Economic Policy Institute

Briefing Paper

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WHO WINS WITH A HIGHER MINIMUM WAGE

by Lawrence Mishel, Jared Bernstein, & Edith Rasell

In spite of the growing economy of the 1990s, the squeeze on family incomes that began in the 1980s has been made even tighter. According to the latest data, the only families able to achieve any income growth between 1989 and 1993 were the best-off 5% of families. Moreover, median family income fell four years in a row after 1989, the longest income decline in the post-war period. The years 1991-93 also marked the first time that incomes declined during the first two years of an economic recovery (Mishel and Bernstein 1994). It is highly unlikely that middle-class incomes rose much, or at all, between 1993 and 1994, since the median weekly wages of full-time workers, both men and women, failed to keep up with inflation.

This persistent economic squeeze on families is the consequence of the continuing deterioration of real wages for the vast majority of workers and the dramatic growth in the wage gap between high-wage workers and those earning middle or low wages. Not surprisingly, economic policy debates have centered on what, if anything, government can do to reverse these adverse trends. An interest in higher wages has also been generated by the need to "make work pay" so that welfare recipients can be shifted into jobs.

The recent Clinton administration proposal to raise the minimum wage has been offered as one mechanism to improve the incomes of low- and lower-middle-income working families. This policy seems an especially simple and worthy effort, since research has shown that there was little, if any, job loss resulting from the minimum-wage hikes in 1990 and 1991 (see reviews in Card and Krueger (1995) and Spriggs and Klein (1994)). The pressing questions that remain about raising the minimum wage are whether an increase will significantly lessen wage inequality, and what types of workers and families will benefit. This paper analyzes these questions and finds:

- A higher minimum wage will most benefit families with the least income-low- income and lower middle-class families. Seventy-six percent of the benefits of the Clinton minimum-wage proposal will go to working families with below-average incomes.
- Minimum-wage earners are primarily women (57.9%), have full-time jobs (47.2%) or work between 20 and 3.5 hours weekly (33.3%), are disproportionately black (15%) or Hispanic (13.8%). and are concentrated in the low-wage retail sector (44.3%).
- Minimum-wage earners are frequently the only earner in their family (38.8%) and, on average. contribute half of their family's earnings.
- Only 11.7% of the beneficiaries of a higher minimum wage are teenagers in families with above-average incomes.
- The Clinton administration proposal only partially restores the deterioration in the minimum wage since 1979: in 1996, after two $.45 increases. the minimum wage would still be 14% below its purchasing power in 1979.
- A higher minimum wage will help reverse the growth of wage inequality that occurred over the 1979-93 period. especially among women.

THE CLINTON PROPOSAL

The Clinton administration proposes that the minimum wage be increased from its current $4.25 level to $4.70 in July 1995 and to $5.15 in July 1996. As **Figure A** shows, these increases will only partially offset the 27% decline in the inflation-adjusted value of the minimum wage over the 1979-94 period. In fact, even with the proposed increases, the minimum wage in 1996 will still be 14% below its value in 1979 (or 1967). In order for the minimum wage to return to its 1979 level, it would have to be raised to S5.98 in 1996.

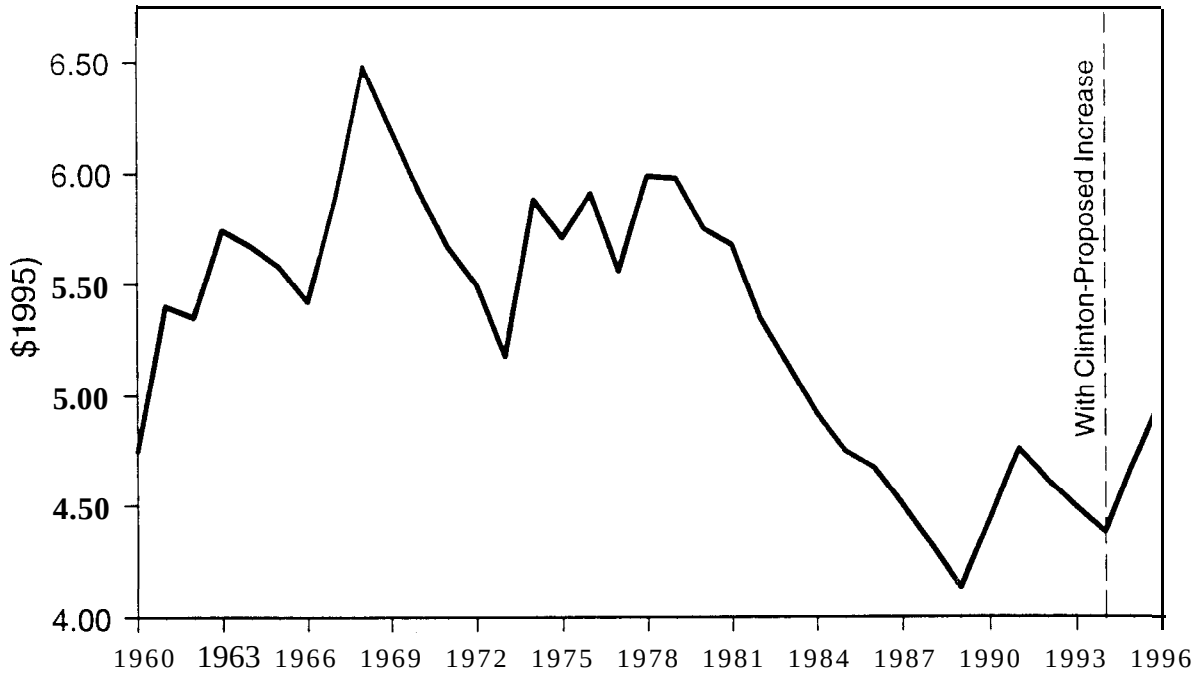
WHO ARE MINIMUM-WAGE WORKERS?

Table 1 analyzes data for 1993 to present the demographic and job characteristics of workers who would benefit from the proposed minimum-wage increase (those earning from $4.25 to $5.14) and compares them to other low-wage workers who would likely benefit from the spillover or indirect effect (those earning within a dollar of the new minimum, $5.15 to $6.14) and to the remainder of the workforce. The minimum-wage increase will directly affect 11.7% of all earners, or 12.26 million workers, and indirectly affect an additional 8.933 million workers, or 8.5% of all earners.

The Clinton proposal will primarily affect adult working women and disproportionately benefit minorities. Only 25.6% of workers affected would be teenagers. Most of the direct beneficiaries of a new minimum wage are women (57.9%) and minority men (6.3% are black men, 7.3% are Hispanic).

Nearly half (47.2%) of those benefiting from the new minimum wage are full-time workers; an additional third work 20-35 hours weekly. Only a small minority of beneficiaries (19.4%) work less than 20 hours a week. The average minimum-wage worker works 30 hours per week.

FIGURE A
Real Value of the Minimum Wage, 1960-96



Source: Economic Policy Institute.

Minimum-wage earners are heavily concentrated in the retail trade sector. Although the retail trade workforce was only 17% of all earners in 1993, this group accounted for 44.3% of all minimum-wage earners.

HOW WILL A NEW MINIMUM AFFECT THE WAGE STRUCTURE?

Tables 2 and 3 examine the extent to which a minimum-wage increase will affect wage differentials (i.e., the magnitude of the wage gap between highly paid workers and low-wage workers, or between more-educated and less-educated workers) and reverse the growth in wage inequality since 1979. Two levels of a new minimum-wage increase are considered-the Clinton proposal of $5.15 and the level needed to restore the minimum to the purchasing power it had in 1979, or $5.66 (in 1993 dollars). The effect of a new minimum wage is simulated in two ways. The first assumes that the minimum-wage increase has only a "direct" effect, that is, it raises the wages of those earning between the current level and the proposed new level up to the new level. The second estimate assumes that there is also an indirect effect on workers earning below the current minimum and a spillover effect that boosts the earnings of workers in some low-wage sectors who are currently earning more than the minimum (this estimate uses the results in Spriggs and Klein (1994)).

TABLE 1
Characteristics of Minimum Wage and Other Wage Earners, 1993

Characteristic	Workers Directly Affected by New Minimum* ($4.25-$5.14)	Other Low-Wage Workers ($5.15$6.14)	Workers Above Minimum Wage ($6.15+)	All Workers
Average Wage	**S4.67**	$5.71	$13.73	$11.66
Employment (000)	**12,260**	a,933	80,320	104,681
Share of Total	11.7%	8.5%	76.7%	100.0%
Demographics**				
Male	42.1%	**42.5%**	55.2%	52.1%
Female	57.9	**57.5**	44.8	47.9
White	60.2%	**70.0**	80.0%	77.6%
Male	27.3	**27.8**	44.2	40.3
Female	40.9	**42.2**	35.8	37.3
Black	15.0	14.6	9.9	11 .o
Male	6.3	6.4	5.0	5.3
Female	a.7	8.2	4.9	5.7
Hispanic	13.8	12.1	6.8	**8.1**
Male	7.3	6.9	4.2	4.8
Female	6.5	5.2	2.6	3.3
Total	100.0%	100.0%	100.0%	100.0%
Teens (16-l 9)	25.6	9.7	1 .o	5.1
Work Hours				
Full-Time (35+)	**47.2%**	67.6%	89.1%	81.2%
Part-Time				
20-34 hours	**33.3**	22.7	7.8	12.8
l-l 9 hours	19.4	9.6	3.1	6.0
Total	100.0%	100.0%	100.0%	100.0%
Avg. Weekly Hours	**30.0** hrs.	35.1 hrs.	40.3 hrs.	38.5 hrs.
Industry				
Manufacturing	9.8%	14.3%	20.0%	17.9%
Retail Trade	**44.3**	31.1	10.5	17.0

. Clinton minimum-wage proposal.
** Numbers presented do not sum to 100 because some ethnic minorities are excluded.

Source: Economic Policy Institute analysis of BLS Current Population Survey Outgoing Rotation Group data for 1993. Further details in Table Notes.

TABLE 2
Impact of a New Minimum Wage on Key Wage Rates, 1993
(1993 Dollars)

Wage Level	(1) Actual	Wages at New Minimum: Clinton Proposal ($5.15) (2a) Direct Impact Only*	(2b) Direct and Indirect**	Restore 1979 Value ($5.66) (3a) Direct Impact Only	(3b) Direct and Indirect**
Wage Differentials					
Women					
90th Percentile	$18.00	$18.00	$18.00	$18.00	$18.00
50th Percentile	8.50	8.50	8.55	8.50	8.57
10th Percentile	4.50	5.15	5.15	5.66	5.66
Differential (Ratio)					
50/10	1.89	1.65	1.66	1.50	1.51
90/10	4.00	3.50	3.50	3.18	3.18
Men					
90th Percentile	$23.64	$23.64	$23.64	$23.64	$23.64
50th Percentile	11.00	11.00	11.00	11.00	11.00
10th Percentile	5.00	5.15	5.25	5.66	5.66
Differential (Ratio)					
50/10	2.20	2.14	2.10	1.94	1.94
90/10	4.73	4.59	4.50	4.18	4.18
Education Differentials					
Women					
College	$13.79	$13.81	$13.82	$13.83	$13.84
High School (H.S.)	8.52	8.59	8.69	8.69	8.83
Less Than H.S.	6.22	6.43	6.57	6.64	6.85
Differential (Ratio)					
College/H.S.	1.62	1.61	1.59	1.59	1.57
College/Less Than H.S.	2.22	2.15	2.10	2.08	2.02
Men					
College	$17.73	$17.74	$17.74	$17.75	$17.76
High School (H.S.)	11.13	11.17	11.24	11.22	11.33
Less Than H.S.	8.14	8.27	8.38	8.42	8.57
Differential					
College/H.S.	1.59	1.59	1.58	1.58	1.57
College/Less Than H.S.	2.18	2.15	2.12	2.11	2.07

* Direct impact is raising the wage of those between the old and the new minimum to the new minimum (either $5.15 or $5.66).

** includes direct impact plus wage increase for those below the old minimum proportionate to minimum wage increase plus spillover effects for workers in certain low wage industry/occupation groups.

Source: Economic Policy Institute analysis of BLS Current Population Survey Outgoing Rotation Group data for 1993. Further details in Table Notes.

TABLE 3
Impact of New Minimum Wage on Key Wage Differentials (Percentage Points), 1993

	(1) Actual Increase in Differential, 1979-93***	Decline in Differential Due to Minimum-Wage Increase*'*			
		Clinton Proposal ($5.15)		Restore 1979 Value ($5.66)	
		(2a) Direct impact Only'	(2b) Direct and Indirect**	(3a) Direct Impact Only*	(3b) Direct and Indirect**
Women					
90/10	34.6% pts.	13.5% pts.	13.5% pts.	22.9% pts.	22.9% pts.
50/10	21.7	13.5	13.0	22.9	22.1
College/H.S.	16.9	0.7	1.8	1.7	3.3
College/Less Than High School	26.7	3.2	5.2	6.2	9.3
Men					
90/10	24.9% pts.	3.0% pts.	4.9% pts.	12.4% pts.	12.4% pts.
50/10	7.8	2.9	4.8	12.4	12.4
College/H.S.	15.6	0.3	1.0	0.7	1.7
College/Less Than High School	26.6	1.5	2.8	3.2	4.9

* Direct impact is raising the wage of those between the old and the new minimum to the new minimum (either $5.15 or $5.66).

** Includes direct impact plus wage increase for those below the old minimum proportionate to minimum-wage increase plus spillover effects for workers in certain low wage industry/occupation groups.

*** Differentials measured in logs of nominal dollar ratios.

Source: Analysis of data in Table 2 and 1979-93 changes in wage differentials derived from Mishel and Bernstein (1994). Further details in Table Notes.

Labor economists frequently discuss the growth of wage inequality in terms of the change in the pay gap between high wages (90th percentile), median wages (50th percentile), and low wages (10th percentile). Tables 2 and 3 strongly suggest that the pay level of low-wage (10th percentile) earners, both men and women, is essentially determined by the legislated minimum. The fall in real wages at the 10th percentile since 1979 is almost definitionally the result of allowing the minimum wage's value to decline. It is also important to note that the impact **of** a higher minimum wage is greater for women than for men because low-wage women have lower wages ($4.50) in the absence of a new minimum. The minimum wage also has its greatest effect on those who have not completed high school ("Less than High School").

Table 3 shows that the deterioration of the value of the minimum wage since 1979 fully accounts for the growth in the pay gap between middle-wage earners (at the median, or 50th percentile) and

low-wage earners (at the 10th percentile) among both men and women. For instance, if the minimum wage had been restored to its 1979 value in 1993, the 50/10 pay gap among women would have been 22.1 points less (column 3b), enough to offset the entire growth of that differential over the 1979-93 period. The more modest Clinton proposal would reverse over half (13.0 or 13.5 percentage points) of the 1979-93 growth in the 50/10 pay gap among women. The impact among men is comparable.

A minimum-wage increase has a smaller effect on the college/high school differential than on the college/"less than high school" differential, and it has a larger effect on education differentials among women than men. The Clinton proposal would reduce the college/high school differential among women by 4% to 11% of the growth of this pay gap over the 1979-93 period. A return to the 1979 level could reverse as much as 20% (3.3 of 16.9 percentage points) of the growth of the college/high school pay gap among women. The largest impact of a higher minimum wage on education differentials would be the closing of the gap between college-educated women and those not completing high school.

WHICH FAMILIES GAIN?

This section examines the income and characteristics of the families of workers who will benefit from the Clinton administration's proposal to raise the minimum wage.

Table 4 connects information on whether a worker will be affected by the minimum-wage increase to the total weekly earnings of all members of his or her family. This information tells us whether minimum-wage workers tend to come from poor, middle-income, or relatively well-off

TABLE 4
Distribution of Minimum-Wage Workers by Family Weekly Earnings, 1993

Family Weekly Earnings Fifth**	Family Weekly Earnings Range	Distribution of Minimum-Wage Impact*	
		Affected Workers	Affected Hours
Bottom Fifth	$1-360	51.6%	52.7%
Second Fifth	$361-600	20.0	21.4
Middle Fifth	$601-840	12.1	11.8
Fourth Fifth	$841-1,200	9.8	8.9
Upper Fifth	$1,201+	6.5	5.2
Total		100.0%	100.0%

. Clinton minimum-wage proposal. Those affected earn from $4.25 to $5.14.
. * Based on a sample of families with at least one earner. Family earnings are the earnings of all family members combined.

Source: Economic Policy Institute analysis of BLS Current Population Survey Outgoing Rotation Group data for 1993. Further details in Table Notes.

families. These data show overwhelmingly that minimum-wage earners are concentrated in families with the lowest earnings. For instance, over half (5 1.6%) of all minimum-wage earners are in the poorest 20% of families (those with earnings less than $360 weekly, or roughly $18,720 annually, in 1993). Similarly, 83.7% of minimum-wage earners are in the bottom 60% of families (those earning less than $840 weekly, or $43,680 annually).

Minimum-wage earners are also important contributors to their family's economic well-being: in 1993, those who would benefit from the Clinton proposal contributed 50.1% of their family's total weekly earnings.

Table 5 provides further evidence that minimum-wage earners have a substantial commitment to the labor market and are important earners in their families. This table draws on data on minimum-wage earners' family earnings over the full year of 1993 (the earlier data were limited to the prior weeks' earnings) and allows us to examine their share of family income (which includes other sources besides earnings).

TABLE 5
Family Characteristics of Minimum-Wage and Other Earners, 1993

	Workers Directly Affected by Clinton Prooosal ($4.25-$5.14)	Workers Above Minimum Wage ($5.15+)	All Earners
Weeks Worked	40.0 wks	48.6 wks	47.5 wks
Percent Working Full-Year*	52.4%	81.9%	78.3%
Earner's Share of Family:			
Annual Earnings	48.6%	67.9%	65.4%
Annual Income**	37.2	60.7	57.6
Family Type			
Single Individual	17.8%	21.2%	20.8%
Married Couple	59.0	65.9	65.0
Single Head of Household	23.2	12.9	14.2
Total	100.0%	100.0%	100.0%
Number of Earners in Family			
One	38.8%	42.8%	42.4%
Two	35.6	44.0	42.9
Three or More	25.6	13.2	14.7
Total	100.0%	100.0%	100.0%

* Worked at least 50 weeks.

** Income includes earnings plus government transfers (AFDC, Social Security), interest, dividends, pension, and other types of income.

Source: Economic Policy Institute's analysis of March 1994 Current Population Survey Supplement. Sample limited to those in the Outgoing Rotation Group so as to identify wage level. Further details in Table Notes.

We have already seen from Table 1 that nearly half of minimum-wage earners work full-time and that another third work between 20 and 35 hours weekly. The data in Table 5 show that minimum-wage earners in 1993 worked 40 weeks on average, and over half (52.4%) worked full-year. Minimum-wage earners contribute almost half (48.6%) of the total *annual* earnings of their families. Another indication of their importance to families is that 38.8% of minimum-wage earners are the only earners in their families; another 35.6% are one of only two earners in their families.

Table 6 is comparable to Table 4 except that it uses data that allow us to categorize families by their annual income (as opposed to their total weekly earnings). These data confirm that minimum-wage earners are concentrated in the bottom segments of the income distribution: 39.6% are in the poorest fifth of families (those with annual incomes less than $22,000 in 1993). Moreover, 7 1.3% of minimum-wage earners are in families with below-average incomes. A higher minimum wage will also benefit many working families in the middle class, since 32.8% of minimum-wage earners are in families with annual incomes ranging from $22,000 to $48,937.

Table 7 presents a further breakdown of minimum-wage earners to assess how many are teens in upper-income families. As we have seen, teens make up only a small proportion—25.4%—of all minimum-wage earners, and many of them come from families with modest incomes. In fact, only 11.7% of minimum-wage earners are teens in families with above-average incomes, (those above $47,507). In contrast, 57.6% of minimum-wage earners are adults in families with below-average incomes (See **Figure B).**

TABLE 6
Distribution of Minimum-Wage and Other Earners by Family Income Fifth, 1993

Family Income Fifth*	Income Range	Workers Affected by Clinton Minimum-Wage Proposal	Workers Above Minimum Wage
Bottom Fifth	Less Than $22,000	39.6%	16.9%
Second Fifth	$22,001-34,265	18.0	19.3
Middle Fifth	$34,266-48,937	14.8	20.5
Fourth Fifth	$48,938-68,390	14.6	20.5
Upper Fifth	$68,391 and Above	13.1	22.8
Total		*100.0%*	100.0%
Percent Below:			
Median Family Income		56.1%	46.2%
Average Family Income		71.3	54.7

* Sample limited to working families (i.e., families with at least one earner).

Source: Economic Policy Institute's analysis of March 1994 Current Population Survey Supplement. Sample limited to those in the Outgoing Rotation Group so as to identify wage level. Further details in Table Notes.

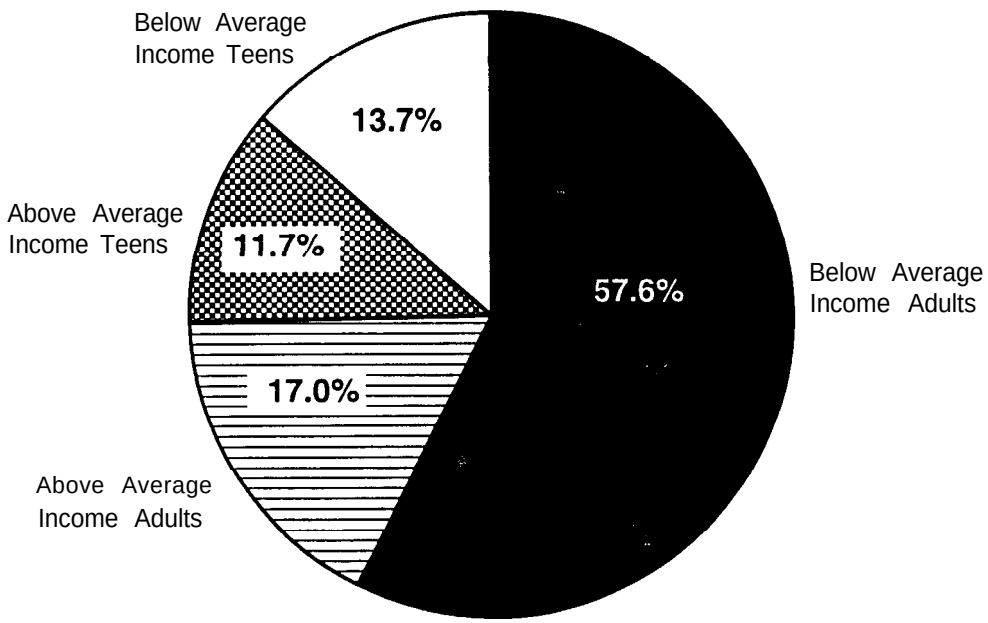
TABLE 7
Distribution of Minimum-Wage Earners by Age and Income Fifth, 1993

Family Income Fifth*	Ages 16-19	Age 20 or Above	Total
Bottom Fifth	5.4%	34.2%	39.6%
Second Fifth	3.8	14.1	18.0
Middle Fifth	4.6	10.2	14.8
Fourth Fifth	5.5	9.1	14.6
Upper Fifth	6.1	7.0	13.1
Total	25.4%	74.6%	100.0%
Percent			
Above Median Family Income	13.8%	21.1%	34.9%
Above Average Family Income	11.7	17.0	28.7
Below Median Family Income	11.6	53.5	65.1
Below Average Family Income	13.7	57.6	71.3

* Sample limited to working families (i.e., families with at least one earner).

Source: Economic Policy Institute's analysis of March 1994 Current Population Survey Supplement. Sample limited to those in the Outgoing Rotation Group so as to identify wage level. Further details in Table Notes.

FIGURE B
Income and Age of Minimum-Wage Earners, 1993



Source: Economic Policy Institute.

Table 8—the "bottom line" computation of which families benefit from a higher minimum wage-calculates the potential annual gain to each worker based on the amount his or her wage increases (i.e., based on the distance to the new minimum) and annual hours worked. Given this information, it is possible to calculate the share of the aggregate wage gain generated from the higher minimum wage that accrues to each family income fifth. As shown in Table 8, 40.9% of the gains generated by a higher minimum wage-to either $5.15 or $5.66—would be received by the poorest 20% of families, and 6 1.1% of the gains would be received by the poorest 40% of families. In all, 76% of the benefits of a higher minimum wage would go to families with below-average incomes.

The minimum wage generates the most help to those with the least income and the least help to those with the most income (see **Figure** C). For instance, the poorest fifth of working families had 8.7% of all income in 1993, but would receive roughly 40% of the gains from a higher minimum wage. In contrast, the best-off fifth of families received 36.1% of all income in 1993, but would obtain only 10% of the benefits of a higher minimum wage.

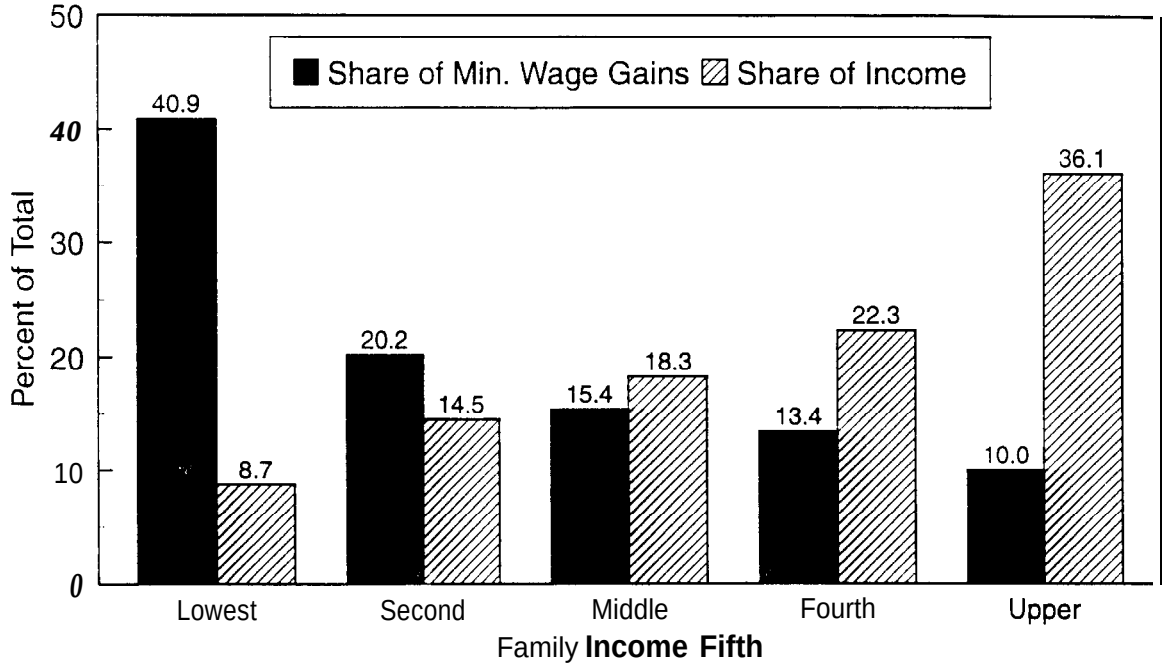
TABLE 8
Distribution of Wage Gains from New Minimum Wage

Family Income Fifth**	Distribution of Income, 1993	Distribution of Aggregate Wage Gain* From: Clinton Proposal ($5.15)	Restore 1979 Value ($5.66)
Bottom Fifth	8.7%	40.9%	40.7%
Second Fifth	14.5	20.2	19.4
Middle Fifth	la.3	15.4	15.5
Fourth Fifth	22.3	13.4	13.5
Upper Fifth	36.1	10.0	10.8
Total	100.0%	100.0%	100.0%
Percent Received by Families:			
Below Median		68.7%	67.9%
Below Average		76.0	74.8

* Gain based on degree wages are raised and annual hours worked.
** Sample limited to working families (i.e., families with at least one earner).

Source: Economic Policy Institute's analysis of March 1994 Current Population Survey Supplement. Sample limited to those in the Outgoing Rotation Group so as to identify wage level. Further details in Table Notes.

FIGURE C
Distribution of Minimum-Wage Gains, and Income Shares by Fifth, 1993



Source: Economic Policy institute.

CONCLUSION

Even though we are completing the fourth year of an economic recovery and unemployment is relatively low, these are difficult times for working families. Policy makers should be looking for effective, popular, easy-to-understand, nonbureaucratic policies to help these families. Raising the minimum wage is one such policy. The modest boost proposed by the Clinton administration will not result in any significant job loss, but it will generate concrete income gains for precisely those families who need it most.

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TABLE NOTES

Table 1 *Characteristics of Minimum Wage and Other Wage Earners.* Results are based on analysis of the Current Population Survey (CPS) 1993 Outgoing Rotation Group (ORG). The sample contains noninstitutionalized civilians age 16 and over, employed in the public or private sectors, with reported or imputed hourly earnings between $1 .OO and $100.00 per hour. Self-employed workers are excluded. Those workers reporting being paid by the hour are assigned their reported hourly wage. Those workers reporting being paid weekly are assigned an hourly wage based on their reported weekly earnings divided by their reported usual hours per week. CPS weights are used to make the sample nationally representative. A thorough discussion of the ORG sample can be found in Mishel and Bernstein (1994).

Table 2 *Impact of a New Minimum Wage on Key Wage Rates.* The sample used for this analysis is the same as used for Table 1. The "Actual" wage is the hourly wage from that sample. Wages reported under the heading "Direct Impact Only" are the resulting wages after all persons in the sample who were earning between the current and new minimums are raised to the new minimum. For the Clinton scenario, this means that all persons earning at or above $4.25 and at or below $5.14 have their hourly wage increased to $5.15. For the 1979 scenario, those earning between $4.25 and $5.66 go to $5.66. Wages reported under the heading "Direct and Indirect" result from the following three-part transformation:

(1) Those earning below $4.25 remain below the new minimum, but maintain their relative distance from it. For example, under the Clinton scenario, these workers receive 1.212 times their hourly wage (5.15/4.25=1.212).

(2) All workers earning between the current and new minimum receive the direct effect of the new minimum. In addition, those workers with a high school education or less, under the age of 30, working in certain industry and occupation groups, receive a portion of a spillover effect. The total possible spillover effects are $.61 and $.96 for the Clinton and 1979 level scenarios, respectively. The portion received by an affected worker is determined by their distance from the new minimum, by the equation ((actual wage-current minimum)/.90)*.61+5.15 for the Clinton scenario, or by the equation ((actual wage-new minimum)/1.41)*.96+5.66 for the 1979 scenario.

(3) Workers earning above the new minimum who meet the selection criteria listed in part 2 of the above transformation receive the full spillover. Workers earning above the new minimum but not meeting the selection criteria retain their actual wage. This spillover analysis is adopted from Spriggs and Klein (1994).

Table 3 *Impact of New Minimum Wage on Key Wage Differentials.* The change in the differentials over the 1979-93 period are computed as the change in the log of the wage ratios. The wage data are from the series developed for Mishel and Bernstein (1994) and appear in Tables 3.6, 3.7, 3.19, and 3.20. The minimum-wage impact is derived as the change in the log of the wage ratios (not rounded) presented in Table 2.

Table 4 *Distribution of Minimum- Wage Workers by Family Weekly Earnings.* This analysis uses the same sample as Table 1 with the following two changes. First, workers earning below the current minimum of $4.25 are excluded. Second. workers with a self-employed family member are excluded. The sample weights of the included workers are then adjusted upward to make up for the removal of workers with self-employed family members. Each worker's sample weight is then divided by the number of earners in his/her family. This technique follows that used by Card and Kreuger (1995).

Table 5 *Family Characteristics of Minimum- Wage and Other Earners.* Tables 5-8 are based on data from the 1994 March Supplement to the Current Population Survey. Workers' hourly wages (to determine whether workers would be affected by the change in the minimum wage) are determined from the earnings questions asked of the outgoing rotation groups. Usual weekly hours and annual weeks worked (data used to determine annual earnings) and family characteristics and income come from the March supplement. One-person households and unrelated individuals living with families are considered one-person families.

Table 6 *Distribution of Minimum- Wage and Other Earners by Family Income Fifth.* Family income fifths are for all families with earnings with equal numbers of people (including earning and nonearning family members) in each quintile. Median and average family income is also based on numbers of people. Also see the note to Table 5.

Table 7 *Distribution of Minimum- Wage Earners by Age and Income Fifth.* Median and average family income are those for the entire sample of families with earnings. Also see the note to Table 5.

Table 8 *Distribution of Wage Gains From New Minimum Wage.* Aggregate wage gain is the difference between hourly wages-from the questions asked of the outgoing rotation group—and the increased minimum wage times annual hours worked (from usual hours worked per week times weeks worked last year, both from the March supplement). Also see the note to Table 5.

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