

RAISING THE NEW MEXICO MINIMUM WAGE HELPING THOSE WHO NEED IT MOST

by Gerry Bradley, MA
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Senate Joint Resolution 13, under consideration during the current legislative session, would allow the voters to raise the minimum wage to \$8.50 per hour and index it to the national inflation rate. Raising the minimum wage is often cited in opinion polls as a public policy with strong support amongst Republicans and Democrats, especially from those on the lower half of the wage scale. While, the wage amount called for in SJR-13 would fall short of a “living wage,” raising the minimum wage clearly assists those who are struggling to make ends meet.

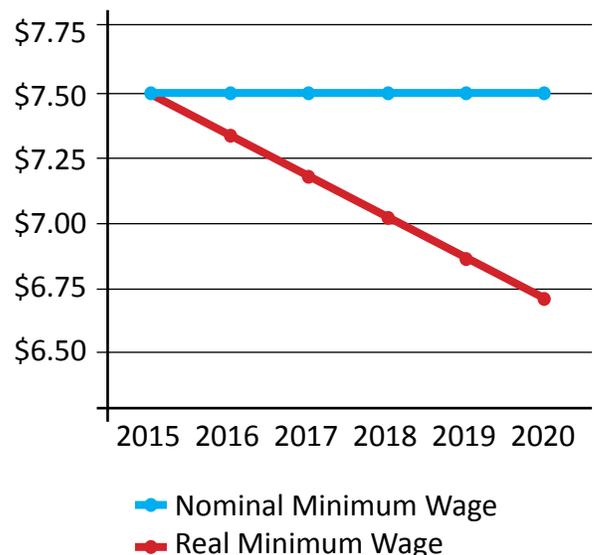
This report provides clarity for policy makers in New Mexico on just who would benefit from raising New Mexico’s minimum wage. The data show, despite misperceptions, that minimum wage workers in New Mexico are not teenagers working their first job. It is a much more complex story and one that includes the well-being of children.

INTRODUCTION

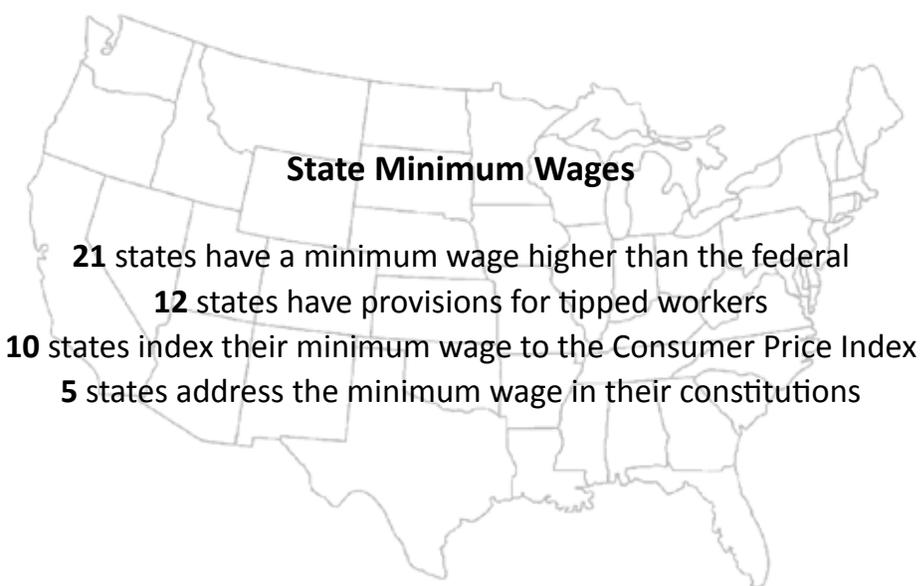
SJR-13, sponsored by Senators Richard Martinez and Bill Soules and Representative Miguel Garcia, would amend the state constitution if approved by voters. The Legislature passed a bill in the 2013 legislative session to raise the minimum wage to \$8.50, but it was vetoed by Governor Martinez. A constitutional amendment does not go to the governor for approval.

Almost half of the 50 states have minimum wages that are higher than the federal. Ten states have addressed

The minimum wage loses value over time when not adjusted for inflation



the issue via ballot initiatives, which are passed by voters. Without a state ballot initiative, the only way New Mexico voters can weigh in on such issues is by amending the state constitution. If they were to do so, however, New Mexico would not be alone. Five others states address the minimum wage in their constitutions. Given that the minimum wage is a worker’s rights issue for the nation’s most vulnerable workers—and that worker’s rights are human rights—it is entirely appropriate for those rights to be protected in the state constitution.



In 2012, there were about 540,000 workers statewide making an hourly wage outside of the city of Santa Fe and Bernalillo County. (Santa Fe and Bernalillo County already have minimum wages at or above \$8.50 an hour.) The Economic Policy Institute estimates that 50,500 workers would be directly affected by raising the minimum wage to \$8.50 an hour. These are workers earning between \$7.50 and \$8.50 an hour. An additional 40,600 workers would be indirectly affected—their wages would rise due to spillover effects from raising the wage to \$8.50. The total number of workers affected would be 91,100, or roughly 17 percent of hourly workers outside Santa Fe and Bernalillo County. This report will first describe the characteristics of these low-wage workers and look at the Economic Policy Institute’s estimates of the wage impacts of raising the state’s minimum wage.

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CHARACTERISTICS OF MINIMUM WAGE WORKERS

	Total Hourly Workforce (estimated)	Total Affected		Directly Affected		Indirectly Affected		Total Wage Increase	Average Annual Wage Increase		
		#	%	#	%	#	%		Overall increase	Directly Affected	Indirectly Affected
Total	539,400	91,100	17%	50,500	100%	40,600	100%	\$49,719,800	\$546	\$810	\$217

Increasing the minimum wage to \$8.50 will add a total of almost \$50 million to the paychecks of workers at or near the minimum wage. On average, minimum wage workers will receive an annual wage increase of \$546. Directly affected workers will receive an increase of \$810 while indirectly affected workers will receive an annual increase of \$217.

Source for all tables: Economic Policy Institute analysis of US Census Bureau Current Population Survey data. All employee data reflect statewide numbers minus populations working in the city of Santa Fe and Bernalillo County. Columns may not add to 100 percent due to rounding.

*Measures the percentage of the type of worker specified as a share of the total hourly workforce.

IMPACT BY GENDER

	Total Hourly Workforce (estimated)	Total Affected		Directly Affected		Indirectly Affected		Total Wage Increase	Average Annual Wage Increase		
		#	%*	#	%	#	%		Overall increase	Directly Affected	Indirectly Affected
Female	267,000	51,000	19%	27,100	54%	23,900	59%	\$24,934,000	\$489	\$743	\$201
Male	272,400	40,100	15%	23,500	46%	16,600	41%	\$24,784,000	\$618	\$887	\$239

More women workers than men will benefit from raising the state minimum wage. About 51,000 women and 40,100 men—or about 19 percent of women workers and 15 percent of male workers—would be impacted by the increase. This is despite the fact that the numbers of male and female hourly workers are fairly comparable. Men, however, will receive an annual wage increase of \$618 while women will receive an increase of \$489. This difference is a reflection of the occupations in which men and women are concentrated and the number of hours they are working.



“Despite misperceptions, minimum wage workers are not teenagers working their first job. It is a much more complex story and one that includes the well-being of children.”

IMPACT BY RACE/ETHNICITY

	Total Hourly Workforce (estimated)	Total Affected		Directly Affected		Indirectly Affected		Total Wage Increase	Average Annual Wage Increase		
		#	%*	#	%	#	%		Overall increase	Directly Affected	Indirectly Affected
Hispanic	241,700	50,800	21%	29,700	59%	21,100	52%	\$29,430,900	\$580	\$819	\$244
White	233,200	29,400	13%	12,900	26%	16,500	41%	\$13,012,300	\$443	\$772	\$185
Asian	55,400	8,800	16%	6,600	13%	2,200	5%	\$6,381,000	\$719	\$918	\$132
Black	9,100	2,100	23%	1,300	3%	800	2%	\$895,600	\$419	\$432	\$399

Hispanic workers are by far the largest share of those helped by the minimum wage increase. Although Hispanics are about 45 percent of hourly workers, they are 55 percent of those helped by the minimum wage increase. Although 42 percent of hourly workers are Non-Hispanic White, they are only 32 percent of those helped by the minimum wage increase. Although Blacks make up almost a quarter of the hourly workers impacted by the minimum wage, they will receive the smallest average annual wage increase. (Unfortunately, no data are available for Native American workers.)

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IMPACT BY AGE

	Total Hourly Workforce (estimated)	Total Affected		Directly Affected		Indirectly Affected		Total Wage Increase	Average Annual Wage Increase		
		#	%*	#	%	#	%		Overall increase	Directly Affected	Indirectly Affected
<20	19,500	15,900	82%	10,600	21%	5,300	13%	\$7,178,057	\$450	\$537	\$274
20-29	108,200	29,400	27%	15,000	30%	14,400	36%	\$16,867,827	\$575	\$908	\$228
30-39	113,000	11,700	10%	4,900	10%	6,800	17%	\$5,111,213	\$437	\$833	\$153
40-54	181,300	18,500	10%	9,500	19%	9,000	22%	\$11,651,722	\$629	\$1,035	\$199
55+	117,500	15,600	13%	10,500	21%	5,100	13%	\$8,910,948	\$571	\$730	\$243

A common, but erroneous, perception about minimum wage workers is that they are by and large teenagers. But of the total 91,000 workers impacted by the minimum wage increase, only about 16,000—or one-fifth—are teenagers. The largest number of affected workers (29,400) are aged 20 to 29. Fully half of the affected workers (45,800) are aged 30 and up with nearly another 20 percent over age 55. Most of the workers who will be helped by raising the minimum wage are not teenagers, but adult workers. While a significant proportion are workers older than 55, they will not receive the highest wage increase. That will go to workers between the ages of 40 and 45, who may be more likely to be working full time.

IMPACT BY FAMILY TYPE

	Total Hourly Workforce (estimated)	Total Affected		Directly Affected		Indirectly Affected		Total Wage Increase	Average Annual Wage Increase		
		#	%*	#	%	#	%		Overall increase	Directly Affected	Indirectly Affected
Single, No Kids	199,200	54,500	27%	30,500	60%	24,000	59%	\$27,488,200	\$504	\$720	\$229
Married, No Kids	147,900	17,500	12%	10,000	20%	7,500	19%	\$11,262,400	\$646	\$1,005	\$165
Married Parent	143,700	11,300	8%	6,300	13%	5,000	12%	\$6,754,000	\$596	\$885	\$228
Single Parent	48,600	7,800	16%	3,700	7%	4,100	10%	\$4,215,200	\$541	\$893	\$224

Children with at Least 1 Parent in the Hourly Workforce	Total Children Affected		Children Directly Affected		Children Indirectly Affected		
	#	%**	#	%	#	%	
	399,368	33,413	9%	15,409	30%	18,003	44%

Family type seems to be impacted by the minimum wage. More than 60 percent of affected workers are single with no children. This may be because minimum wage workers cannot afford to marry and have children. A significant share (almost 20 percent) of minimum wage workers are married without children. Again, this may be because these workers cannot afford to have children. This does not mean that the minimum wage does not impact the well-being of children. Some 33,000 children have at least one parent who would benefit from raising the minimum wage.

*Measures the percentage of the type of worker specified as a share of the total hourly workforce.

**Measures the percentage of children who have at least one parent affected as a share of the total child population with a parent who is an hourly worker.

IMPACT BY FAMILY INCOME

	Total Hourly Workforce (estimated)	Total Affected		Directly Affected		Indirectly Affected		Total Wage Increase	Average Annual Wage Increase		
		#	%*	#	%	#	%		Overall increase	Directly Affected	Indirectly Affected
Less than \$20,000	82,800	33,100	40%	20,300	40%	12,800	32%	\$19,682,000	\$596	\$826	\$232
\$20,000-\$39,999	113,900	20,100	18%	10,700	21%	9,400	23%	\$9,917,200	\$495	\$740	\$217
\$40,000-\$59,999	104,300	17,400	17%	7,900	16%	9,500	23%	\$10,668,700	\$613	\$1,074	\$229
\$60,000-\$74,999	49,900	4,400	9%	2,500	5%	1,900	5%	\$2,420,500	\$548	\$898	\$91
\$75,000-\$99,999	65,900	4,600	7%	3,200	6%	1,400	3%	\$2,006,100	\$438	\$521	\$245
\$100,000-\$149,000	75,400	6,700	9%	3,000	6%	3,700	9%	\$3,778,300	\$563	\$1,027	\$188
\$150,000 or More	47,300	5,000	11%	3,000	6%	2,000	5%	\$1,247,100	\$251	\$272	\$217

Not surprisingly, more than one-third of workers benefitting from the minimum wage increase live in families with an income of less than \$20,000 per year. A popular misconception about minimum wage workers is that they live in upper-income families and are simply teenagers working for entertainment income. This is clearly not the case. Another 22 percent of minimum wage workers live in families with income between \$20,000 and \$40,000, so almost 60 percent of minimum wage workers are in families with income less than \$40,000.

IMPACT BY EDUCATION LEVEL

	Total State Workforce (estimated)	Total Affected		Directly Affected		Indirectly Affected		Total Wage Increase	Average Annual Wage Increase		
		#	%*	#	%	#	%		Overall increase	Directly Affected	Indirectly Affected
Less than High School	56,900	23,000	40%	12,000	24%	11,000	27%	\$10,906,700	\$474	\$728	\$198
High School	155,700	28,200	18%	13,500	27%	14,700	36%	\$15,197,600	\$558	\$880	\$241
Some College	178,300	35,800	20%	23,400	46%	12,400	31%	\$20,948,200	\$585	\$785	\$207
Bachelor's or Higher	148,600	5,100	3%	1,600	3%	3,500	9%	\$2,667,200	\$525	\$1,195	\$217

Minimum wage workers are concentrated on the lower rungs of the educational ladder. Workers who did not finish high school and those who did but did not go beyond high school accounted for 56 percent of minimum wage workers by educational level.

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*Measures the percentage of the type of worker specified as a share of the total hourly workforce.

IMPACT BY HOURS WORKED

	Total Hourly Workforce (estimated)	Total Affected		Directly Affected		Indirectly Affected		Total Wage Increase	Average Annual Wage Increase		
		#	%*	#	%	#	%		Overall increase	Directly Affected	Indirectly Affected
Full Time (35+)	424,800	35,200	8%	11,900	24%	23,300	57%	\$22,037,200	\$626	\$1,351	\$256
Mid Time (20-34)	87,300	39,800	46%	28,800	57%	11,000	27%	\$24,093,200	\$606	\$767	\$184
Part Time (<19 hrs)	27,400	16,200	59%	9,900	20%	6,300	16%	\$3,589,300	\$223	\$283	\$128

Another popular myth about minimum wage workers is that they are mostly part-time workers. Only one-fifth of minimum wage workers work fewer than 19 hours per week. Almost 40,000 minimum wage workers work between 20 and 34 hours per week, while 35,200 are full-time workers with more than 35 hours per week. The fact that 80 percent of minimum wage workers work more than part-time is significant.



IMPACT BY TYPE OF OWNERSHIP

	Total State Workforce (estimated)	Total Affected		Directly Affected		Indirectly Affected		Total Wage Increase	Average Annual Wage Increase		
		#	%*	#	%	#	%		Overall increase	Directly Affected	Indirectly Affected
For-Profit	332,600	66,400	20%	35,700	71%	30,700	76%	\$38,480,700	\$580	\$880	\$231
Government	167,300	18,500	11%	12,100	24%	6,400	16%	\$8,705,500	\$470	\$607	\$211
Nonprofit	39,600	6,200	16%	2,700	5%	3,500	9%	\$2,533,500	\$408	\$797	\$107

Although it is not surprising, almost three-quarters (73 percent) of minimum wage workers are in the for-profit sector. It may be an eye-opener that one-fifth of minimum wage workers are in the public sector. Certainly, the perception is that government workers are highly paid.

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IMPACT BY WORKER OCCUPATION

	Total Hourly Workforce (estimated)	Total Affected		Directly Affected		Indirectly Affected		Total Wage Increase	Average Annual Wage Increase		
		#	%*	#	%	#	%		Overall increase	Directly Affected	Indirectly Affected
Professional, Business, Science	138,700	10,500	7%	7,100	14%	3,400	8%	\$6,831,200	\$504	\$965	\$110
Services	115,700	39,200	34%	20,200	40%	19,000	47%	\$20,915,200	\$682	\$1,282	\$191
Office, Admin. Support	71,800	15,600	22%	9,000	18%	6,600	16%	\$6,990,600	\$486	\$667	\$152
Sales	43,500	8,200	19%	4,700	9%	3,500	9%	\$4,741,600	\$560	\$1,092	\$234
Transportation	28,700	6,100	21%	4,700	9%	1,400	3%	\$2,850,500	\$524	\$750	\$212
All Others	141,000	11,500	8%	4,700	9%	6,800	17%	\$7,390,700	\$635	\$932	\$315

A person's occupation generally impacts their wage level. Workers in the service occupations account for nearly half (45 percent) of the total affected. This would be consistent with the large share of such workers in the health care industry. Workers in sales occupations account for almost 10 percent of minimum wage workers by occupation. There are 10,500 minimum wage workers in the professional/business/science occupations, even though these are thought to be well-paying jobs.

“ It is somewhat surprising to note that the education/health care sector accounts for 35 percent of affected workers. ”

IMPACT BY INDUSTRY

	Total Hourly Workforce (estimated)	Total Affected		Directly Affected		Indirectly Affected		Total Wage Increase	Average Annual Wage Increase		
		#	%*	#	%	#	%		Overall increase	Directly Affected	Indirectly Affected
Education, Healthcare	144,800	31,900	22%	20,700	41%	11,200	28%	\$15,533,500	\$548	\$898	\$91
Leisure, Hospitality	56,500	19,800	35%	11,500	23%	8,300	20%	\$10,393,200	\$438	\$521	\$245
Retail	49,200	11,500	23%	4,400	9%	7,100	18%	\$6,449,600	\$613	\$1,074	\$229
Construction	24,600	4,100	17%	1,900	4%	2,200	5%	\$2,025,900	\$596	\$826	\$232
Manufacturing	18,700	4,000	21%	1,800	4%	2,200	5%	\$2,773,400	\$495	\$740	\$217
All Others	245,500	19,800	8%	10,300	20%	9,500	23%	\$12,544,200	\$563	\$1,027	\$188

Wage levels are generally tied to different industry sectors. As expected, the retail and leisure/hospitality sectors together account for a significant (31 percent) number of minimum wage workers. However, it is somewhat surprising to note that the education/health care sector accounts for 35 percent of affected workers. Educational assistants and early childhood providers are often low paid, as are hospital orderlies.

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