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REWARDING WORK: THE CASE FOR INCREASING THE MINIMUM WAGE



The President's proposal would increase the minimum wage from \$4.25 to \$5.15 over two years, through two 45-cent increases. The last increase, passed by an overwhelming, bipartisan vote in 1989, and implemented in 1990 and 1991, was also a 90-cent increase in two 45-cent stages. Full-time, minimum wage workers earn \$8500 a year, and a 90-cent increase would raise their yearly income by \$1,800 -- as much as the average family spends on groceries in over 7 months.

MAINTAINING THE HISTORIC VALUE OF WORK: Within a year, if the minimum wage is not increased, it will fall to its lowest real level in 40 years. Indeed, the value of the minimum wage is now 29 percent lower than it was in 1979, and has fallen nearly 50 cents in real value since its last increase in April of 1991. The first half of the President's 90-cent proposal simply restores the minimum wage to its value from the last increase.

RAISING THE MINIMUM WAGE PRIMARILY HELPS ADULT WORKERS -- MOST OF WHOM RELY ON THEIR MINIMUM WAGE JOBS TO SUPPORT THEIR FAMILIES: Over two-thirds of the workers who would benefit from the President's proposal are adults (69%); almost two-fifths (39%) are the sole breadwinners in their families; and the average minimum wage worker brings home half of his or her family's earnings. Thus, a rise in the minimum wage is a significant boost to the standard of living to millions of households.

REWARDS WORK OVER WELFARE: The minimum wage increase provides another crucial measure to reward work and ensure that there is a strong incentive to choose work over welfare.

BETWEEN 10 MILLION AND 13 MILLION WORKERS WOULD BENEFIT FROM THE PRESIDENT'S PROPOSAL TO INCREASE THE MINIMUM WAGE: An estimated 10 million hourly workers earn between \$4.25 and \$5.14 and would directly benefit from the President's proposal. Research indicates that an increase in the minimum wage to \$5.15 could have a "ripple" effect on the more than 3 million workers who earn within 60 cents of the new minimum wage.

EMPIRICAL EVIDENCE SHOWS THE PRESIDENT'S PROPOSAL CAN INCREASE WAGES WITHOUT COSTING JOBS: Nearly two dozen empirical studies have found that moderate increases in the minimum wage do not have a significant impact on employment. These studies include state-specific research that shows that higher state increases in the minimum wage did not result in significant job impacts. As Nobel Laureate Robert Solow stated: "[T]he evidence of job loss is weak. And the fact that the evidence is weak suggests that the impact on jobs is small."

A 90-CENT INCREASE IN THE MINIMUM WAGE WILL LIFT A FAMILY OF FOUR OUT OF POVERTY: The dramatic extension of the Earned Income Tax Credit helped lift hundreds of thousands of working families out of poverty. Yet, in 1996, even the EITC is not enough to lift above the poverty line a family of four making the minimum wage. With a 90-cent minimum wage increase, food stamps, and the EITC, a family of four with a year-round minimum wage worker would be lifted above the poverty line.

THE LAST MINIMUM WAGE INCREASE -- ALSO 90 CENTS -- GARNERED STRONG BIPARTISAN SUPPORT. In 1989, the minimum wage was passed by votes of 382 to 37 (135 Republicans) in the House, and 89 to 8 in the Senate (36 Republicans) and was supported by Senator Dole and Rep. Gingrich.

PRESIDENT CLINTON'S MINIMUM WAGE PROPOSAL WILL BENEFIT WORKING AMERICANS IN EVERY STATE

State-By-State Data From The Bureau Of Labor Statistics *April 1, 1996*

Monday, April 1, marked the five-year anniversary of the last minimum wage increase. President Clinton has proposed a raise in the minimum wage by 90 cents over two years. This raise will mean an additional \$1,800 in earnings for full-time minimum wage workers - enough to buy seven months of groceries.

Of the ten million American workers who would benefit from the raise in the minimum wage, two-thirds are adults, age 20 or over. The average minimum-wage worker brings home half of the family's earnings. Three out of five minimum wage workers are women.

The following is a state-by-state breakdown of the number of workers in each state who would benefit from the President's minimum wage proposal:

ALABAMA: President Clinton's proposal to increase the minimum wage would directly benefit 241,000 workers in Alabama, representing 22.3 percent of all hourly workers in the state.

ALASKA: Alaska has already raised its state minimum wage to \$5.25.

ARIZONA: Benefits 183,000 workers in Arizona, representing 15.8 percent of all hourly workers in the state.

ARKANSAS: Benefits 144,000 workers in Arkansas, representing 21.7 percent of all hourly workers in the state.

CALIFORNIA: Benefits 1,220,000 workers in California, representing 16.1 percent of all hourly workers in the state.

COLORADO: Benefits 99,000 workers in Colorado, representing 9.4 percent of all hourly workers in the state.

CONNECTICUT: Benefits 76,000 workers in Connecticut, representing 9.8 percent of all hourly workers in the state.

DELAWARE: Benefits 20,000 workers in Delaware, representing 10.4 percent of all hourly workers in the state.

FLORIDA: Benefits 523,000 workers in Alabama, representing 15.1 percent of all hourly workers in the state.

GEORGIA: Benefits 239,000 workers in Georgia, representing 12.8 percent of all hourly workers in the state.

HAWAII: Hawaii has already raised its state minimum wage to \$5.25.

IDAHO: Benefits 50,000 workers in Idaho, representing 15.9 percent of all hourly workers in the state.

ILLINOIS: Benefits 388,000 workers in Illinois, representing 12.2 percent of all hourly workers in the state.

INDIANA: Benefits 232,000 workers in Indiana, representing 12.0 percent of all hourly workers in the state.

IOWA: Benefits 122,000 workers in Iowa, representing 14.1 percent of all hourly workers in the state.

KANSAS: Benefits 137,000 workers in Kansas, representing 19.6 percent of all hourly workers in the state.

KENTUCKY: Benefits 182,000 workers in Georgia, representing 17.6 percent of all hourly workers in the state.

LOUISIANA: Benefits 246,000 workers in Louisiana, representing 24.6 percent of all hourly workers in the state.

MAINE: Benefits 41,000 workers in Maine, representing 12.2 percent of all hourly workers in the state.

MARYLAND: Benefits 103,000 workers in Maryland, representing 8.0 percent of all hourly workers in the state.

MASSACHUSETTS: Benefits 136,000 workers in Massachusetts, representing 8.5 percent of all hourly workers in the state.

MICHIGAN: Benefits 324,000 workers in Michigan, representing 11.9 percent of all hourly workers in the state.

MINNESOTA: Benefits 118,000 workers in Minnesota, representing 8.3 percent of all hourly workers in the state.

MISSISSIPPI: Benefits 162,000 workers in Mississippi, representing 25.2 percent of all hourly workers in the state.

MISSOURI: Benefits 222,000 workers in Missouri, representing 14.7 percent of all hourly workers in the state.

MONTANA: Benefits 44,000 workers in Montana, representing 19.7 percent of all hourly workers in the state.

NEBRASKA: Benefits 68,000 workers in Nebraska, representing 14.7 percent of all hourly workers in the state.

NEVADA: Benefits 57,000 workers in Nevada, representing 12.0 percent of all hourly workers in the state.

NEW HAMPSHIRE: Benefits 30,000 workers in New Hampshire, representing 8.6 percent of all hourly workers in the state.

NEW JERSEY: Benefits 133,000 workers in New Jersey, representing 7.2 percent of all hourly workers in the state.

NEW MEXICO: Benefits 62,000 workers in New Mexico, representing 15.0 percent of all hourly workers in the state.

NEW YORK: Benefits 475,000 workers in New York, representing 12.6 percent of all hourly workers in the state.

NORTH CAROLINA: Benefits 265,000 workers in North Carolina, representing 13.9 percent of all hourly workers in the state.

NORTH DAKOTA: Benefits 37,000 workers in North Dakota, representing 22.4 percent of all hourly workers in the state.

OHIO: Benefits 440,000 workers in Ohio, representing 13.7 percent of all hourly workers in the state.

OKLAHOMA: Benefits 174,000 workers in Oklahoma, representing 24.4 percent of all hourly workers in the state.

OREGON: Benefits 82,000 workers in Oregon, representing 9.9 percent of all hourly workers in the state.

PENNSYLVANIA: Benefits 430,000 workers in Pennsylvania, representing 13.1 percent of all hourly workers in the state.

RHODE ISLAND: Benefits 31,000 workers in Rhode Island, representing 11.6 percent of all hourly workers in the state.

SOUTH CAROLINA: Benefits 156,000 workers in South Carolina, representing 15.6 percent of all hourly workers in the state.

SOUTH DAKOTA: Benefits 32,000 workers in South Dakota, representing 15.9 percent of all hourly workers in the state.

TENNESSEE: Benefits 242,000 workers in Tennessee, representing 16.7 percent of all hourly workers in the state.

TEXAS: Benefits 943,000 workers in Texas, representing 20.4 percent of all hourly workers in the state.

UTAH: Benefits 69,000 workers in Utah, representing 13.1 percent of all hourly workers in the state.

VERMONT: Benefits 19,000 workers in Georgia, representing 11.2 percent of all hourly workers in the state.

VIRGINIA: Benefits 197,000 workers in Virginia, representing 11.2 percent of all hourly workers in the state.

WASHINGTON: Benefits 138,000 workers in Washington, representing 9.3 percent of all hourly workers in the state.

WEST VIRGINIA: Benefits 83,000 workers in West Virginia, representing 19.4 percent of all hourly workers in the state.

WISCONSIN: Benefits 209,000 workers in Wisconsin, representing 12.2 percent of all hourly workers in the state.

WYOMING: Benefits 25,000 workers in Wyoming, representing 20.2 percent of all hourly workers in the state.

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