

Jewish Community Relations Council of St. Louis

RESOLUTION ON MINIMUM WAGE

A duty to feed the hungry and help those in need become self-sufficient is part of the foundation of “Jewish values” and tradition that we often cite as a basis for our beliefs and actions. Jewish teachings emphasize the importance of caring for all people, including those on the economic margins of society. Hillel’s often cited quotation “If I am not for myself, who will be for me? But if I am for myself alone, what am I?” (Ethics of the Fathers 1:14) is but one example. Maimonides taught: “The highest form of charity is to step in with help to prevent a person from becoming poor. This includes offering a loan of employment, investing in a business, or any other form of assistance that will avoid poverty.”

In 2006, the JCRC passed a resolution in support of raising the minimum wage, indicating the organization’s support for raising the state and federal minimum wage above \$5.15 per hour, which was the minimum wage at that time. Given the current minimum wage of \$7.25 nationally and \$7.35 in Missouri and the cost of living increases over the past decade, the JCRC resolution needs to be updated. The federal minimum wage was increased in 2009. Yet, an individual working full time at the current minimum wage would still be living below the Federal Poverty Line for a family of two or more. Over the last year a number of groups have vigorously advocated raising the minimum wage to levels in the range of \$11-15 per hour. The Jewish Council for Public Affairs adopted a comprehensive resolution addressing the minimum wage in 2014.

Who are the people working at low wage jobs (under \$10.10 per hour) who would be affected by an increase in the minimum wage?

- Average age is 35 years
- 88 percent are not teens
- 36 percent are 40 or older
- 56 percent are women
- 28 percent have children
- 55 percent work full time

In 2013, 1.532 million hourly workers in the U.S. earned the minimum wage.¹ Raising the minimum wage to a minimum of at least \$12 per hour would lift wages for 35 million American workers.² In Missouri, there were 73,000 people working at a job making at or below the minimum wage in 2013. Raising the minimum wage to at least \$12 per hour would increase the standard of living for 23.1 percent of all Missouri children and for 26.6 percent of Missouri’s workforce.

¹ <http://www.pewresearch.org/fact-tank/2014/09/08/who-makes-minimum-wage/>

² Cooper, David. *Raising The Minimum Wage to \$12 By 2020 Would Lift Wages for 35 Million American Workers*. Economic Policy Institute. 2015

Tipped restaurant workers are particularly disadvantaged. Those workers currently receive a sub-minimum wage of \$2.13 per hour. This sub-minimum wage for tipped workers has been frozen for nearly a quarter century. Although employers are required to make up the difference if a server's earnings don't add up to the minimum wage, this doesn't always happen (a practice commonly known as wage theft).^{3,4} Only in seven states do tipped restaurant workers enjoy the same minimum wage as other workers. (Missouri is not one of them.)⁵ Seventy percent of tipped restaurant workers are women. The sub-minimum wage for tipped restaurant workers sustains a gender pay gap in a predominantly female workforce.⁶

Although an increase in the minimum wage to meet most basic needs of low wage workers is compelling, many commentators fear negative economic ramifications. Some believe that raising the minimum wage would result in job loss, harm to unskilled workers, would do little to reduce poverty, and would create higher prices for consumers. Many in the business sector fear that companies would have to charge higher prices for services and products in order to offset added labor costs. In addition, many anticipate that such increases would lead to stagnation in the job market. A higher minimum wage may serve to attract workers with a higher skill set and prevent them from advancing to more significant roles in the national economy.⁷

Despite these negative predictions, much research shows that previous increases in the minimum wage have led to benefits across the economy.⁸ At worst, the overall economic effect is small.⁹ However, increases in the minimum wage would aid working families to pay their bills, increase consumer spending, and reduce income inequality.¹⁰

In examining the effects of wage increases across state borders, where one state boosted wages and the other did not, researchers found that growth in the minimum wage had no significant impact on

³ An employer is only required to pay \$2.13 an hour in direct wages to a tipped employee if that amount plus the tips received equals at least the Federal minimum wage, the employee retains all tips and the employee customarily and regularly receives more than \$30 a month in tips. If an employee's tips combined with the employer's direct wages of at least \$2.13 an hour do not equal the Federal minimum hourly wage, the employer must make up the difference.

⁴ Milkman, Ruth; González, Ana Luz and Ikeler, Peter. *Wage and Hour Violations in Urban Labour Markets: A comparison of Los Angeles, New York and Chicago*. Industrial Relations Journal. 2012

⁵ <http://www.dol.gov/whd/state/tipped.htm>

⁶ Restaurant Opportunities Centers United. *Tipped over the Edge: Gender Inequity in the Restaurant Industry*. 2012

⁷ Allen Sanderson of the University of Chicago's Department of Economics states, "I want people to have more command in the workplace and I want them to have more than \$7.25 an hour. I just don't want McDonald's to be the place where they can make that."

⁸ Cooper, David. *Raising The Federal Minimum Wage to \$10.10 Would Lift Wages for Millions and Provide a Modest Economic Boost*. Economic Policy Institute. 2013

⁹ Schmitt, John. *Why Does the Minimum Wage Have No Discernible Effect on Employment?* Center for Economic and Policy Research. February 2013

¹⁰ Much like unemployment insurance benefits or tax breaks for low- and middle-income workers, raising the minimum wage increases real income for working families, thereby adding to their spending power. Economists agree that low-wage workers are more likely than any other income group to spend any extra earnings immediately on previously unaffordable basic needs or services.

employment levels. One widely-cited study¹¹, found that New Jersey's increase from \$4.25 to \$5.05 per hour in 1992 did not hinder job growth. In fact, employment remained just as strong as that across the border in Pennsylvania, where the minimum wage stayed at \$4.25. In fact, the increases in wages created greater staff stability, which in turn allowed businesses to save money. While some employers may make slight employment cuts in response to wage increases, a higher wage floor allows companies to fill vacancies and reduce employee turnover. The evidence is similarly strong for eliminating the sub-minimum wage for tipped restaurant workers. In those states that do not distinguish tipped restaurant workers from other minimum wage workers, job growth for restaurants has actually been higher.¹²

For the purposes of this discussion, it is important to distinguish between the minimum wage and two other categories of wages: poverty wages and living wage. The poverty wage is the amount needed to achieve a Federal Poverty Level income. The living wage is the amount required to reach minimum standards of living. According to researchers at MIT¹³, "it is a market-based approach that draws upon geographically specific expenditures data related to a family's likely minimum food, child care, health insurance, housing, transportation, and other basic necessities (e.g. clothing, personal care items, etc.) costs." For example, the MIT analysis estimates that in St. Louis County for a family including one adult and two children the poverty wage would be \$9.00 per hour and the living wage would be \$24.27 per hour

This suggests that even the most generous policy proposals to increase the minimum wage would, for most families, leave their income far short of a living wage. Achieving a living wage should ultimately be a goal for any serious proposal to reduce poverty, and a higher minimum wage is an important, necessary, even if insufficient, first step. Further, since many low-wage workers now qualify for public assistance payments, economic impacts of wage increases will be at least partially offset by reductions in federal, state, and local public expenditures. One study done at the University of California, Berkeley estimated the savings in public benefits at \$152.8 billion annually.¹⁴ The cost of public benefits for tipped workers in full-service restaurants alone is estimated at \$9.5 billion¹⁵ While there may be legitimate and plausible economic concerns about a significant increase in the minimum wage, that is not a sufficient reason to maintain the *status quo*. Suggesting that a large class of workers be kept in poverty as a means to grow our economy or to avoid the speculative threat of negative impacts on businesses is not reasonable or ethical and is inconsistent with Jewish values.

¹¹ Card, David and Krueger, Alan B. *Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania*. The American Economic Review, Vol. 84, No. 4. 1994.

¹² Jayaraman, [Saru](#). *Why Tipping is Wrong*. The New York Times, October 15, 2015

¹³ Glasmeier, Dr. Amy K.; *Living Wage Calculator* (<http://livingwage.mit.edu/>); December 2015.

¹⁴ Jacobs Ken; Perry, Ian; and MacGillvar, Jenifer. *The High Public Cost of Low Wages*. UC Berkeley Center for Labor Research and Education. April, 2015

¹⁵ *The Hidden Cost of Waiting Tables*. TIME Magazine. February 1, 2016.

Action Steps

The JCRC commits to join with Jewish and other organizations to undertake the following action steps:

1. Support legislation and/or ballot initiatives at the regional, state and federal levels, to raise the minimum wage, with the long-term objective to provide a living wage for working families.
2. Support regional approaches to raise the minimum wage above the state minimum wage where necessary to address differential cost of living conditions, especially in urban areas.
3. Support legislation to pay tipped restaurant workers no less than the minimum wage.
4. Educate the Jewish community and the general community about the need to increase the minimum wage and eliminate the sub-minimum wage for tipped restaurant workers as a necessary part of a strategy to address poverty and income inequality.

Additional Resources:

Allen Sanderson <http://articles.chicagotribune.com/2014-03-10/business/ct-biz-0310-work-advice-huppke-201403>

David Cooper http://articles.chicagotribune.com/2014-03-03/business/ct-biz-0303-work-advice-huppke-20140303_1_minimum-wage-arindrajit-dube-future-increases10_1_minimum-wage-william-wascher-david-neumark