

# CLOSING THE GAP TO THE AMERICAN DREAM

## Increasing the Minimum Wage Will Help Millions of Latino Workers

AFL-CIO • MARCH 2014

Today, many Latino workers live in a state of economic insecurity and are much more likely to be paid lower wages, remain unemployed and struggle to save for retirement than their peers.

This review shows how a large percentage of Latino working families receive poverty wages in an economy with ever-increasing costs of living, and how hiking the minimum wage to \$10.10 an hour would empower millions of Latino workers across the country.

### The State of Latino Employment

Too many Latino workers cannot find a job amid the weak economic recovery. The unemployment rate for Latino workers has not recovered to its prerecession low; it remains far too high. The unemployment rate for Latino workers is consistently higher than the unemployment rate for white workers.<sup>1</sup> According to a report from the Economic Policy Institute (EPI), the numbers break down like this:

- **The Latino unemployment rate was 9.2%** in the fourth quarter of 2013 and 3.3% higher than at the start of the recession.
- In December 2012, the Latino unemployment rate was higher than the unemployment rate for whites (6%), but lower than for African Americans (13.4%).
- At the end of 2012, the states with the highest Latino unemployment rates were in

the Northeast and the Pacific West. In each of these states, the unemployment rate for Latinos was worse than the state average. They include Rhode Island (18.2%), Connecticut (16.1%), Pennsylvania (13.3%), Nevada (13.1%), Colorado (12.5%) and California (11.9%).

According to the EPI,<sup>2</sup> 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 Latinos back to work.

### Latinos Are Paid Lower Wages

Latino workers are much more likely to work in America's growing low wage-economy. While Latinos' wages have risen over the past decade, they consistently are paid less than their white and African American peers.<sup>3</sup> Between 2000 and 2007:

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

Between 2007 and 2012:

- For full-time female workers, weekly wages increased 1.6%. However, **Latinas saw a 0.5% decline, from \$524 to \$521.** By contrast, white women saw an increase of 2.4%, from \$693 to \$710, and African American women saw a 1.5% increase, from \$590 to \$599.
- For full-time male workers, weekly wages increased 0.7% over the same period. **The earnings of Latino men increased by 2.8%, from \$576 to \$592, but that is well below what white and African American men earn.** White men saw a 0.7% increase, from \$873 to \$879, while African American men saw virtually no change, from \$664 to \$665.
- Latino men's salaries are just 67.3% of their white counterparts and 89% of their black counterparts. Latinas' salaries are just 73.4% of their white counterparts and 87% of their black counterparts.

### Raising the Wage Will Benefit Latino Working Families

A disproportionate percentage of the workers who will benefit from an increase in the minimum wage are Latino:

- Approximately 16% of our country's workforce, or more than 20.8 million workers, is Latino,

but **24.3% of the workers** who would be positively affected by an increase in the minimum wage are Latinos. **That means more than 6.7 million Latino workers** would be helped by raising the minimum wage to \$10.10.<sup>4</sup>

- In some states, the percentage of the workers affected who are Latino is even higher.<sup>5</sup> Those with the highest rates are New Mexico (59.2%), California (57.9%), Texas (55.8%), Arizona (47.6%), Nevada (35.9%), New Jersey (33.3%), Florida (30.2%), Colorado (29.3%), Washington, D.C. (25.7%) and West Virginia (25.0%).
- Raising the minimum wage would help 6.76 million Latino workers, which is 24.3% of the affected population.

### Conclusion

Too many Latino workers are vulnerable in this economy. Living in a state of financial insecurity, many workers who are employed full time are trapped in low-wage positions. These nearly 6.8 million Latino workers would greatly benefit from a raise in the minimum wage. A \$10.10-an-hour salary would provide higher take-home income, improved employment prospects and increased opportunities to save for retirement.

### 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/](http://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/](http://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](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/](http://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>.