

# A Minimum Wage Boost Would Improve Equity for 2.5 Million Floridians and Bolster the State's Post-Pandemic Recovery

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## Executive Summary

On November 3, voters will have the opportunity to decide whether 2.5 million working Floridians receive a wage increase: Amendment 2 seeks to gradually increase the state minimum wage to \$15 per hour by 2026.<sup>1</sup> As with all constitutional amendments, 60 percent of voters must vote in favor of Amendment 2 for it to become law.

Using the minimum wage simulation model developed by Economic Policy Institute, this report finds that by 2026, the proposed \$15 minimum wage would:

- increase wages for 2.5 million Floridians, over 26 percent of the workforce;
- help lift households out of poverty;
- bring workers of all ages closer to a living wage;
- benefit Florida's service sector workers the most; and
- reduce pay inequities experienced by women and people of color.

## Introduction

### A Brief History of the Minimum Wage in Florida

Florida's minimum wage has only increased by a little over \$2 since 2005, after voters last approved a ballot measure to raise it from \$5.15 to \$6.15 per hour.<sup>2</sup> Economists analyzing the impact of this 2005 wage increase found job growth actually increased, not decreased, as a result.<sup>3</sup> (See call-out box at the end of this report for more information on the impact to businesses.) While the state minimum wage continued to adjust marginally for inflation each year since, the current wage of \$8.56 falls woefully short of a living wage. Even \$15 per hour would not represent a living wage for larger working families or some part-time workers, but it would bring individuals and couples without children and smaller families to a living wage, while lifting struggling working families closer to a sustainable income. (See *Table 1*.)

TABLE 1: LIVING HOURLY WAGE FOR FULL-TIME WORKER(S) IN FLORIDA, 2019

1 adult, no children	\$12.39
1 adult, 1 child	\$25.47
2 adults, no children (1 adult working)	\$19.65
2 adults, 1 child (both adults working)	\$13.99
2 adults, 2 children (both adults working)	\$16.14

Source: Glasmeier, Amy K. Living Wage Calculator. 2020. Massachusetts Institute of Technology. [livingwage.mit.edu](http://livingwage.mit.edu).

## Amendment 2 Seeks to Increase Florida's Minimum Wage to \$15 Per Hour by 2026

Amendment 2 was proposed before the COVID-19 pandemic triggered an economic recession and led to furloughs, layoffs, and shuttered businesses. Somewhat understandably, groups who have consistently opposed increasing the minimum wage are becoming even more vocal against doing so now.<sup>4</sup> Yet the first minimum wage was created amidst just such a crisis more than 80 years ago with the 1938 Fair Labor Standards Act (FLSA)—the Great Depression. Contrary to the notion that the minimum wage was never intended to be a sustaining wage, President Roosevelt set the record straight back in 1933: “By living wages, I mean more than a bare subsistence level—I mean the wages of a decent living.”<sup>5</sup>

Under Amendment 2, nontipped employees would see their hourly wage increase from the current state minimum of \$8.56 to \$10 in September 2021. The hourly wage would then increase by \$1 each September until it reaches \$15 per hour in 2026.<sup>1</sup> From 2027 onward, the state would revert to adjusting the minimum wage to account for inflation each year. While Amendment 2 does not increase the hourly wage for tipped employees, under the federal FLSA, employers would still need to ensure that employees' tips combined with the current tipped minimum wage (\$5.54 per hour) met or exceeded the new state minimum wage.<sup>6</sup>

## How a \$15 Minimum Wage Would Impact Working Floridians

### 2.5 Million Floridians Would Receive a Significant Pay Raise

Gradually increasing the state minimum wage to \$15 per hour by 2026 would directly benefit more than 1 in 4 working Floridians — 2.5 million individuals out of the 9.5 million employees anticipated by 2026. These are individuals whose pay would increase as the new minimum wage rate exceeds their current hourly pay. This is a conservative estimate, as this report only highlights those who would be *directly* impacted by the wage increase. Yet there are nearly 600,000 *additional* Floridians who would be indirectly affected by the minimum wage increase. These Floridians have wages right above the new minimum wage, but their wages would still increase as employers adjust their pay scales upward to account for the new minimum wage.<sup>7</sup>

“On just \$9.70 an hour, I have no choice but to spend every waking minute thinking about how to stretch the pennies between food and rent. You shouldn't have to work two full-time jobs just to scrape by, and still struggle to keep a roof over your family's head.”

- Faith Booker, a fast food restaurant cashier in Lakeland, Florida and mother of five children making \$9.70 an hour.

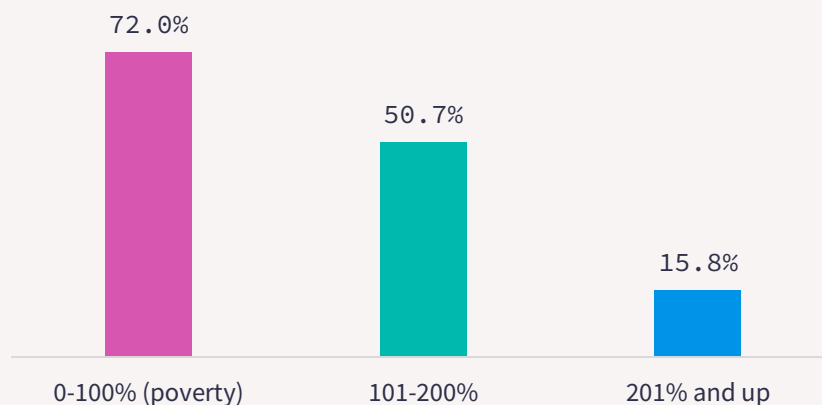
By 2026, workers expected to directly benefit from the increased minimum wage would, on average, see a \$2 per hour bump in their pay, when adjusted for inflation. For those who work year-round, this equates to an average annual income increase of \$3,300. That works out to \$275 more per month to help with everyday expenses like rent/mortgage payments, utilities, and groceries.

### It Would Help Lift Households Out of Poverty

Economists have demonstrated that increasing the federal minimum wage greatly reduces the number of households living in poverty.<sup>8</sup> Florida could expect a similar effect. A significant share of households living at or below 100 percent of the poverty threshold (e.g. an individual earning less than \$12,760 annually, a family of three earning less than \$21,720) would see their incomes rise with this policy change. (See Fig. 1.)

Those within 200 percent of the poverty threshold would also greatly benefit from the increased minimum wage (e.g. individuals earning less than \$25,520 annually, a family of three earning less than \$43,440). Collectively, this amounts to 1.3 million households with low incomes who would move closer to a living wage.

Figure 1. SHARE OF WORKING FLORIDIANS IMPACTED WITHIN EACH POVERTY THRESHOLD



### Employees of All Work Statuses, Especially Part- and Mid-Time, Would Receive Raises

Those working part- and mid-time (20-34 hours each week) would benefit the most from the \$15 minimum wage, with 46.9 percent of part-time workers and 57.2 percent of mid-time workers impacted. (See Fig. 2.) This pay increase is crucial, as part-time workers are five times more likely to live in poverty than full-time workers.<sup>9</sup> Since the Great Recession of 2007-2009, there has been a substantial rise in service- and gig-economy work, forcing millions of Americans into involuntary part-time status.<sup>10</sup> Furthermore, part-time workers are usually ineligible for benefits, like paid time off and health insurance. Higher wages offset some of

Figure 2. SHARE OF WORKING FLORIDIANS IMPACTED, BY WORK STATUS

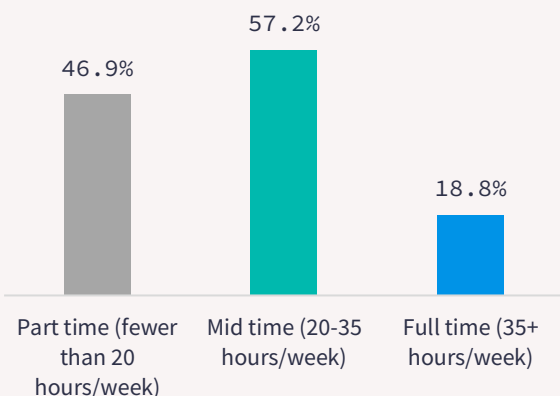
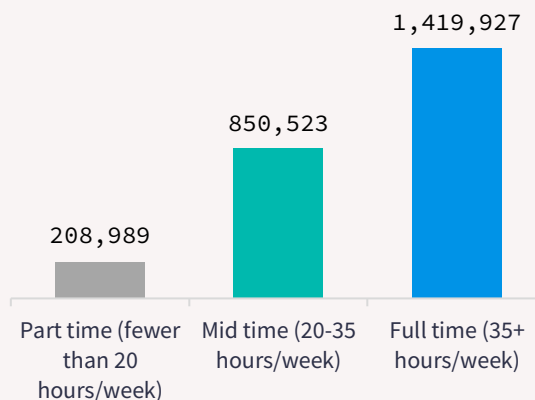


Figure 3. NUMBER OF WORKING FLORIDIANS IMPACTED, BY WORK STATUS



these burdens. Importantly, over 1.4 million full-time workers would benefit as well, although this figure represents only 18.8 percent of the full-time workforce. (See *Figs. 2, 3.*)

Regardless of hours worked, as individuals paid low- and middle-income wages move closer to a living wage, they have more spending power, pumping revenue into businesses and the state overall as sales tax is collected on those purchases. Importantly, sales tax is the primary revenue source for the state of Florida, and collections dramatically dropped this year<sup>11</sup> as COVID-19 ravaged the state and limited consumers' spending. Gradually raising the minimum wage would begin to repair this by helping the state replenish its lost revenue.

## Floridians of All Ages Would Receive a Raise

Increasing the minimum wage would help workers of all ages come closer to earning a living wage. Most workers aged 16 to 24 (69.8 percent) would see their pay increase, equating to 820,000 Floridians. This is especially needed, as COVID-19 thrust the U.S. into an economic recession in an unprecedentedly rapid timeframe<sup>12</sup> and younger workers are disproportionately facing unemployment, underemployment, and reduced wages in response.<sup>13</sup> America witnessed a similar shock to the generation of young adults first entering the workforce amidst the Great Recession of 2007-2009.<sup>14</sup>

Younger workers are not the only Floridians who would benefit from the state minimum wage increase, however. Nearly 1.7 million Floridians aged 25 and older would receive a pay increase, more than double the number of younger workers affected. Nearly half of affected workers (847,000) aged 25+ are between ages 25 and 39; a significant share (27.2%) of these workers would receive an income boost.

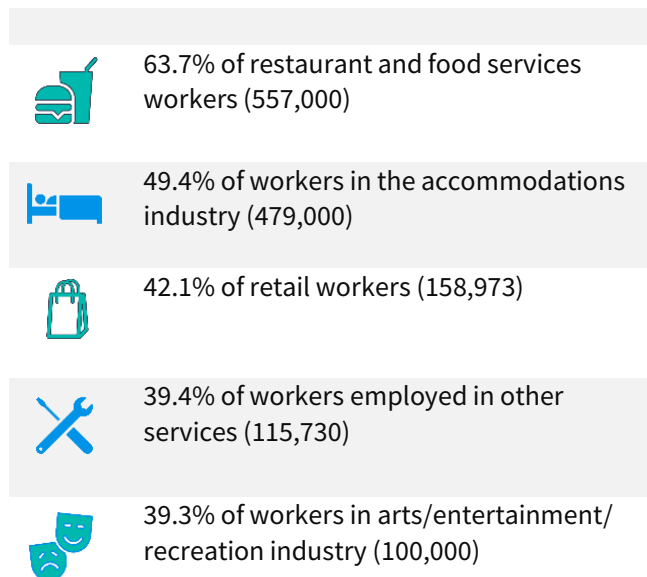
## Service Sector Employees Would Benefit the Most

Floridians working in the service sector stand to benefit the most from the proposed \$15 minimum wage. This is significant, since Florida relies heavily on these Floridians to bolster its \$75 billion-dollar tourism economy.<sup>15</sup> Moreover, immigrants stand to benefit from the minimum wage increase as well, as they are overrepresented among service occupations.<sup>16</sup> Specifically, high shares of those working in restaurants and food service, retail, accommodation, and arts/entertainment/recreation would see their pay increase. (See *Fig. 4.*)

Another industry with a significant share of affected workers is classified as "other services," which includes those working in hair and nail salons, dry cleaners, car and home repairs, private households, and select nonprofits and religious organizations.

These are, coincidentally, the fields that took a major hit during COVID-19 shutdowns. Moreover, Floridians in these fields are more likely to work part-time (often involuntarily), and research shows that part-time workers are five times more likely to live in poverty than full-time workers.<sup>9</sup> If these Floridians start earning more, it not only improves their quality of life, but it lessens

Figure 4. SHARE AND NUMBER OF WORKING FLORIDIANS WHO WOULD BENEFIT IN EACH SERVICE INDUSTRY



the burden on employers, as workers become less likely to need multiple jobs to make ends meet and are better able to afford child care and reliable transportation.

## The Gender Pay Gap Would Narrow

Even though there will continue to be fewer women (4.7 million) than men (4.8 million) in the state workforce by 2026, a minimum wage increase would disproportionately benefit women (1.4 million) over men (1.1 million). Not only would a greater number of women benefit from the \$15 minimum wage, but a greater share of the female workforce would benefit as well. Nearly 1 in 3 (29.8 percent) working women would benefit from the minimum wage increase, compared to 22.5 percent of working men.

“Floridians are putting our lives on the line at work to keep businesses running and to serve our communities. But when we go home, we barely have enough to keep the lights on. With so many families struggling with the pandemic, the economic recession, and systemic racism impacting workers of color and our access to opportunity, we need higher wages to lift our communities up.”

-Trayvonne Williams, a restaurant worker in Tampa, Florida making \$10.50 an hour.

Women remain overrepresented — both historically and currently — in lower wage work,<sup>17</sup> which includes many service sector occupations and industries<sup>18</sup> deemed “essential” during the COVID-19 pandemic. In Florida, women currently are paid 85 cents to every \$1 men are paid, leading to an estimated \$268,000 in average lifetime lost wages. A Florida woman has to work until age 67 to match what a man earns by age 60.<sup>19</sup> These lost wages also translate into lower Social Security benefits during retirement. Increasing the state minimum wage to \$15 would narrow this significant gender pay gap.

Moreover, reducing the gender pay gap in Florida is beneficial not only for women, but for their families, too. Sixty-seven percent of Florida mothers are breadwinners or co-breadwinners for their households, higher than the national average.<sup>20</sup>

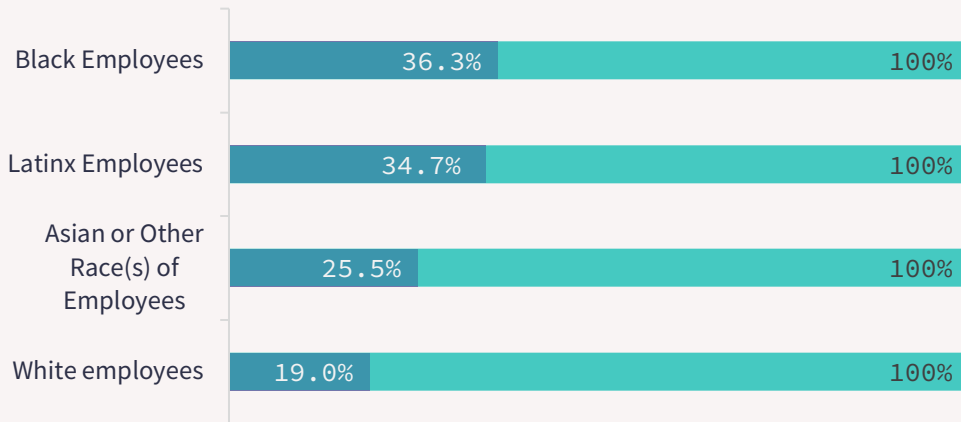
## Racial Wage Gaps Would Narrow, Especially for Women of Color

It has long been documented that substantial pay inequities persist that position white workers at the top of the pay scale, while relegating workers of color to the bottom. This remains true even when education, experience, and occupation are accounted for.<sup>21</sup> At the state level, a \$15 minimum wage would reduce these racial pay inequities. Specifically, Black and Latinx workers would stand to gain the most from this policy change, with 36.3 percent of Black workers and 34.7 percent of Latinx workers seeing a pay increase. (See Fig. 5.) More than a quarter of Florida workers identifying as Asian or other races would benefit as well. A substantial number (964,000) of white workers would benefit from this wage increase, but not nearly as much as workers of color (1.5 million).

### *Women of Color Would Benefit the Most*

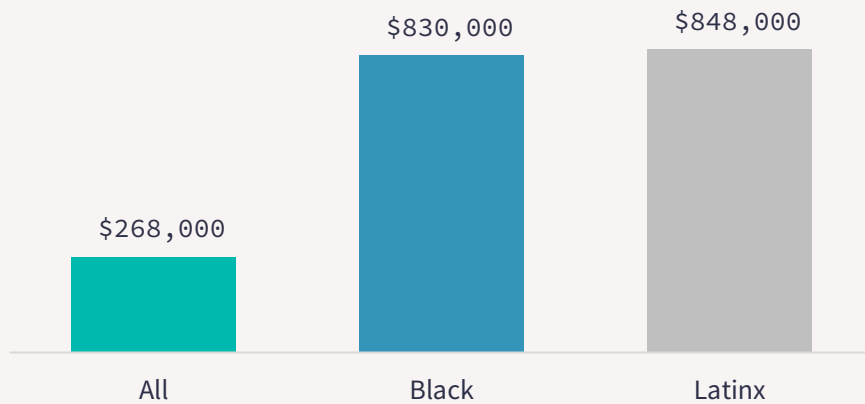
Not only would raising the state minimum wage to \$15 by 2026 benefit a greater share of workers of color than white workers, but it would benefit a greater share of women of color (38 percent) than men of color (31 percent). This is significant because in addition to the wage gap between men and women, women of color are paid less than the average for all women.

Figure 5: SHARE OF WORKING FLORIDIANS WHO WOULD SEE PAY INCREASE, BY RACE



In Florida, working women who are Black, Latina, Native American, and Asian American or Pacific Islander all earn less than the average wage for working women in Florida. For example, Black women in Florida are paid 60 cents to every \$1 white men are paid, resulting in over \$830,000 in average lifetime wage losses. (See *Fig. 6.*) These women would have to work to age 86 to match what white men make by age 60. Race-gender disparities are slightly more pronounced for Latina Floridians, whose unequal earnings result in over \$848,000 in lifetime wages. These women would have to work to age 87 to match what white men make by age 60.<sup>19</sup>

Figure 6: LIFETIME WAGE DISPARITY — "LOST" WAGES — OF FLORIDA WOMEN, BY RACE



## HOW WOULD A MINIMUM WAGE INCREASE AFFECT BUSINESSES?

One of the industries that would be most affected by a minimum wage increase is restaurant/food service. Employers in the service sector have long claimed that paying workers better would mean the demise of their operations. However, experts have shown this to be untrue across sectors, and they have proffered other compelling reasons to raise the minimum wage — even in the post-pandemic landscape:

- In 2014, over 600 economists, including seven Nobel Prize recipients, voiced their overarching agreement on raising the minimum wage in a signed advocacy letter, demonstrating this policy's long-standing support.
- Both recent and past research show that by and large, minimum wage increases do not result in significant job losses and businesses are able to absorb the costs. On the contrary, businesses have experienced increased productivity and reduced turnover, saving employers money while improving employees' quality of life.
- Disney has already set a minimum wage increase in motion and Target adopted the \$15 rate during the COVID-19 pandemic, showing it is feasible and sustainable. Like Amendment 2 proposes, these corporations have increased wages gradually over a multi-year period to ease the impact on their bottom lines.
- As economists point out, small businesses are more likely to struggle with these increased labor costs than larger corporations, but commercial rent often trumps those costs. Policymakers might consider some *temporary* assistance for small businesses to help offset wage increases during the pandemic (e.g. rent subsidies, targeted lending programs).
- Moreover, labor is not the primary concern for businesses during this global pandemic; consumer demand is. As this report corroborates, minimum wage disproportionately affects those with low incomes, and minimum wage studies at the local level show they are much more likely to spend their increased pay than their higher-earning peers, especially on dining out and auto loans. This remains true even as businesses moderately increase prices to account for the increased minimum wage.

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### Methodology

- ❖ All state-level minimum wage data is from the Economic Policy Institute Minimum Wage Simulation Model, which uses data from the U.S. Census Bureau, Bureau of Labor Statistics, and Congressional Budget Office (CBO). Dollar values have been adjusted by projections for Consumer Price Index for all Urban Consumers (CPI-U) in CBO's January 2020 projections. Population growth rates derived from



Bureau of Economic and Business Research Florida Population Studies' Projections. See [EPI Minimum Wage Simulation Model 2019](#) for further details.

- ❖ This report incorporates data collected before the onset of COVID-19. EPI's model offers conservative estimates of the number of people affected by 2026, which may offset any reduction in workforce numbers stemming from the pandemic. Workers earning below 80% of the minimum wage were excluded from the estimate of directly impacted individuals in this model, as EPI assumes these workers are either misreported or exempt from minimum wage requirements. The model also applies American Community Survey five-year estimates from the U.S. Census instead of single-year estimates to improve data reliability.
- ❖ While the specific number of Floridians to be affected by the increased minimum wage may have changed slightly since the pandemic, the categorical impacts (i.e. race, gender, age, industry, work status, poverty threshold) hold true. Economic studies in recent years corroborate these findings.<sup>22 23</sup>

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<sup>2</sup> Florida Department of Economic Opportunity, *Florida Minimum Wage History 2000 to 2019*, available at:

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<sup>3</sup> Liana Fox, "Minimum Wage Trends: Understanding Past and Contemporary Research," Economic Policy Institute, October 24, 2006, <https://www.epi.org/publication/bp178/>.

<sup>4</sup> Jim Turner, "Influential Florida Lobbying Group Calls Proposed \$15 Minimum Wage 'A Disastrous Idea after COVID,'" *Orlando Weekly*, August 24, 2020, <https://bit.ly/2QMIQlg>.

<sup>5</sup> Teresa Tritch, "F.D.R. Makes the Case for the Minimum Wage," *The New York Times*, March 7, 2014, <https://takingnote.blogs.nytimes.com/2014/03/07/f-d-r-makes-the-case-for-the-minimum-wage/>.

<sup>6</sup> U.S. Department of Labor, *Minimum Wages for Tipped Employees*, available at:

<https://www.dol.gov/agencies/whd/state/minimum-wage/tipped>.

<sup>7</sup> David Cooper, "Raising the Federal Minimum Wage to \$15 by 2025 Would Lift Wages For Over 33 Million Workers," Economic Policy Institute, July 17, 2019, <https://bit.ly/2YUFNB6>.

<sup>8</sup> Ben Zipperer, "Gradually Raising the Minimum Wage to \$15 Would be Good for Workers, Good for Businesses, and Good for the Economy," Testimony Before the U.S. House of Representatives Committee on Education and Labor, February 7, 2019, <https://www.epi.org/publication/minimum-wage-testimony-feb-2019/>.

<sup>9</sup> Rebecca Glauber, "Involuntary Part-Time Employment: A Slow and Uneven Economic Recovery, University of New Hampshire Carsey School of Public Policy, National Issue Brief #116, Spring 2017, <https://scholars.unh.edu/cgi/viewcontent.cgi?referer=&httpsredir=1&article=1299&context=carsey>.

<sup>10</sup> Rob Valleta, "Involuntary Part-Time Work: Yes, It's Here to Stay," Federal Reserve Bank of San Francisco, April 11, 2018, <https://www.frbsf.org/our-district/about/sf-fed-blog/involuntary-part-time-work-here-to-stay/>.

<sup>11</sup> Robert C. Osborne, Sr., Sadaf Knight, and Holly Bullard, "Florida Could Lose \$800 Million in Revenue Each Month as Unemployment Rises," Florida Policy Institute, May 21, 2020, <https://bit.ly/31Oikn1>.

<sup>12</sup> Megan Leonhardt, "The U.S. is 'Officially' in a Recession, But Economists Say It's Far from a Typical Downturn," *CNBC*, June 9, 2020, <https://cnb.cx/3IGsQ7t>.

<sup>13</sup> Kim Parker and Ruth Igielnik, "On the Cusp of Adulthood and Facing an Uncertain Future: What We Know About Gen Z So Far," Pew Research Center, *Social & Demographic Trends*, May 14, 2020, <https://pewrsr.ch/34S4YrB>.

<sup>14</sup> Pew Research Center, *Social & Demographic Trends*, "Young, Underemployed and Optimistic: Coming of Age, Slowly, in a Tough Economy," February 9, 2012, <https://pewrsr.ch/2YT5nGu>.

<sup>15</sup> Alexis Davis, "Florida Workers Make Tourism the State's Top Industry, But Companies Refuse to Share in the Prosperity," Florida Policy Institute, December 20, 2019, <https://bit.ly/3hQ44zl>.

<sup>16</sup> U.S Census Bureau, *2018 American Community Survey 5-Year Estimates*, available at: <https://bit.ly/3bp22UQ>.



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- <sup>17</sup> Kayla Patrick, Meika Berlan, and Morgan Harwood, “Fact Sheet, Workplace Justice: Low-Wage Jobs Held Primarily By Women Will Grow the Most Over the Next Decade,” National Women’s Law Center, August 2018, <https://bit.ly/2EEVtSd>.
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- <sup>19</sup> National Women’s Law Center, “The Lifetime Wage Gap, State by State,” March 30, 2020, <https://bit.ly/2DjigSG>.
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- <sup>23</sup> National Women’s Law Center, “Fact Sheet, Workplace Justice: The Raise the Wage Act: Boosting Women’s Paychecks and Advancing Equal Pay,” October 21, 2019, <https://bit.ly/2ESUTzN>.