

# Economic Policy Institute

## EPI ISSUE GUIDE

# Minimum Wage

Last updated August 2008

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## Key EPI Publications

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[Minimum wage: Still waiting on a raise](#)

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[Tax credits or minimum wages? We need both](#)

by Jared Bernstein and Elaine Maag, March 2007

[A fish is not a fowl: Tax credits and the minimum wage](#)

by Max B. Sawicky, February 2007

[Minimum wage, maximum pork: The breaks could just as easily benefit owners not affected by the wage increase](#)

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by Jared Bernstein and Lawrence Mishel, January 2007

[Tax incentives for businesses in response to a minimum wage increase](#)

by Jared Bernstein, January 2007

[Raising the minimum wage to \\$7.25 is an important first step](#)

by Jared Bernstein and Ross Eisenbrey, December 2006

[State minimum wages: A policy that works](#)

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[Minimum wage trends: Understanding past and contemporary research](#)

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[Hundreds of economists say: Raise the minimum wage](#)

Economists' Statement, October 2006

[Nine years of neglect: Federal minimum wage remains unchanged for ninth straight year, falls to lowest level in more than half a century](#)

by Jared Bernstein (EPI) and Isaac Shapiro (CBPP), August 2006

[House-passed minimum wage bill cuts wages for tipped employees in seven states by as much as \\$5.50 per hour](#)

by Ross Eisenbrey, August 2006.

[Federal inaction forces states to raise minimum wages](#)

by Mary C. Gable, July 2006.

[Buying power of minimum wage at 51-year low: Congress could break record for longest period without an increase](#)

by Jared Bernstein (EPI) and Isaac Shapiro (CBPP), June 2006.

[If you work, then you shouldn't be poor](#)

by Jeff Chapman, March 2006.

[Inequality widens as real value of minimum wage falls](#)

by Liana Fox, February 2006.

[Indexing the minimum wage for inflation](#)

by Liana Fox, December 2005

[Unhappy anniversary: Federal minimum wage remains unchanged for eighth straight year, falls to 56-year low relative to the average wage](#)

by Jared Bernstein (EPI) and Isaac Shapiro (CBPP), September 2005

[Job slayers or fact slayers? The Wall Street Journal's flawed argument against raising the minimum wage](#)

by Jeff Chapman, September 2005

[Comparing the minimum wage proposals](#)

by Jeff Chapman, March 2005

[The who and why of the minimum wage: Raising the wage floor is an essential part of a strategy to support working families](#)

by Jeff Chapman and Michael Ettlinger, August 2004

[Higher minimum wage most helps low-earning households](#)

by Jeff Chapman, July 2004

[No longer getting by: An increase in the minimum wage is long overdue](#)

by Amy Chasanov, May 2004

[Employment and the minimum wage: Evidence from recent state labor market trends](#)

by Jeff Chapman, May 2004

[Minimum wage and its effect on small business \(Congressional testimony\)](#)

by Jared Bernstein, April 2004

[States move on minimum wage: Federal inaction forces states to raise wage floor to protect low-wage workers](#)

by Jeff Chapman, June 2003

[Time to repair the wage floor: Raising the minimum wage to \\$6.65 will prevent further erosion of its value](#)

by Jared Bernstein and Jeff Chapman, May 2002

[Divided we fall: Deserving workers slip through America 's patchwork unemployment insurance system](#)

by Jeffrey Wenger, August 2001

[Step up, not out: The case for raising the federal minimum wage for workers in every state](#)

by Edith Rasell, Jared Bernstein, and Heather Boushey, February 2001

[Pay workers a living wage](#)

by Jared Bernstein, August 2001

[The impact of the minimum wage: Policy lifts wages, maintains floor for low-wage labor market](#)

by Jared Bernstein and John Schmitt, June 2000

[The next step: the new minimum wage proposal and the old opposition](#)

by Jared Bernstein and Chauna Brocht, March 2000

[Unbalanced Acts: A comparison of the proposed minimum wage and tax bills](#)

by Jared Bernstein, Robert S. McIntyre, and Lawrence Mishel, March 2000

[The minimum wage increase -- a working woman's issue](#)

by Jared Bernstein, Heidi Hartmann, and John Schmitt, September 1999

[Making work pay: the impact of the 1996-97 minimum wage increase](#)

by Jared Bernstein and John Schmitt, 1998

[Minimum wages and poverty \(testimony presented to U.S. House Committee\)](#)

by Jared Bernstein, April 1999

[Memo to Greenspan: the facts support a minimum wage raise](#)

by Jared Bernstein, May 1999

[Another modest minimum wage increase](#)

by Jared Bernstein, February 1998

[Out of date on the minimum wage](#)

by John Schmitt and Jared Bernstein, June 1996

[Complete listing of EPI publications on the minimum wage](#)

[Select bibliography on the minimum wage](#)

(from the EPI report, [Making Work Pay](#))

## Other Minimum Wage Resources

[U.S. Department of Labor information on the federal minimum wage](#)

Includes information about the 1996-97 minimum wage increase and the history of the minimum wage.

[Minimum wage laws in the states](#)

Prepared by the U.S. Department of Labor. Information on state minimum wage levels that are higher than the federal minimum wage.

[AFL-CIO minimum wage resource page](#)

[Coalition for Human Needs minimum wage resource page](#)

Includes information on current and recent minimum wage legislation.

[Fair wage superpage](#)

From the Campaign for America's Future Web site.

[Raise the floor: Wages and policies that work for all of us](#) . By Sklar, Mykyta, and Wefald. Ms. Foundation for Women. 2001.

[Do some workers have minimum wage careers?](#) by Carrington and Fallick. *Monthly Labor Review*.

[A hand up for the bottom third: Toward a new agenda for low-income working families](#) by Isabel Sawhill and Adam Thomas, The Brookings Institution.

[Oregon's increasing minimum wage brings raises to former welfare recipients and other low-wage workers without job losses](#)

From the Oregon Center for Public Policy Web site.

[The effects of the recent minimum wage increases on the restaurant industry](#)

From the Oregon Center for Public Policy Web site.

*How women can earn a living wage: The effects of pay equity remedies and a higher minimum wage.* by

Figart and Lapidus. Institute for Women's Policy Research. To order, call (202) 785-5100 or e-mail [pubs@www.iwpr.org](mailto:pubs@www.iwpr.org).

[The minimum wage can be raised: Lessons from the 1999 Levy Institute survey of small business](#)  
From the Levy Institute Web site.

[Out of reach](#)

From the National Low Income Housing Coalition Web site. This report calculates the number of hours minimum wage workers would have to work in order to rent affordable housing in the county where they live.

[Increasing the minimum wage](#)

From the Center for Policy Alternatives Web site.

[California's recent minimum wage increases](#)

From the California Budget Project Web site.

# Economic Policy Institute

## MINIMUM WAGE

# Facts at a Glance

Last updated August 2008

### **A minimum wage increase will raise the wages of millions of workers.**

- An estimated 13.0 million workers (10% of the workforce) will receive an increase in their hourly wage rate when the minimum wage is raised to \$7.25 in 2009. Of these workers, 5.6 million workers (4% of the workforce) currently earn less than \$7.25 and will be directly affected by the increase. The additional 7.4 million workers (6% of the workforce) earning slightly above the minimum will also be likely to benefit from an increase due to “spillover effects”.

### **Minimum wage increases benefit working families.**

- The earnings of minimum wage workers are crucial to their families' well-being. Evidence from an analysis of the 1996-97 minimum wage increase shows that the average minimum wage worker brings home more than half (54%) of his or her family's weekly earnings.
- An estimated 1,229,000 single parents with children under 18 will benefit from a minimum wage increase to \$7.25 by 2009. Single parents will benefit disproportionately from an increase — single parents are 10% of workers affected by an increase, but they make up only 7% of the overall workforce. Approximately 6.4 million children under 18 will benefit as their parents' wages are increased.
- Adults make up the largest share of workers who will benefit from a minimum wage increase: 79% of workers whose wages will be raised by a minimum wage increase to \$7.25 in 2009 are adults (age 20 or older).
- Over half (53%) of workers who will benefit from a minimum wage increase work full time and another third (31%) work between 20 and 34 hours per week.

### **Minimum wage increases benefit disadvantaged workers.**

- Women are the largest group of beneficiaries from a minimum wage increase: 59% of workers who will benefit from an increase to \$7.25 by 2009 are women. An estimated 12% of working women will benefit directly from that increase in the minimum wage.
- A disproportionate share of minorities will benefit from a minimum wage increase. African Americans represent 11% of the total workforce, but are 16% of workers affected by an increase. Similarly, 14%

- of the total workforce is Hispanic, but Hispanics are 19% of workers affected by an increase.
- The benefits of the increase disproportionately help those working households at the bottom of the income scale. Although households in the bottom 20% received only 5% of national income, 38% of the benefits of a minimum wage increase to \$7.25 will go to these workers. The majority of the benefits of an increase will go to families with working adults in the bottom 40% of the income distribution.
  - Among families with children and a low-wage worker affected by a minimum wage increase to \$7.25, the affected worker contributes, on average, over half (59%) of the family's earnings. Forty-six percent of all families with affected workers rely solely on the earnings from those workers.
  - Relatively large shares of the workforce (up to 19.1%) in some Southern and Mid-Western states will benefit from an increase to \$7.25.

### **A minimum wage increase will help reverse the trend of declining real wages for low-wage workers.**

- The inflation-adjusted value of the minimum wage is 19% lower in 2008 than it was in 1979.
- Since September 1997, the cost of living has risen 32%, while the minimum wage, even after the increase to \$6.55, has fallen in real value
- Wage inequality has been increasing, in part, because of the declining real value of the minimum wage. Today, the minimum wage is 37% of the average hourly wage of American workers, well below the ratio of the 1950s, 1960s, and 1970s.

### **A minimum wage increase is part of a broad strategy to end poverty.**

- As welfare reform forces more poor families to rely on their earnings from low-paying jobs, a minimum wage increase is likely to have a greater impact on reducing poverty.
- A recent study of a 1999 state minimum wage increase in Oregon found that as many as one-half of the welfare recipients entering the workforce in 1998 were likely to have received a raise due to the increase. After the increase, the real hourly starting wages for former welfare recipients rose to \$7.23.
- The federal Earned Income Tax Credit (EITC) combined with the minimum wage helps to reduce poverty, but the EITC is not a replacement for a minimum wage increase.
- The minimum wage raises the wages of low-income workers in general, not just those below the official poverty line. Many families move in and out of poverty, and near-poor families are also beneficiaries of minimum wage increases.

### **There is no evidence of job loss from previous minimum wage increases.**

- A 1998 EPI study failed to find any systematic, significant job loss associated with the 1996-97 minimum wage increase. In fact, following the most recent increase in the minimum wage in 1996-97, the low-wage labor market performed better than it had in decades (e.g., lower unemployment rates, increased average hourly wages, increased family income, decreased poverty rates).
- Studies of the 1990-91 federal minimum wage increase, as well as studies by David Card and Alan Krueger of several state minimum wage increases, also found no measurable negative impact on employment.
- New economic models that look specifically at low-wage labor markets help explain why there is little evidence of job loss associated with minimum wage increases. These models recognize that employers may be able to absorb some of the costs of a wage increase through higher productivity,



- lower recruiting and training costs, decreased absenteeism, and increased worker morale.
  - A recent Fiscal Policy Institute (FPI) study of state minimum wages found no evidence of negative employment effects on small businesses.
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# Economic Policy Institute

## MINIMUM WAGE

# Frequently Asked Questions

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### **Who are minimum wage workers?**

An estimated 13.0 million workers (10% of the workforce) will benefit from an increase in the federal minimum wage to \$7.25 by 2009. Of these workers, 5.6 million will be directly affected and 7.4 million will indirectly receive raises due to the spillover effect of a minimum wage increase. Of the total affected workers, 79% are adults and 59% are women. Over half (53%) work full time and another third (31%) work between 20 and 34 hours per week. More than one-quarter (26%) of the workers who will benefit from an increase to \$7.25 are parents of children under age 18, including 1.2 million single parents. The average minimum wage worker brings home over half (58%) of his or her family's weekly earnings.

### **What is the difference between directly and indirectly affected workers?**

"Directly affected" workers refers to those earning less than \$7.25 per hour and thus would receive an immediate raise following the passage of a federal minimum wage increase. "Indirectly affected" workers refers to those who are earning within a few dollars above the proposed minimum wage. While a raise is not legally mandated for these workers, empirical evidence shows that many employers raise the wages of workers earning above the new minimum wage in order to preserve internal wage structures, an occurrence known as the "spillover effect." The number of workers predicted to be affected by an increase in the federal minimum wage is based on EPI research into the effects of past minimum wage increases at the state and federal level over the last 20 years. The number of workers indirectly affected by a federal minimum wage increase is calculated separately for each state (because evidence shows the spillover effect depends on the existing local wage structure) and summed together. In general, the spillover effect is modest and isolated within the bottom fifth of workers in the hourly wage scale.

### **What is the difference between the minimum wage and a living wage?**

As of July 24, 2008, the federal minimum wage is a wage floor of \$6.55 an hour that applies to almost all workers. Twenty three states and the District of Columbia have set a minimum wage that is higher than the federal minimum wage. A "living wage" is a term often used by advocates to point out that the federal minimum wage is not high enough to support a family. Some advocates have attempted to calculate a living wage based on an income that would provide for a family's basic needs (see EPI's ["How Much is Enough?"](#) for a discussion of "basic family budget" measures). These "living wages" are generally much higher than the minimum wage. Living wages also commonly refer to wages set by local ordinances that cover a specific set of workers, usually government workers or workers hired by businesses that have received a government contract or subsidy.

### **Why do we need a minimum wage increase?**

A minimum wage increase of \$2.10 by 2009 will raise the wages of 13.0 million workers. A minimum wage increase is needed to restore the minimum wage to historic levels. The inflation-adjusted value of the minimum wage is 19% lower as of July 24, 2008 than it was in 1979. In addition, comparing the wages of minimum wage workers to average hourly wages, we find that the wages of minimum wage workers have not kept up with the wages of other workers. The minimum wage is 37% of the average hourly wage of American workers, much lower than historic levels.

From 1997 to 2006, Congress let the minimum wage stagnate as prices continued to rise — the longest stretch of government inaction since the minimum wage was enacted in 1938. As a result, the real value of the minimum wage shrank by 20% during this time.

### **Will a minimum wage increase reduce poverty?**

In the past, the minimum wage has been limited in its effects on poverty because many poor families did not have any family members in the paid labor force. However, as welfare reform forces more poor families to rely on their earnings from low-paying jobs, a minimum wage increase is likely to have a greater impact on reducing poverty.

The minimum wage has already proven helpful to former welfare recipients who are entering the workforce. A study of a 1999 state minimum wage increase in Oregon found that as many as one-half of the welfare recipients entering the workforce in 1998 were likely to have received a raise due to the increase. After the increase, the real hourly starting wages for former welfare recipients rose to \$7.23.

Another study found that federal minimum wage increases in the 1990s have reduced poverty rates (Addison and Blackburn, 1999). Yet another study found that a minimum wage increase from \$5.15 to \$6.15 would lift nearly 900,000 people out of poverty (Sawhill and Thomas, 2001). In addition, the minimum wage raises the wages of low-income workers in general, not just those below the official poverty line. Many families move in and out of poverty, and near-poor families are also important beneficiaries of minimum wage increases. However, it is also important to keep in mind that while the minimum wage is a crucial tool in the effort to end poverty, it is only one part of a larger anti-poverty strategy.

### **Is the EITC a more effective anti-poverty tool than the minimum wage?**

The federal Earned Income Tax Credit (EITC) combined with the minimum wage helps to reduce poverty, but the EITC is not a replacement for a minimum wage increase. The Earned Income Tax Credit is a popular federal anti-poverty program and an important piece of the ongoing strategy to make work pay. One reason for the EITC's popularity is that it is based on family income and is therefore well-targeted to poor families. In addition, it encourages work because the wage subsidy increases with earnings until it reaches the maximum credit level. The EITC and minimum wage work in tandem to raise a family's income. The effectiveness of the EITC in raising the incomes of the working poor above the poverty line therefore depends, in part, on regular increases in the minimum wage. This is because the EITC and the poverty threshold both rise each year to reflect increases in the cost of living, but the federal minimum wage does not. The EITC alone is not enough to keep a family above the poverty line, and a minimum wage worker gets further away from the poverty line each year the minimum wage is not increased.

When the minimum wage is raised to \$7.25 in 2009, these two policies will work in tandem to raise the income of a family with one full-time minimum wage worker above the 2007 poverty line of \$17,170 for a family of three. A proposal that sets annual increases to the federal minimum wage to adjust for changes in

the cost of living would ensure that the combination of full-time work and the EITC would always keep this family above the poverty line.

### **Does the minimum wage cause job loss?**

A 1998 EPI study failed to find any systematic, significant job loss associated with the 1996-97 minimum wage increase. In fact, following the most recent increase in the minimum wage in 1996-97, the low-wage labor market performed better than it had in decades (e.g., lower unemployment rates, increased average hourly wages, increased family income, decreased poverty rates). Studies of the 1990-91 federal minimum wage increase, as well as to studies by David Card and Alan Krueger of several state minimum wage increases, also found no measurable negative impact on employment. Finally, a recent Fiscal Policy Institute (FPI) study of state minimum wages found no evidence of negative employment effects on small businesses.

New economic models that look specifically at low-wage labor markets help explain why there is little evidence of job loss associated with minimum wage increases. These models recognize that employers may be able to absorb some of the costs of a wage increase through higher productivity, lower recruiting and training costs, decreased absenteeism, and increased worker morale.

### **Why doesn't the minimum wage keep up with inflation?**

The minimum wage is not indexed to inflation. It is up to Congress to determine when the minimum wage increases and by how much. Congress has not passed increases to help the minimum wage keep up with inflation. The result is a minimum wage that, when adjusted for inflation, is worth 19% less today than it was in 1979. Some advocates would like Congress to pass a law indexing the minimum wage to inflation, but others argue that the minimum wage needs to be raised to an adequate level first (for example, by restoring it to its 1979 level, or to 50% of the national average wage).

### **How is the minimum wage determined?**

The minimum wage is a provision of the Fair Labor Standards Act (FLSA). This law, which was passed in 1938, originally set a minimum wage of \$0.25 per hour and also set standards regarding overtime pay and child labor. Minimum wage increases are passed at the will of Congress as amendments to the FLSA.

Original proposals for the FLSA provided for a commission that would set the minimum wage after a public hearing and consideration of cost-of-living estimates provided by the Bureau of Labor Statistics. In this way, the minimum wage would have been updated according to changes in the standard of living and inflation. However, the version of the FLSA that passed set a specific rate and had no provisions regarding updating the minimum wage.


Therefore, any increases in the minimum wage are based solely on the political climate and congressional agreement that an increase is needed. The frequency of minimum wage increases has varied; for example, in the 1970s, there were five increases to the minimum wage, but during the 1980s there were only two increases.

### **Is every worker covered by the minimum wage?**

The minimum wage law (the Fair Labor Standards Act) applies to employees of companies with revenues of at least \$500,000 a year. It also applies to employees of smaller firms if the employees are engaged in interstate commerce or in the production of goods for commerce. Also covered are employees of federal, state, or local government agencies, hospitals, and schools. The law generally applies to domestic workers.

The FLSA contains a number of exemptions from the minimum wage that may apply to some workers. The law establishes a youth sub-minimum wage of \$4.25 that employers can pay employees under 20 years of age during their first 90 consecutive calendar days of employment with an employer. Certain full-time students, student learners, apprentices, and workers with disabilities may be paid less than the minimum wage under special certificates issued by the Department of Labor. More information on other exempt workers is available from the Department of Labor, Wage, and Hour Division <http://www.dol.gov/esa/minwage/q-a.htm>.

### **Does my state have a higher minimum wage level than the federal minimum wage?**

States can set a minimum wage higher than the federal minimum wage. Currently, more than half of the U. S. population lives in states that have passed minimum wages higher than the federal rate of \$6.55. As of July 24, 2008, twenty-three states and the District of Columbia have enacted higher minimum wages. These states include: Alaska (\$7.15), Arizona (\$6.90), California (\$8.00), Colorado (\$7.02), Connecticut (\$7.65), Delaware (\$7.15), the District of Columbia (\$7.55), Florida (\$6.79), Hawaii (\$7.25), Illinois (\$7.75), Iowa (\$7.25), Maine (\$7.00), Massachusetts (\$8.00), Michigan (\$7.40), Missouri (\$6.65), Nevada (\$6.85), New Jersey (\$7.15), New York (\$7.15), Ohio (\$7.00), Oregon (\$7.95), Pennsylvania (\$7.15), Rhode Island (\$7.40), Vermont (\$7.68), Washington (\$8.07). Ten states (AZ, CO, FL, MO, MT, NV, OH, OR, VT, WA) currently annually adjust their minimum wages for inflation. See [Table 5](#)  for the most up-to-date state minimum wage rates.

### **Do other countries have minimum wage laws?**

Most industrialized countries have laws setting a minimum wage, but these laws vary greatly by who is covered and how strictly the law is enforced. In some countries, the minimum wage is not universal for the whole country, but varies according to the industrial sector or the worker's age and gender.

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Thompson, Jeff. [Oregon's Increasing Minimum Wage Brings Raises to Former Welfare Recipients and Other Low-Wage Workers without Job Losses](#). Oregon Center for Public Policy, 1999.

For a closer look at research on the minimum wage, see EPI's publications [No Longer Getting By](#), [Employment and the Minimum Wage](#), [Making Work Pay](#), [The Next Step](#), [Minimum Wages and Poverty](#), and [The Minimum Wage: A Working Woman's Issue](#).

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Figure 1: Real Value of the Minimum Wage, 1947-2008

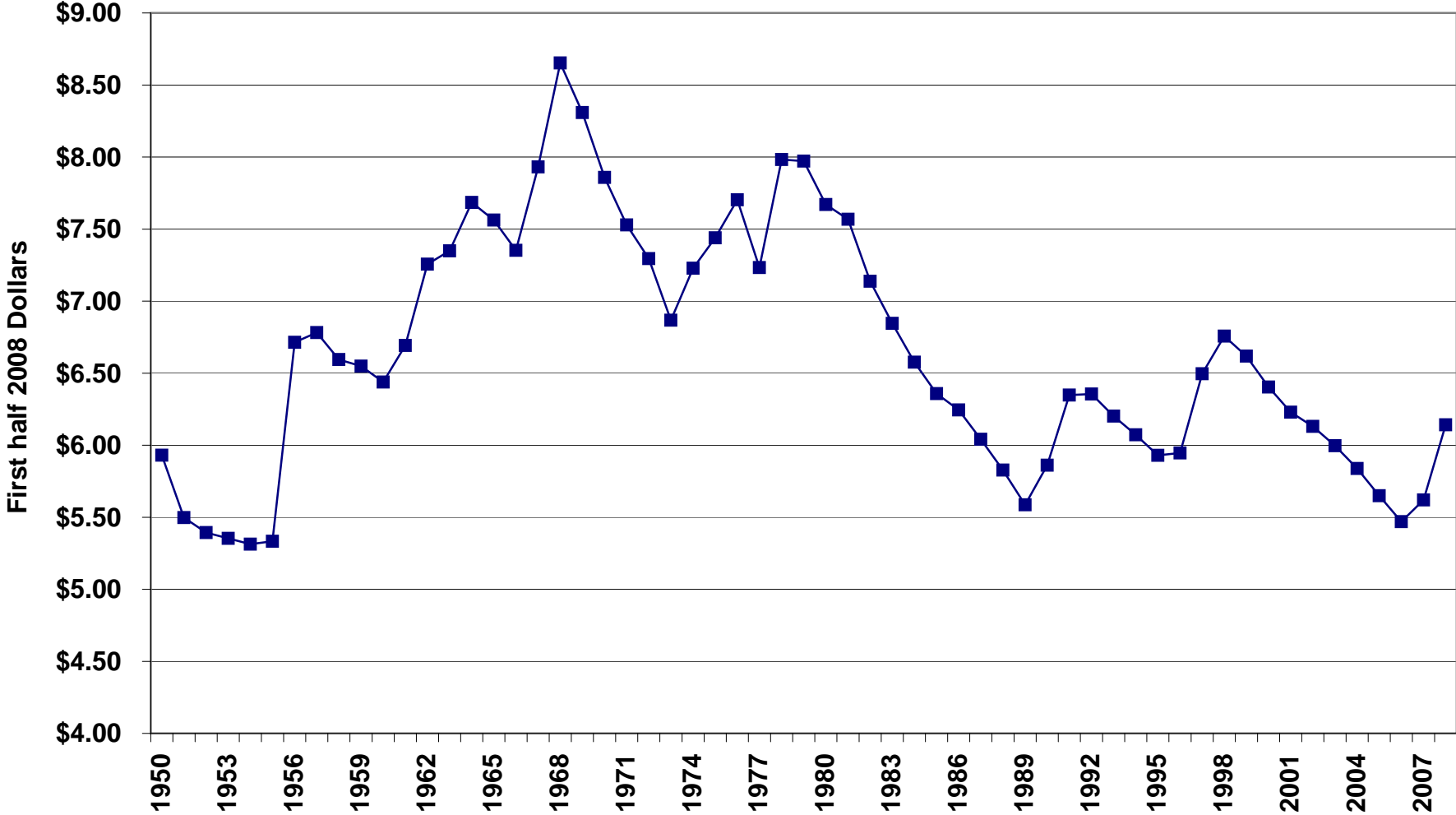
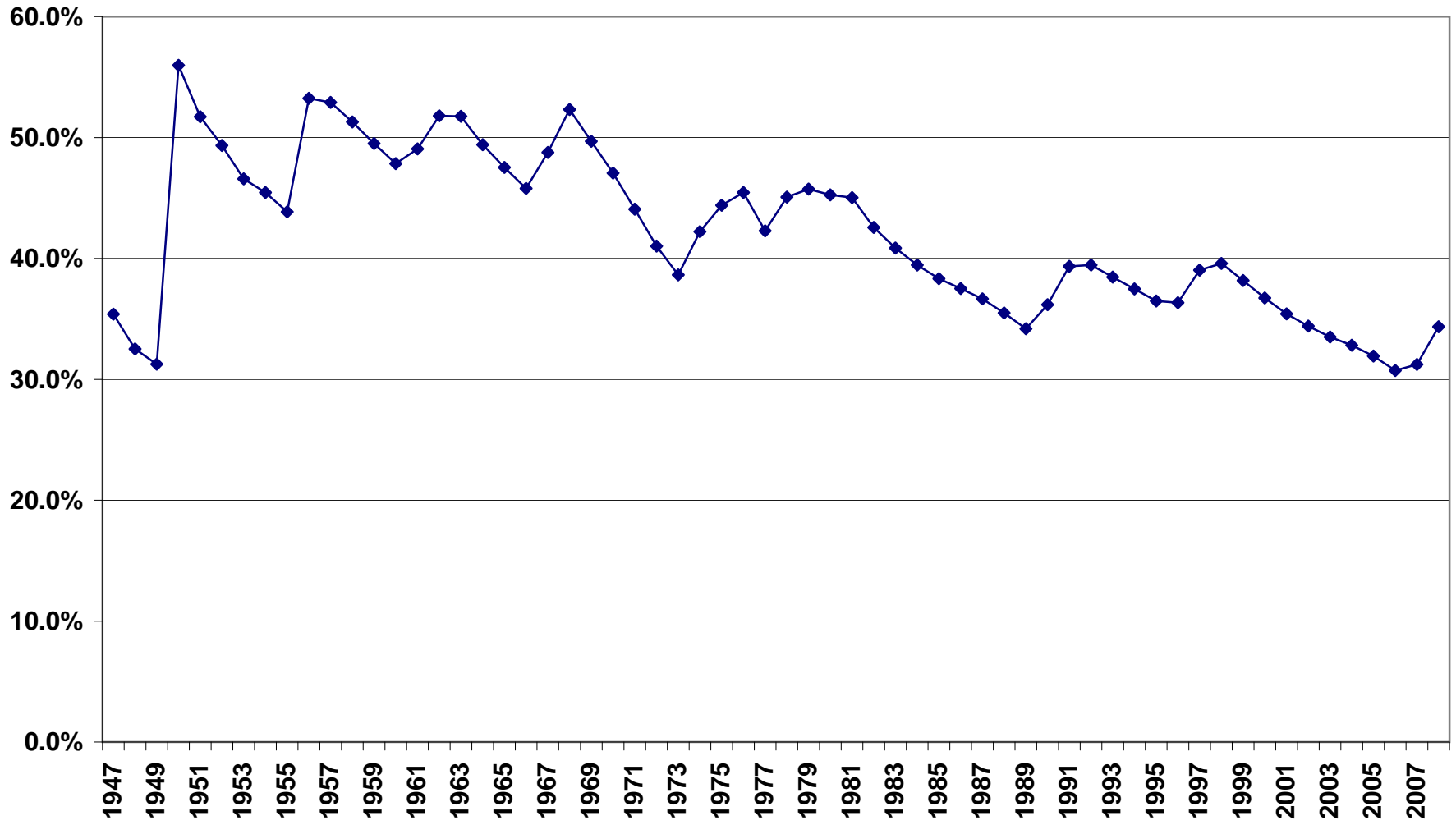


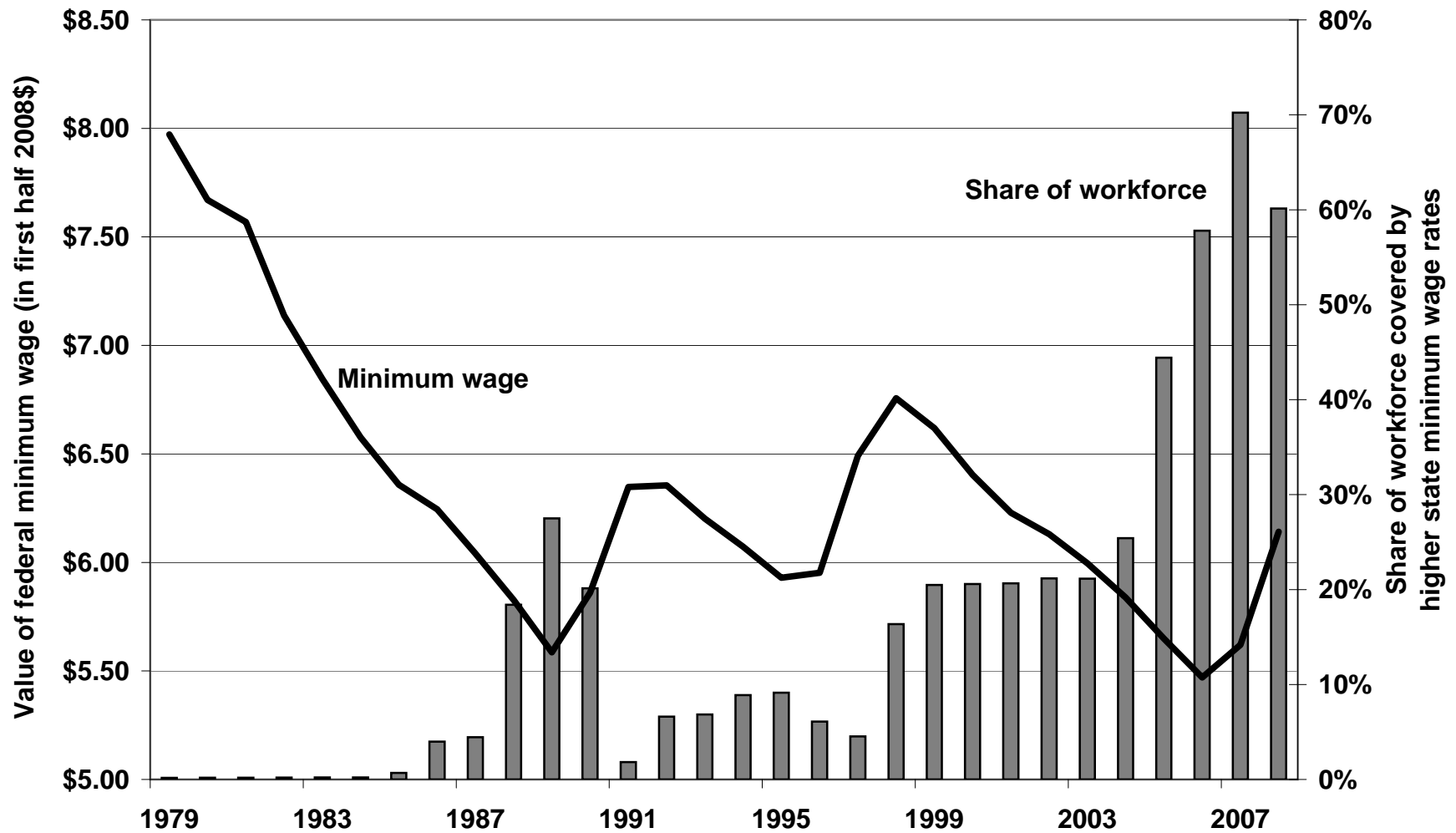


Figure 2: The Minimum Wage Relative to the Average Wage, 1947-2008\*



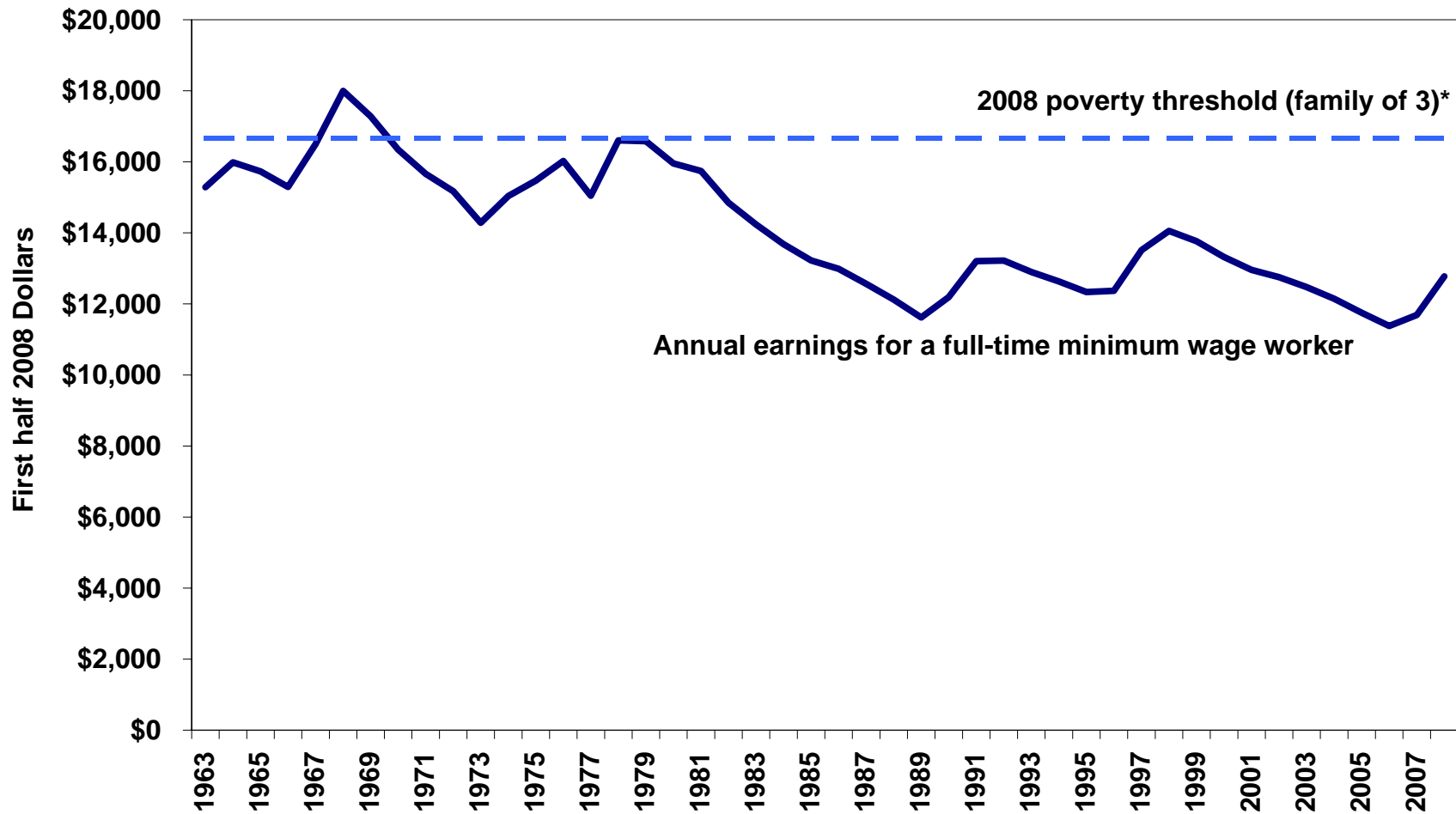
\* Through June 2008

**Figure 3: Value of federal minimum wage compared to share of workforce covered by higher state minimums, 1979-2008**



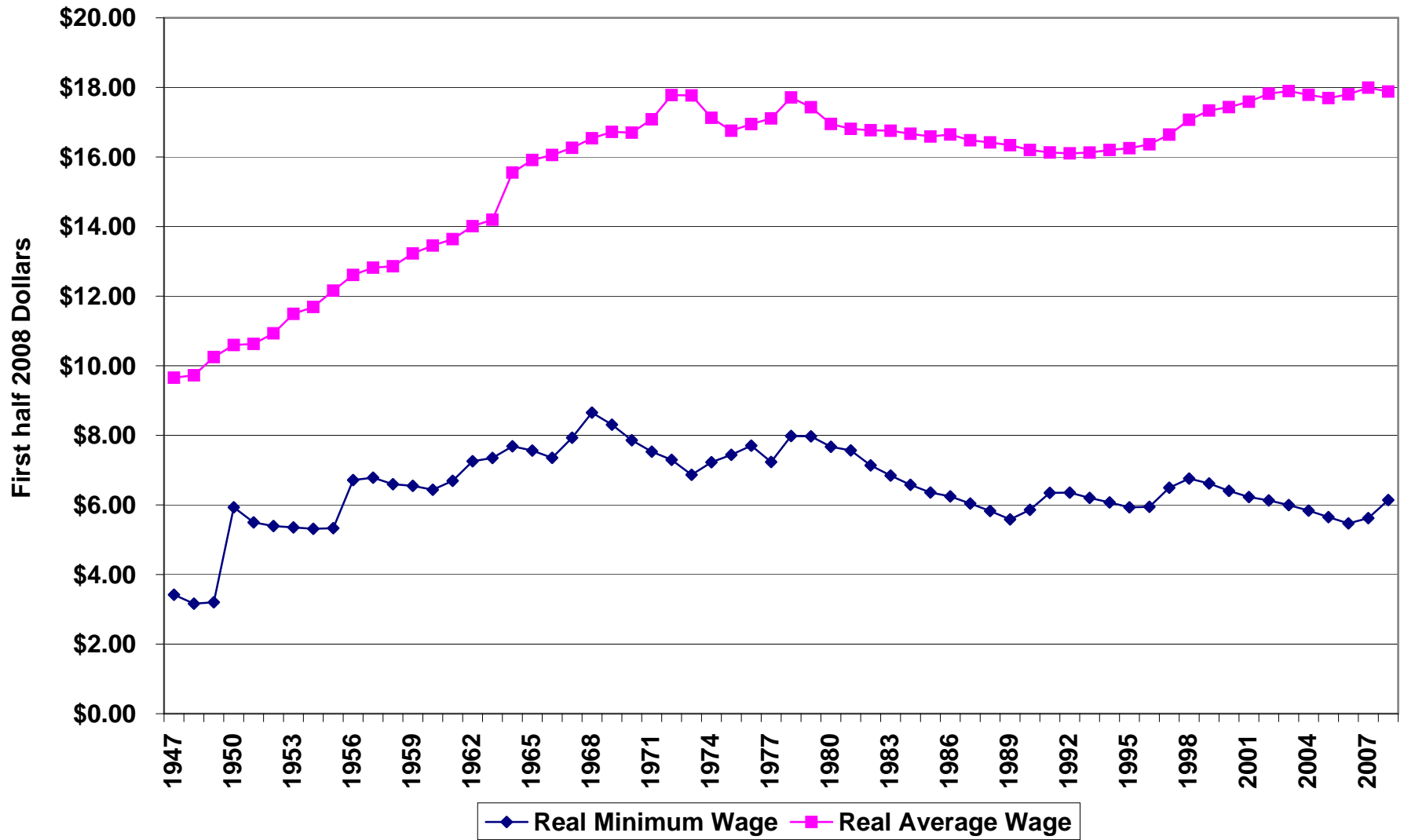
Source: Economic Policy Institute analysis of U.S. Dept of Labor data

**Figure 4: Annual minimum wage earnings in first half 2008 dollars and the poverty level for a family of three\***



\*2008 poverty threshold estimated using CBO estimates of inflation.

Figure 5: Real Minimum and Average Wages, 1947-2008



**Table 1**

**Characteristics of workers affected by minimum wage increase to \$7.25 by 2009**

	Directly Affected*	Indirectly Affected**	Total Affected	Total workforce***
Number of workers (in millions)	5.3	7.2	12.5	130.3
Percent of workforce	4.1%	5.5%	9.6%	100%
<i>Gender</i>				
Male	39%	42%	41%	52%
Female	61%	58%	59%	48%
<i>Race / ethnicity</i>				
White, non-hispanic	61%	61%	61%	69%
Black, non-hispanic	17%	16%	16%	11%
Hispanic, all races	18%	18%	18%	14%
Asian, non-hispanic	2%	2%	2%	4%
<i>Family Status</i>				
Parent	25%	28%	26%	36%
Married Parent	15%	18%	17%	29%
Single Parent	9%	10%	10%	7%
<i>Age</i>				
16-19	30%	15%	21%	5%
20 and older	71%	85%	79%	95%
<i>Work hours</i>				
1-19 hours	22%	13%	17%	5%
20-34 hours	36%	27%	31%	13%
Full time (35 + hrs)	43%	60%	53%	82%
<i>Industry</i>				
Retail trade	24%	23%	23%	12%
Leisure and hospitality	29%	18%	23%	9%
Other	47%	59%	54%	79%
<i>Occupation</i>				
Sales	21%	18%	19%	11%
Service	41%	33%	37%	17%
Other	38%	49%	44%	72%

\* These are the workers earning between the state minimum wage and \$7.25

\*\* These are workers currently earning above \$7.25, likely to be affected by "spillover effects"

\*\*\* Includes workers not covered by minimum wage

Source: EPI analysis of 2006 Current Population Survey data

**Table 2**

**Distribution of Minimum Wage Gains by Total Household Earnings**

Weekly earnings quintile	Share of gain from increase	Share of total national earnings	Average weekly earnings
Bottom Quintile	38%	5%	\$315
Second Quintile	19%	10%	\$635
Middle Quintile	18%	16%	\$978
Fourth Quintile	14%	24%	\$1,446
Top Quintile	12%	45%	\$2,762

Source: EPI analysis of 2006 CPS-ORG data

**Table 3**

**Total workers affected by a federal minimum wage increase to \$7.25 by state\*\***

<b>UNITED STATES</b>	9.6%	12,454,000		
<b>NORTHEAST</b>			<b>SOUTH</b>	
<i>New England</i>			<i>South Atlantic</i>	
Maine	*	*	Delaware	* *
New Hampshire	2.9%	19,000	Maryland	4.4% 117,000
Vermont	*	*	District of Columbia	* *
Massachusetts	*	*	Virginia	12.6% 449,000
Rhode Island	*	*	West Virginia	18.8% 133,000
Connecticut	*	*	North Carolina	16.1% 611,000
			South Carolina	18.3% 325,000
<i>Middle Atlantic</i>			Georgia	13.2% 526,000
New York	8.1%	661,000	Florida	6.6% 540,000
New Jersey	6.2%	252,000	<i>East South Central</i>	
Pennsylvania	14.5%	808,000	Kentucky	16.5% 295,000
<b>MIDWEST</b>			Tennessee	14.4% 350,000
<i>East North Central</i>			Alabama	17.5% 350,000
Ohio	15.5%	793,000	Mississippi	18.5% 202,000
Indiana	12.3%	354,000	<i>West South Central</i>	
Illinois	*	*	Arkansas	18.3% 221,000
Michigan	12.7%	540,000	Louisiana	19.0% 366,000
Wisconsin	11.2%	295,000	Oklahoma	16.6% 245,000
			Texas	17.5% 1,771,000
<i>West North Central</i>			<b>WEST</b>	
Minnesota	5.3%	135,000	<i>Mountain</i>	
Iowa	*	*	Montana	16.7% 68,000
Missouri	15.5%	405,000	Idaho	16.7% 106,000
North Dakota	16.4%	48,000	Wyoming	15.9% 39,000
South Dakota	18.1%	65,000	Colorado	9.6% 211,000
Nebraska	16.0%	136,000	New Mexico	* *
Kansas	19.1%	240,000	Arizona	14.9% 385,000
			Utah	16.4% 178,000
			Nevada	12.6% 146,000
			<i>Pacific</i>	
			Washington	* *
			Oregon	* *
			California	* *
			Alaska	* *
			Hawaii	* *

\* Insufficient sample size to estimate. In these cases, higher state minimum wages lessen the impact of a federal increase.

\*\* Includes both directly and indirectly affected workers.

Source: EPI analysis of 2006 Current Population Survey data

**Table 3A**

**Workers directly affected by a federal minimum wage increase to \$7.25 by state**

<b>UNITED STATES</b>	4.1%	5,329,000		
<b>NORTHEAST</b>			<b>SOUTH</b>	
<i>New England</i>			<i>South Atlantic</i>	
Maine	*	*	Delaware	* *
New Hampshire	2.5%	16,000	Maryland	2.4% 64,000
Vermont	*	*	District of Columbia	* *
Massachusetts	*	*	Virginia	4.8% 172,000
Rhode Island	*	*	West Virginia	8.4% 59,000
Connecticut	*	*	North Carolina	5.6% 211,000
			South Carolina	10.0% 179,000
<i>Middle Atlantic</i>			Georgia	5.2% 207,000
New York	3.9%	314,000	Florida	2.5% 207,000
New Jersey	3.2%	129,000	<i>East South Central</i>	
Pennsylvania	5.5%	308,000	Kentucky	7.5% 133,000
			Tennessee	6.2% 151,000
<b>MIDWEST</b>			Alabama	6.3% 126,000
<i>East North Central</i>			Mississippi	12.8% 139,000
Ohio	6.6%	337,000	<i>West South Central</i>	
Indiana	5.0%	143,000	Arkansas	9.4% 113,000
Illinois	*	*	Louisiana	14.2% 274,000
Michigan	*	*	Oklahoma	7.6% 113,000
Wisconsin	4.7%	124,000	Texas	8.5% 863,000
			<b>WEST</b>	
<i>West North Central</i>			<i>Mountain</i>	
Minnesota	3.2%	81,000	Montana	8.2% 33,000
Iowa	*	*	Idaho	6.2% 39,000
Missouri	6.8%	178,000	Wyoming	7.1% 17,000
North Dakota	7.2%	21,000	Colorado	3.9% 85,000
South Dakota	8.2%	29,000	New Mexico	* *
Nebraska	6.2%	53,000	Arizona	5.7% 148,000
Kansas	8.3%	105,000	Utah	7.5% 81,000
			Nevada	4.7% 54,000
			<i>Pacific</i>	
			Washington	* *
			Oregon	* *
			California	* *
			Alaska	* *
			Hawaii	* *

\* Insufficient sample size to estimate. In these cases, higher state minimum wages lessen the impact of a federal increase.

Source: EPI analysis of 2006 Current Population Survey data



**TABLE 4****The Real Value of the Minimum Wage, 1947-2008**

<b>Year</b>	<b>Nominal</b>	<b>Adjusted for Inflation (using CPI-U-RS)**</b>	<b>As a share of average private nonsupervisory wage</b>
1947	\$0.40	\$3.42	35%
1948	\$0.40	\$3.16	33%
1949	\$0.40	\$3.20	31%
1950	\$0.75	\$5.93	56%
1951	\$0.75	\$5.50	52%
1952	\$0.75	\$5.39	49%
1953	\$0.75	\$5.35	47%
1954	\$0.75	\$5.31	45%
1955	\$0.75	\$5.33	44%
1956*	\$0.96	\$6.71	53%
1957	\$1.00	\$6.78	53%
1958	\$1.00	\$6.59	51%
1959	\$1.00	\$6.55	50%
1960	\$1.00	\$6.44	48%
1961*	\$1.05	\$6.69	49%
1962	\$1.15	\$7.26	52%
1963*	\$1.18	\$7.35	52%
1964	\$1.25	\$7.68	49%
1965	\$1.25	\$7.56	48%
1966	\$1.25	\$7.35	46%
1967*	\$1.39	\$7.93	49%
1968*	\$1.58	\$8.65	52%
1969	\$1.60	\$8.31	50%
1970	\$1.60	\$7.86	47%
1971	\$1.60	\$7.53	44%
1972	\$1.60	\$7.29	41%
1973	\$1.60	\$6.87	39%
1974*	\$1.87	\$7.23	42%
1975	\$2.10	\$7.44	44%
1976	\$2.30	\$7.70	45%
1977	\$2.30	\$7.23	42%
1978	\$2.65	\$7.98	45%
1979	\$2.90	\$7.97	46%
1980	\$3.10	\$7.67	45%
1981	\$3.35	\$7.57	45%
1982	\$3.35	\$7.14	43%
1983	\$3.35	\$6.85	41%
1984	\$3.35	\$6.58	39%
1985	\$3.35	\$6.36	38%
1986	\$3.35	\$6.24	38%
1987	\$3.35	\$6.04	37%
1988	\$3.35	\$5.83	35%
1989	\$3.35	\$5.59	34%
1990*	\$3.69	\$5.86	36%

1991*	\$4.14	\$6.35	39%
1992	\$4.25	\$6.36	39%
1993	\$4.25	\$6.20	38%
1994	\$4.25	\$6.07	37%
1995	\$4.25	\$5.93	36%
1996*	\$4.38	\$5.95	36%
1997*	\$4.88	\$6.50	39%
1998	\$5.15	\$6.76	40%
1999	\$5.15	\$6.62	38%
2000	\$5.15	\$6.40	37%
2001	\$5.15	\$6.23	35%
2002	\$5.15	\$6.13	34%
2003	\$5.15	\$6.00	34%
2004	\$5.15	\$5.84	33%
2005	\$5.15	\$5.65	32%
2006	\$5.15	\$5.47	31%
2007*	\$5.44	\$5.62	31%
2008*	\$6.14	\$6.14	34%

\* Minimum wage changed during the course of the year; value reflects weighted average for the year.

\*\* In first half 2008 dollars

Source: EPI analysis based on data from the U.S. Department of Labor.

**Table 5: State Minimum Wages Greater than the Federal Minimum Wage**

(As of July 1, 2008)

State	2008 State Minimum Wage	Planned 2009 State Minimum Wage	Planned 2010 State Minimum Wage
<b>United States</b>	<b>5.85 (will increase to \$6.55 on 7/24/08)</b>	<b>6.55 (will increase to \$7.25 on 7/24/09)</b>	<b>\$7.25</b>
Alaska	7.15	7.15	**
Arizona	6.90	Inflation Adjusted	Inflation Adjusted
Arkansas	6.25	**	**
California	8.00	8.00	8.00
Colorado	7.02	Inflation Adjusted	Inflation Adjusted
Connecticut	7.65	8.00	8.25
Delaware	7.15	7.15	**
District of Columbia	7.00 (will increase to \$7.55 on 7/24/08)	7.55 (will increase to \$8.25 on 7/24/09)	8.25
Florida	6.79	Inflation Adjusted	Inflation Adjusted
Hawaii	7.25	7.25	7.25
Illinois	7.75	7.75 (will increase to \$8.00 on 7/1/09)	7.75 (will increase to \$8.00 on 7/1/09)
Iowa	7.25	7.25	7.25
Kentucky	6.55	6.55 (will increase to \$7.25 on 7/1/09)	6.55 (will increase to \$7.25 on 7/1/09)
Maine	7.00 (will increase to \$7.25 on 10/1/08)	7.25 (will increase to \$7.50 on 10/1/09)	7.50
Maryland	6.15	**	**
Massachusetts	8.00	8.00	8.00
Michigan	7.40	7.40	7.40
Minnesota	6.15	**	**
Missouri	6.65	Inflation Adjusted	Inflation Adjusted
Montana	6.25	Inflation Adjusted	Inflation Adjusted
Nevada	6.85	Inflation Adjusted	Inflation Adjusted
New Hampshire	6.50 (will increase to \$7.25 on 9/1/08)	7.25	7.25
New Jersey	7.15	7.15	**
New Mexico	6.50	7.50	7.50
New York	7.15	7.15	**
North Carolina	6.15	**	**
Ohio	7.00	Inflation Adjusted	Inflation Adjusted
Oregon	7.95	Inflation Adjusted	Inflation Adjusted
Pennsylvania	7.15	7.15	**
Rhode Island	7.40	7.40	7.40
Vermont	7.68	Inflation Adjusted	Inflation Adjusted
Washington	8.07	Inflation Adjusted	Inflation Adjusted
Wisconsin	6.50	**	**

\*\*=Federal minimum wage above state minimum wage