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Minimum Wage Bill

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NEWS



FROM

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Post-It® brand fax transmittal memo 7671

of pages 2

To <i>Carrie Woodford</i>	From <i>Lauren Asher</i>
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FOR IMMEDIATE RELEASE
Tuesday, July 9, 1996

CONTACT: Lauren Asher
 202/986-2600

BOND AMENDMENT TO MINIMUM WAGE BILL WOULD HURT WOMEN MOST

Today, the Senate will vote on the House-passed minimum wage bill, H.R. 3448. The Senate will consider only two amendments, one offered by Senator Bond (R-MO) and one by Senator Kennedy (D-MA). Both amendments raise the minimum wage from \$4.25 to \$5.15 over a two-year period. However, the Bond amendment contains exemptions that would deny this increase to approximately half of all current minimum wage employees. Women, who are nearly two out of every three minimum wage earners, would be especially hard hit by key elements of the Bond proposal.

"The current minimum wage is at a 40-year low in actual value, and women have felt its decline the most. A full-time, minimum wage job provides only \$8,840 a year, nearly 30% below the poverty level for a parent and two children. Women who are struggling to keep their families out of poverty deserve a step up on the wage ladder -- the Bond amendment would shove them down another rung instead. We urge the Senate to give all minimum wage workers a long overdue raise, and to reject the Bond amendment's stunning rollbacks of fundamental wage protections," said Judith L. Lichtman, president of the Women's Legal Defense Fund.

How the Bond Amendment Would Hurt Working Women:

The Subminimum Wage

The Bond amendment would create a subminimum wage of \$4.25/hour for all employees in their first six months of work for a new employer, regardless of an employee's age or employment history.

- Women still shoulder most of the caretaking responsibilities for children and elderly relatives, and therefore are far more likely than men to experience employment disruptions and job changes. Women are also concentrated in low paying jobs with the least job security.

- more -

WOMEN'S LEGAL DEFENSE FUND

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The "Tip Credit" Freeze

The Bond amendment would hold down the wages of as many as two million tipped employees. The amendment alters the tip credit established by the Fair Labor Standards Act -- the minimum cash wage that employers must pay tipped employees -- by freezing it indefinitely at the current \$2.13 an hour.

- Women represent 80% of the occupational group most affected by the change. For most of these women, wages are low and employee benefits are limited or non-existent.
- In 1995, about 50% of all full-time waitresses earned roughly \$250 a week -- less than the poverty level for a family of three.
- Among working women whose wages are so low that they also qualify for public assistance, waitressing is one of the five most common jobs.

Freezing Wages for Small Business Employees

The Bond amendment would exempt from the minimum wage increase all businesses with less than \$500,000 in annual revenues. Employees of small businesses, who already fall outside the scope of many of the nation's employee protection laws (such as the Family and Medical Leave Act), would become even more financially vulnerable.

- Employees in two-thirds of all American businesses would be denied a minimum wage increase under this exemption. More than 30% of women work for employers with fewer than 50 employees, and many women employees would be affected either by missing out on the direct increase or by having their future wages tied to a lower floor than employees in larger companies.

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DEMOCRATIC LEADERSHIP COMMITTEES MEMO

POLICY COMMITTEE • DEMOCRATIC STEERING & COORDINATION COMMITTEE • DEMOCRATIC TECHNOLOGY & COMMUNICATIONS COMMITTEE

TO: Interested Parties
FR: Debra Silimeo, Deputy Director
DT: 8/20/96
RE: America Gets a Raise!

Today, President Clinton signs into law a measure that will give millions of American workers a raise. Some 10 million workers will see the results in their paychecks starting October 1st.

The minimum wage will rise by 90 cents -- from \$4.25 an hour to \$5.15 -- in two steps: 50 cents on October 1, 1996 and 40 cents on September 1, 1997. When the raise is fully implemented, close to 12 million workers will be affected.

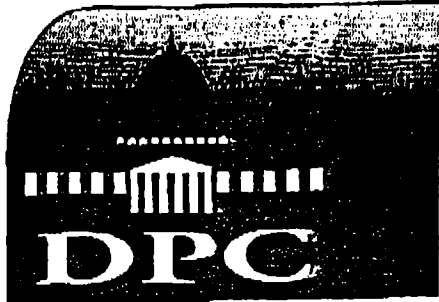
The vast majority of these workers are adults and most of them are women. It's been five years since they had a raise.

The raise will mean \$1,800. a year for a fulltime worker. That's enough to pay for 7 months' groceries or four months' rent.

The minimum wage bill also contains provisions that will expand pension coverage and help make pensions more secure and more portable. The bill:

- o makes it easier for small businesses to establish 401k plans for workers
- o changes a law that encouraged employers to make workers wait a year before contributing to a pension plan
- o makes it easier to become vested, by reducing the vesting period from 10 to 5 years for multi-employer plans
- o protects women by putting their options in plain language so they do not inadvertently lose rights to a pension due to the death of a spouse or divorce.

The bill the President will sign today represents a year-and-a-half long struggle to overcome Republican opposition to the minimum wage increase. A new DPC report, "America Gets a Raise: The Democratic Struggle to Raise the Minimum Wage," is being released today and chronicles the legislative debate. You may obtain a copy by calling 202-224-3232. Copies are also available at the DPC office in Hart 419.



August 19, 1996
Publication: SR-34-Employment

Special Report

*Please file
in talking points
Binder
under Democratic
Leadership
Policy Committee*

America Gets a Raise:

The Democratic Struggle to Raise the Minimum Wage

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Democratic Policy Committee
United States Senate
Washington, D.C., 20510-7050

Tom Daschle, Chairman
Harry Reid, Co-Chairman



America Gets a Raise

The Democratic Struggle to Raise the Minimum Wage

On October 1, some 10 million American minimum wage workers will get a pay raise—for most, their first pay raise in six years. Nearly 12 million workers will be affected when the increase is fully implemented.

To enact this boost in the minimum wage, Congressional Democrats and President Clinton had to overcome a very determined Republican opposition. This opposition threw up parliamentary roadblocks, launched amendments to gut the increase, and, in effect shut down the Senate.

This raise—to \$5.15 an hour—will mean \$1,800 a year to minimum wage workers, when fully implemented.

In this struggle to increase the minimum wage, Congressional Democrats in the 104th Congress and President Clinton have pursued the great Democratic tradition of assisting America's working families.

It was in 1938, that President Franklin Roosevelt first established a minimum wage law in the United States.

Since then, every Democratic Administration—President Harry Truman, President John Kennedy, President Lyndon Johnson, President Jimmy Carter, and now President Bill Clinton—has pursued and won enactment of an increase in the minimum wage for America's lowest paid workers.

Chronology of the Democratic Struggle to Raise the Minimum Wage

In his State of the Union Address, on January 24, 1995, President Clinton called on Congress to raise the minimum wage:

"In the past, the minimum wage has been a bipartisan issue, and I think it should be again. So I want to challenge you to have honest hearings on this; to get together; to find a way to make the minimum wage a living wage."

Senate Republican Leader Dole said:

"If you ask somebody, well, can you live on ... the minimum wage ... No, you can't, obviously." (Wall Street Journal, February 6, 1995)

Other Congressional Republican leaders had made it clear that they were about to put up a bitter and determined opposition to an increase in the minimum wage. House Majority Leader Dick Armey had already declared:

"I will resist an increase in the minimum wage with every fiber of my being." (NBC's Meet the Press, January 8, 1995)

Once Congressional Democrats had introduced their legislation, the Republican leadership tried its hardest to torpedo the increase in the minimum wage.

February 13, 1995

Democratic Leaders Introduce Legislation. Senate Democratic Leader **Tom Daschle** and House Democratic Leader **Richard Gephardt** introduce legislation (**S. 413, H.R. 940**) calling for a 90 cent raise in the minimum wage, to be implemented in two 45 cent steps, the first on July 4, 1995 and the second on July 4, 1996.

July 31, 1995

Democrats Seek Sense of Senate on Minimum Wage. In a 49-48 vote, Republicans table an amendment by Senator **Edward M. Kennedy** stating the Sense of the Senate that *"the Senate should debate and vote on whether to raise the minimum wage before the end of the first session of the 104th Congress."* Only four Republicans vote against tabling the amendment.

October 27, 1995

Democrats Seek Sense of Senate Again. Republicans raise a point of order against an amendment by Senator **John Kerry** to the *Budget Reconciliation bill* expressing the Sense of the Senate that an increase in the minimum wage should be debated and voted upon before the end of the first session of the 104th Congress. Five Republicans join all Democrats to support the motion to waive the *Budget Act*, but the motion falls short by a 51-48 vote.

December 15, 1995

Labor Committee Holds First (and Only) Minimum Wage Hearing. The Senate Labor Committee holds its first and only hearing on the minimum wage. The hearing was on the minimum wage in general and did not examine any particular piece of legislation.

March 23, 1996

Senate Democrats Vow to Press Ahead. Senate Democratic Leader **Daschle**: *"Sooner or later, we will have a vote on the minimum wage. Sooner or later, it has to be resolved. Sooner or later, this minimum wage increase must pass."* (*Congressional Record*, March 23, 1996).

March 26, 1996

Senate Democrats Force Action. Senators **Kennedy** and **Kerry** seek to append to a Federal lands bill an amendment to raise the minimum wage by 90 cents after July 4, 1996. Senator **Dole** essentially shuts down the Senate to avoid further debate and action on the minimum wage.

March 27, 1996

Republicans Pull Legislation to Avoid Vote on Minimum Wage. A Republican motion to invoke cloture on the Federal lands bill, which would have made pending minimum wage amendments out of order, fails 51-49. Senator **Dole** later pulled the Federal lands bill from the floor and placed it back on the calendar to avoid further action on the minimum wage. ("Dole Blocks Move to Vote on a Rise for Minimum Wage," *New York Times*, March 27, 1996)

March 28, 1996

Senate Republicans Filibuster Minimum Wage. Democrats seek to get a final vote on the **Kennedy/Kerry** amendments to raise the minimum wage. Democrats force a cloture vote on Senator **Kerry's** second degree amendment to increase the minimum wage by 90 cents beginning after July 5, 1996. Eight Republicans join all Democrats seeking to end debate, but Republicans maintain the filibuster by a vote of 55-45.

March 28, 1996

House Democrats Force Action. House Democrats seek to defeat a rule governing debate on another bill, **H.R. 3136**, unless the rule also allows debate on a minimum wage increase. Republicans defeat this effort, 232-177.

March 28, 1996

House Democrats Try Again. House Democratic Whip David Bonior seeks to recommit **H.R. 3136** with instructions that a provision be added to increase the minimum wage. Republicans prevail again, and the motion is defeated 192-228.

March 28, 1996

House Democrats Vow to Try Again. House Democratic Leader Gephardt: *"You've not heard the last of the minimum wage We are going to bring it back and back and back until we finally prevail for America's families and workers."* (*Congressional Record*, March 28, 1996)

April 16, 1996

Senate Democrats Force Action Again; Republican Leaders Obstruct Again. Senate Democratic Leader Daschle seeks to amend the pending immigration bill with a minimum wage increase. Senator Dole objects, but then again shuts down the Senate, to avoid further action on the minimum wage.

April 17, 1996

House Republicans Jump on Minimum Wage Bandwagon. A group of moderate House Republicans join Democratic calls to increase the minimum wage.

April 1996

GOP Leaders Dig in Their Heels. House Majority Leader Arney tells the House that he does not anticipate House consideration of a minimum wage increase bill. (The GOP Sings the Minimum Wage Blues, *National Journal*, April 27, 1996)

Senate Republican Leader Bob Dole: *"We're looking at maybe some way we can formulate an increase in the minimum wage, plus some other features of an amendment that the Democrats might not be so crazy about Not that many people who are out there working are working for the minimum wage."* (Mr. Dole and the Minimum Wage, *Washington Post*, April 22, 1996)

House Republican Whip Tom Delay: *"Emotional appeals about working families trying to get by on \$4.25 an hour [the minimum wage] are hard to resist. Fortunately, such families don't really exist."* (press release, April 23, 1996)

April 25, 1996

Wall Street Journal Reports on GOP Obstructionism. "House Republicans Leaders," reports the *Wall Street Journal*, "led by House Majority Leader Dick Armey of Texas, have stubbornly refused to allow the measure to come to the floor." (GOP Leaders in the House Won't Support Measure to Boost Minimum Wage, *Wall Street Journal*, April 25, 1996)

May 23, 1996

Democrats Defeat House Republican "Poison Pill." After Republican leaders finally give in and allow a vote to increase the minimum wage, some House Republicans seek to add a "poison pill" to kill the House bill. This "poison pill" would exempt all employees of businesses with annual sales under \$500,000 from the minimum wage increase. These companies employ 10.5 million workers. The overwhelming majority of Democrats are joined by 43 Republicans in the vote to defeat this amendment, 196-229.

May 23, 1996

Democratic Persistence Leads to House Passage. Ninety-three Republicans finally join Democrats to pass the minimum wage increase in the House, 281-144.

June 7, 1996

Senate Republicans Remain Defiant. Senator Don Nickles charges: "A lot of us don't want the bill to pass." (Senate Republicans Move to Thwart Measure Increasing the Minimum Wage, *Wall Street Journal*, June 7, 1996)

June, 1996

Senate Republicans Unveil Scheme to Stop Minimum Wage Increase. "Republican leaders are planning to load the measure with provisions the Democrats find unacceptable," reported the *Wall Street Journal*. (*Wall Street Journal*, June 7, 1996)

June, 1996
(continued)

"Dole sought to link the minimum wage increase to the repeal of the 1993 gas tax increase." (Amendment Spat Kills Wage-Bill Vote, *Washington Times*, June 19, 1996)

Republicans "are mounting an 11th hour effort to weaken the minimum wage-increase bill ... in a way that could ensure a presidential veto. At issue is a proposed GOP amendment that would exempt businesses with less than \$500,000 in annual revenue from complying with the 90-cent an hour wage increase." (Senate GOP Mounts Effort to Weaken Minimum-Wage Bill," *Wall Street Journal*, July 9, 1996.)

July 9, 1996

Democrats Defeat Senate Republican "Poison Pill." Senate Democrats muster the force to defeat one last attempt to gut the minimum wage increase: a Republican amendment that would deny a minimum wage increase to all workers—old or young, with or without experience—for the first six months of employment. This amendment also would deny an increase in the minimum wage to all employees of companies making less than \$500,000 in annual sales. Five Republicans join every Democrat voting to reject the "poison pill" amendment, 46-52.

July 9, 1996

Democratic Persistence Leads to Senate Passage. Twenty-seven Republicans finally join all Democrats to pass the minimum wage in the Senate on a 74-24 vote.

July 9, 1996

Republicans Hold the Bill Hostage. Republicans hold hostage the appointment of members to the House-Senate Conference on the minimum wage bill so they can get their way on a special interest provision in the Kennedy-Kassebaum health care bill.

July 26, 1996

Republicans Bow to Public Pressure. Republican leaders finally bow to public pressure and allow the minimum-wage conference to proceed.

August 2, 1996

House Approves Conference Report. By an overwhelming vote of 354 to 72, the House of Representatives passes the conference report to raise the minimum wage to \$5.15 an hour. Still, the House Republican Leadership, including Representatives Archer, Armey, and Delay, votes against the increase.

August 2, 1996

Senate Approves Conference Report. By an overwhelming vote of 76 to 22, the Senate passes the conference report to raise the minimum wage to \$5.15 an hour. Still, the Senate Republican Leadership, including Senate Republican Leader Trent Lott and Senators Don Nickles and Connie Mack vote against the increase.

"A Fair Day's Pay for a Fair Day's Work"

In proposing the creation of a Federal minimum wage law, President Franklin D. Roosevelt proclaimed:

"Our Nation, so richly endowed with natural resources and with a capable and industrious population, should be able to devise ways and means of insuring to all able-bodied working men and women a fair day's pay for a fair day's work."

In 1938 Congress responded by passing P.L. 75-718, the *Fair Labor Standards Act (FLSA)*, which has become the primary Federal statute dealing with the minimum wage. So important was this measure that President Roosevelt compared it to the passage of Social Security:

"Except perhaps for the Social Security Act, it is the most far-reaching, far-sighted program for the benefit of workers ever adopted here or in any other country."

For decades following passage of FLSA, Democratic Presidents and Congressional Democrats have acted to ensure that the minimum wage fulfilled its historic mission—"ensuring to all able-bodied working men and women a fair day's pay for a fair day's work."

President Harry S. Truman:

"They [Republicans] say they are in favor of good wages—but they argue that the minimum wage should be held down to starvation level. They are making exactly the same speeches now again, if the 75-cent minimum wage that they made back in the thirties gains a 40-cent minimum wage."

President John F. Kennedy:

"[An increase would] improve the level of living, morale, and efficiency of many of our lowest-paid workers, and provide incentives for their more productive utilization. This can actually increase productivity and hold down unit costs with no adverse affects."²

President Lyndon B. Johnson:

"We must provide all possible assistance to those who seek work and decent living conditions for those who do work."³

President Jimmy Carter:

"This bill (FISA) said that Americans who had to work with their hands, the laborers of our Nation, those from low-income families, should be treated fairly. They should be given the right to an income which would at least buy the necessities of life."

Making Work Pay

In proposing an increase in the minimum wage on February 13, 1995, President Clinton reminded Congress that to reform the welfare system, *"we should make work pay. This legislation would ensure that those who work hard and play by the rules can live with the dignity they have earned."*

At \$4.25 an hour, a minimum wage worker, employed full time (40 hours per week for 52 weeks) earns \$8,840.

- This is 30 percent below the poverty level for a family of three (\$12,590).⁵
- A single mother with two children earning the minimum wage would have to hold one full-time, 40-hour-a-week, year-round job and get a part-time job for about 15 hours a week to avoid poverty.

Paying Rent

A minimum wage worker has to work 3-1/2 days longer per month to pay rent than in 1981.⁶

To a minimum wage worker this raise will amount to \$1,800 a year. This means:

- 7 months of groceries, or
- 4 months of rent, or
- 9 months worth of utility bills, or
- a full year's tuition at a 2-year college.

With this increase, a minimum wage worker can:

- cover health care costs, including insurance premiums, prescription drugs, and other out of pocket costs for his/her family for half a year;
- pay for child care for a child (0-5 years of age) for 1 1/2 years;
- pay a semester's tuition at a community college;
- provide a child in school with either a computer (\$1,000); or,
- clothing (\$410) and school supplies (\$200).

Who Will Benefit From the Increase in the Minimum Wage?⁷

Close to 12 million workers will be affected by the increase. In 32 states, more than 10 percent of the workers would benefit from the proposed increase. In eight states, more than 15 percent of the workers would benefit.

- 3 out of 4 of those who would be affected by the increase—those earning between \$4.25 and \$5.14 an hour—are adults.⁸

The majority of minimum wage workers are women.

- 58% are women.

The earnings of minimum wage workers are crucial to the security and survival of their families.

- 4 out of every 10 are the sole breadwinners in their families.⁹

- 300,000 of them would be lifted out of poverty.¹⁰

It could mean a foothold into the middle class, as a family with two full-time, year round workers would now earn \$20,600 a year.¹¹

Total Number of Workers Benefiting from Increase:	
11.8 Million Workers ¹²	
Female:	6.9 million
Male:	4.9 million

Minimum Wage

Who Will Benefit from an Increase

Percent and number of workers earnings between \$4.25 and \$5.14, in 1994 by State

State	Percent	Number	Total Workforce
Alabama	16.9%	285,250	1,685,378
Alaska	4.0%	9,649	242,062
Arizona	12.6%	200,320	1,585,686
Arkansas	16.4%	158,238	965,807
California	10.9%	1,317,125	12,127,105
Colorado	8.9%	145,651	1,640,033
Connecticut	6.1%	87,158	1,439,916
D.C.	7.8%	20,292	259,418
Delaware	9.5%	31,341	330,946
Florida	12.3%	675,928	5,487,763
Georgia	11.9%	361,887	3,048,241
Hawaii	3.7%	17,880	480,246
Idaho	13.9%	62,524	450,302
Illinois	10.8%	545,647	5,042,948
Indiana	12.4%	315,718	2,547,137
Iowa	10.9%	131,759	1,212,250
Kansas	12.6%	133,752	1,059,508
Kentucky	14.6%	216,866	1,482,340
Louisiana	19.9%	313,605	1,573,058
Maine	10.6%	48,687	458,273
Maryland	5.7%	131,265	2,313,451
Massachusetts	6.4%	168,035	2,627,191
Michigan	10.5%	420,386	4,012,846
Minnesota	9.2%	192,018	2,096,493
Mississippi	17.0%	176,194	1,034,793
Missouri	11.9%	262,483	2,208,150
Montana	16.3%	52,057	318,486
Nebraska	13.1%	94,150	718,211
Nevada	9.3%	61,273	656,804
New Hampshire	7.8%	39,958	511,753

State	Percent	Number	Total Workforce
New Jersey	5.2%.....	173,441	3,348,923
New Mexico	13.2%.....	79,495	600,549
New York	8.7%.....	614,715	7,068,130
North Carolina	11.3%.....	345,913	3,053,341
North Dakota	18.2%.....	46,574	256,552
Ohio	10.7%.....	500,596	4,684,163
Oklahoma	17.0%.....	210,881	1,240,985
Oregon	7.0%.....	88,685	1,275,129
Pennsylvania	10.2%.....	494,870	4,868,376
Rhode Island	9.2%.....	37,704	408,758
South Carolina	12.8%.....	196,066	1,537,776
South Dakota	14.5%.....	40,899	281,344
Tennessee	12.7%.....	280,727	2,211,843
Texas	14.7%.....	1,128,064	7,682,789
Utah	12.8%.....	104,305	817,055
Vermont	7.5%.....	18,189	241,558
Virginia	9.8%.....	280,233	2,863,031
Washington	7.2%.....	157,979	2,201,188
West Virginia	16.3%.....	103,752	638,043
Wisconsin	9.0%.....	210,757	2,342,266
Wyoming	16.8%.....	32,310	192,655
U.S. Total	11.0%.....	11,823,252	107,431,043

Source: Economic Policy Institute. Sample includes both hourly and salaried workers.

Federal Minimum Wage Rates, 1938-1993

Public Law	Effective Date	Rate
P.L. 75-718	October 1938	\$.25
(Enacted, 6/25/38)	October 1939	\$.30
	October 1945	\$.40
P.L. 81-393	January 1950	\$.75
(Enacted, 10/26/49)		
P.L. 84-381	March 1956	\$1.00
(Enacted, 8/12/55)		
P.L. 87-50	September 1961	\$1.15
(Enacted, 5/5/61)	September 1963	\$1.25
P.L. 89-601	February 1967	\$1.40
(Enacted, 9/23/66)	February 1968	\$1.60
P.L. 93-259	May 1974	\$2.00
(Enacted, 4/8/74)	January 1975	\$2.10
	January 1976	\$2.30
P.L. 95-151	January 1978	\$2.65
(Enacted, 11/1/74)	January 1979	\$2.90
	January 1980	\$3.10
	January 1981	\$3.35
P.L. 101-157	April 1990	\$3.80
(Enacted, 11/17/89)	April 1991	\$4.25

Endnotes

¹Address at Jefferson-Jackson Day Dinner, February 24, 1949.

²"Special Message to Congress: Program for Economic Recovery and Growth," February 2, 1961.

³"Annual Message to the Congress: The Manpower Report of the President," March 8, 1966.

⁴Remarks on Signing into Law, **H.R. 3744**, *Fair Labor Standards Amendments of 1977*, November 1, 1977.

⁵CRS, *The Minimum Wage: An Overview of Issues Before the 104th Congress*, IB95091, February 6, 1996.

⁶Average low-income rent calculations are based on national average rent for Section 8, Fair Market Run.

- 1981 — 13 1/2 days to pay rent at minimum wage.
- today — 17 days to pay rent at minimum wage.

⁷State of Working America.

⁸Economic Policy Institute.

⁹Lawrence Mishel, Jared Bernstein, and Edith Rasell, *Who Wins with a Higher Minimum Wage*, Briefing Paper, Washington D.C., Economic Policy Institute, 1995.

¹⁰Preliminary HHS calculation in DOL *Minimum Wage Briefing Book*.

¹¹Department of Labor, *Minimum Wage Briefing Book*.

¹²Economic Policy Institute.