually phases out the subminimum tipped wage, giving these workers much-needed economic stability.
- **The Raise the Wage Act would maintain the value of the minimum wage by indexing it to median wage growth.** This approach will tie the federal minimum wage to the median wage, preventing low-wage workers from being left behind in the growing economy. By indexing the minimum wage to median wage growth after 2020, the Raise the Wage Act will preserve the value of the federal minimum wage.
- **Women would disproportionately benefit from an increase in the minimum wage, helping working families make ends meet.** Currently, nearly two-thirds of minimum wage workers are women.^v They make up more than half of workers who will benefit from the Raise the Wage Act. In total, more than 19 million women – nearly 1 out of

every 3 women workers, would get a pay raise, if the Raise the Wage Act were passed into law. That, in turn, helps working families. In fact, more than 17 million children have a parent who would get a raise. That figure represents nearly a quarter of all American children.^{vi}

- **Raising the wage to \$12 by 2020 would benefit minority workers, expanding economic security to more families.** Minority workers are more likely to have low-wage jobs than their white counterparts.^{vii} The Raise the Wage Act would give nearly 35 percent of African American workers a raise. Almost 38 percent of Latino workers would receive a raise.
- **Raising the minimum wage would help ensure our economy works for all families, not just the wealthiest few.** For decades now, many American workers have gone year after year without a real raise, and this is especially true for minimum wage workers. Overall compensation for workers has stayed roughly flat since the mid-1970s and for workers at the bottom end of the wage ladder, the situation has been much worse, with the value of their wages actually declining.^{viii} At the same time that most families have been struggling with stagnant or even falling wages, income for those at the top has skyrocketed. The richest 1 percent have seen their income grow by 15 percent since 2009 and by more than 130 percent since the late 1960s.^{ix} Raising the federal minimum wage to \$12 by 2020 is a meaningful step toward reversing some of these worrisome and damaging trends.
- **More money in the pockets of hard-working Americans is good for the nation's economy.** Increasing the federal minimum wage to \$12 would give workers nearly \$80 billion in raises by 2020.^x Putting more money in to the pockets of low-wage workers stimulates consumer demand and strengthens the economy for all Americans.

Note: This factsheet has been updated to reflect corrected analysis on the estimated number of affected workers from the Economic Policy Institute, published on May 7, 2015.

ⁱ Economic Policy Institute, "It's Time to Raise the Minimum Wage," [4/23/15](#).

ⁱⁱ Federal Register, "2015 Poverty Guidelines for the 48 Contiguous States and the District of Columbia," [1/22/15](#).

ⁱⁱⁱ Economic Policy Institute, "It's Time to Raise the Minimum Wage," [4/23/15](#).

^{iv} Economic Policy Institute. "Twenty-Three Years and Still Waiting for Change." [7/14/14](#).

^v National Women's Law Center, "Fair Pay for Women Requires Increasing the Minimum Wage and Tipped Minimum Wage," [10/1/14](#).

^{vi} Economic Policy Institute, "It's Time to Raise the Minimum Wage," [4/23/15](#).

^{vii} Economic Policy Institute, "Declining Value of the Federal Minimum Wage Is a Major Factor Driving Inequality," [2/21/13](#).

^{viii} Economic Policy Institute, "A Stagnating Minimum Wage has Left Low-Wage Workers Facing a Longer Climb to Reach the Middle Class," [4/1/15](#).

^{ix} Alvaredo, Facundo, Anthony B. Atkinson, Thomas Piketty and Emmanuel Saez, The World Top Incomes Database, Accessed [4/24/15](#).

^x Economic Policy Institute, "It's Time to Raise the Minimum Wage," [4/23/15](#).