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WIN ★IN★ '96
DEMOCRATIC ★ NATIONAL ★ COMMITTEE
Donald L. Fowler, *National Chair* • Christopher J. Dodd, *General Chair*

ACTION ALERT

March 26, 1996

TO: **Democratic State Chairs**

FROM: **David Eichenbaum,**
DNC Communications Director

RE: **Minimum Wage Anniversary on Monday**

This Monday, April 1, is the seventh anniversary of the last time Congress voted to increase the minimum wage (the increase went into affect in two stages, in 1990 and 1991). In the time since then, its purchasing power has decreased to the point where it will be at a forty-year low by the end of this year. Led by President Clinton, Democrats are fighting for a 90 cent increase to help out the 10 million hourly workers making less than $5.15 per hour, and their families. But Republicans and their special interest allies are fighting us every step of the way.

House and Senate Democrats will be out in their states and districts on Monday holding events to get our message out. <u>We strongly urge all state parties to get involved in this effort – work with your Congressional delegations to provide support to what they are doing, and create your own events to get the message out in Republican-held districts as well</u>. The minimum wage will be one of the defining issues in this election year. We cannot let the opportunity that this date presents us with pass.

The attached talking points should give you a good sense of how the message should be focused on this issue – the key is to focus on the minimum wage's declining value over the years since it was increased, and on the real impact of an increase for families who are working hard to stay afloat.

The Republicans will respond as they always do – they have always opposed the minimum wage and they say it kills jobs and only affects kids with after-school jobs. **These things are not true, just more GOP "big lies" on behalf of their extremist agenda.** Study after study shows that modest increases in the minimum wage have no effect on job creation, as does the recent real-world experience of states that have gone ahead and increased minimum wages on their own, and almost two-thirds of minimum wage workers are adults. *These Republicans said that the President's economic plan would kill jobs, and it created 8.4 million of them. Now they say that raising the minimum wage would kill jobs. Wrong!*

Democratic Party Headquarters • 430 South Capitol Street, S.E. • Washington, D.C. 20003 • 202.863.8000 • FAX: 202.863.8174

There are all sorts of ways that we can stress this message on Monday. We wanted to suggest just a few:

Price Comparisons: We can't let this turn into a debate between dueling economists. It's got to be about what the minimum wage means to a working family. One way to demonstrate the 27% drop in the purchasing power of the minimum wage is to have an event showing a week or a month's worth of groceries and what they cost at 1991 versus 1996 prices. (The April '91 prices of some basic items, according to the Bureau of Labor Statistics: Bread - $1.05/loaf, Eggs - $1.00/dozen, Milk - $1.37/half gallon, Orange Juice - $1.90/12 oz can.) Remember – a 90 cent increase is an $1,800/year raise for a full-time minimum wage worker.

Real People: The Republicans will try to say that this about high school kids flipping burgers. It's not. It's about families who are trying hard to play by the rules and stay off of welfare. Identify some minimum wage workers with families and present their stories to the media. State chairs and/or elected officials may want to go visit minimum wage workers at their workplaces, or participate in "work days," joining with these workers. The minimum wage should have a face. A chart is attached showing the number of workers in your state who would get a raise through this proposal (those making less than $5.15/hour now).

What About Congress' Pay Raises: In the seven years since it last passed a minimum wage increase, Congress' pay has gone up three times, for a total of $44,100. Your Republican Members of Congress makes more every 16 days than a minimum wage earner does in a year of full-time work. They will be home in their districts on Monday. It may be good to send some people to their offices, or to public events they are hosting, to remind them of this disparity.

These are just a few suggestions – anything that demonstrates Democratic support for giving minimum wage workers a raise, and that puts Republicans on the spot for their opposition to it, is great. Feel free to call the DNC Communications Department at 202/488-5048 for anything we can do to help, and please let us know how your efforts have gone.

Good luck!

WIN ★IN★ '96 DEMOCRATIC ★ NATIONAL ★ COMMITTEE
Donald L. Fowler, *National Chair* • Christopher J. Dodd, *General Chair*

AMERICA NEEDS A RAISE:
Congress Must Increase the Minimum Wage
To Help Working Families
DNC Talking Points
March 26, 1996

Senate Democrats offered an amendment today to give minimum wage workers the 90 cent increase President Clinton has called for, going up on July 4 of this year, and again on Independence Day next. Majority Leader Bob Dole is leading the charge to block it from even coming to a vote. Will his colleagues join him, or will they stand with working families?

It's Time for A Raise – If Congress does not pass the Democratic proposal to increase the minimum wage, the purchasing power of that wage will soon be **the lowest it has been in 40 years.** The value of the minimum wage has **dropped 29% since 1979. It has dropped by 50 cents in constant value since it last went up in 1991**. America's families are working hard to get ahead, but it's tough to get by when working full time or more doesn't pay enough to pay the bills or put food on the table.

A Raise Helps Families Get By – A 90 cent increase means **$1,800 a year** for a full time worker. For an average family, that's seven months of groceries, four months' rent or mortgage payments, a full year of health care (including prescription drugs), nine months utility bills, three months total transportation costs, or more than a year's tuition at a community college.

A Raise Rewards Work – Raising the minimum wage will help get people off of welfare and onto payrolls. Right now, a family of four is below the poverty line on the minimum wage. The President's raise will lift them into the middle class.

A Raise Is Good For Families – The average minimum wage worker earns half of his family's income. More than a third are the sole breadwinner in their household. Contrary to Republican myth, nearly two thirds of minimum wage earners are adults.

A Raise Is Good For The Economy – **More than 10 million** hourly workers earn between $4.25 and $5.14 an hour, meaning they would get a raise directly from this plan. Economists believe that giving them a raise would also help another 3 million who make within 60 cents of that, and that the ripple effects would be good for our whole country.

The GOP Congress Just Doesn't Get It – The extremist Republican leaders who are trying to kill the minimum wage increase are the same ones who insisted that Congress would keep getting paid when they shut down the federal government. Well, they made more during that shutdown than a minimum wage worker makes all year. These Republicans make a minimum wage worker's annual salary every 16 days. Congress has gotten three raises since the last time the minimum wage went up. It's time for working families to get their turn.

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Minimum Wage:
Who Will Benefit from an Increase

Percentage and number of workers with earnings between $4.25 and $5.14, in 1994, grouped 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
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.

INCOMING!

A publication of the Democratic National Committee March 26, 1996

The Latest

America Deserves A Raise

Decency and fairness demand that an honest day's work means an honest day's pay. President Clinton has proposed that the minimum wage be increased from $4.25 per hour to $5.15 per hour over two years. This increase would reward the hard work of 10-14 million Americans who currently earn the minimum wage and nearly 3 million more who make within 60 cents of the minimum wage.

The minimum wage will soon 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 it last increased in 1991. President Clinton's 90 cent an hour increase simply restores the minimum wage to its value immediately after the last increase.

Making ends meet is the never-ending challenge for America's working families. This minimum wage increase would mean about $1800 more per year. For a working family, that's 7 months of groceries, 4 months' rent or mortgage payments, a full year of health care (including prescription drugs), and 9 months of utility bills.

This Week

Tuesday, March 26, 1996

- California Primary
- NV, WA Republican Primaries
- Education Summit, National Governors Association
- Egyptian President Sadat and Israeli Prime Minister Begin signed treaty ending state of war between their nations on this date in 1979

Friday, March 29, 1996

- Eugene McCarthy's Birthday

Sunday, March 31, 1996

- Palm Sunday
- NCAA Women's Basketball Finals

Monday, April 1, 1996

- Minimum wage increase was last passed by Congress this day in 1989
- NCAA Men's Basketball Finals

"This Congress, Mr. Speaker, should be concentrating on how to give the American middle class a raise and a decent education ...not a Republican-sponsored wedgie."

-- Congresswoman Cynthia McKinney (D-GA)

DNC on the Web — http://www.democrats.org

For fax changes, additions, or deletions, please call (202) 863-7190.

The Minimum Wage — By the Numbers...

$4.25	The minimum wage today
$8,500	Current annual salary of a full-time minimum wage worker
$16,092	Official poverty line for a family of four
27%	Decrease in minimum wage's real value over the last 15 years
16	Number of days it takes for a member of Congress to make more than a full-time minimum wage worker earns in a year
90¢	President Clinton's proposed increase in the minimum wage, phased in over two years
$1800	Annual pay raise for full-time minimum wage workers resulting from President Clinton's proposal
	Amount an average family spends on groceries in seven months
	Amount an average family spends on basic housing costs (rent or mortgage) in almost four months
	Amount an average family spends on health care (insurance premiums, prescriptions and out-of-pocket costs) in one year
	Amount an average family spends on utility bills in nine months
50%	Average share of household income earned by a minimum wage worker
36%	Proportion of minimum wage workers who are sole breadwinners for their households
72%	Proportion of all Americans who support an increase in the minimum wage
382-37 and 89-8	Overwhelming bi-partisan Congressional votes in favor of the last minimum wage increase

** Members of Congress earned more during the recent government shutdown than a full-time minimum wage worker earns in an entire year.

For fax changes, additions, or deletions, please call (202) 863-7190.

Date: 03/28/96 Time: 18:41
MDemocrats Again Tweak Dole on Raising Minimum Wage

WASHINGTON (AP) Congressional Democrats failed again Thursday to force a vote on raising the minimum wage, but promised to keep the issue alive this election year and challenge Senate Majority Leader Bob Dole.

Republicans accused them of political opportunism and partisan attacks on Dole, who is President Clinton's certain election rival.

Clinton quickly expressed disappointment at the outcome and blamed the Senate's Republican leadership for barring efforts ``to give 10 million Americans an immediate pay increase.''

``With every day that the Republican leadership continues to stall, the value of the minimum wage continues to fall closer and closer to a 40-year low,'' Clinton said in a statement.

``If we value work, if we value families, we ought to raise the value of the minimum wage,'' Clinton said. ``Now is the time to put politics aside, raise the minimum wage, and help lift the lives of millions of America's workers.''

Knowing they face a tough fight, the minority Democrats said they'll try again and again to bring up the issue, which they are framing in terms of family values.

``The fact is the Republican Party has declared a war on working families,'' Dole's counterpart, Senate Minority Leader Tom Daschle, D-S.D., told reporters before the Democrats tried for votes in both the House and Senate. ``This war on working families has got to stop.''

In a 55-45 tally on the Senate floor, the Democrats fell five votes shy of the 60 needed to shut off debate and force a vote on an amendment, proposed by Sen. Edward Kennedy, D-Mass., to national parks legislation. The amendment would boost the minimum wage from the current $4.25 an hour to $5.15 an hour in two 45-cent steps over the next two years.

Despite the setback, key Democrats later told reporters they were encouraged by the size of the vote in their favor and its bipartisan character. ``We have more than enough votes to pass minimum wage,'' Daschle said. ``Sooner or later, this will pass. ... We'll be back offering this week after week until we get it passed.''

Across the Capitol in the House, Republicans beat back two attempts by Democrats to attach an increase in the minimum wage to a measure increasing the government's borrowing authority.

Both were procedural motions. Republicans defeated one of them by ruling that raising the minimum wage would violate a ``Contract With America'' law enacted last year that forbids the federal government from imposing regulations on local governments without compensating them for their cost.

The Republicans ``are doing procedural pirouettes to avoid a real debate and preventing the public from seeing where they really stand on this issue,'' Labor Secretary Robert Reich said in an interview. `` At a minimum, the public deserves to have its representatives stand up and be counted.''

Reich noted that Clinton proposed an increase nearly two years ago and the GOP had supported one in 1989. ``Time is running out in this Congress,'' he said. ``The minimum wage is almost at a 40-year low in terms of real purchasing power.''

The Democrats' new offensive began Tuesday, when Dole, R-Kan., successfully blunted their attempts to force an immediate vote on Kennedy's amendment.

The White House has insinuated that Dole is using the minimum wage to play election-year politics, noting that he and House Speaker Newt Gingrich, R-Ga., had previously supported an increase.

On Thursday, as Democrats tried again to force a Senate vote, Kennedy read past statements of Dole to that effect.

``Senator Dole locks up the nomination, and the first thing he does is lock out 13 million Americans who are only asking the fair minimum wage that they deserve,'' Kennedy said.

``Speaker Gingrich and Senator Dole make a remarkable couple,'' he added. ``It's like Bonnie and Clyde writing the Republican platform. Newt Gingrich wants to repeal the ban on assault weapons, and Bob Dole wants to block any increase in the minimum wage.''

Republicans were infuriated. They renewed charges that Democrats were engaging in special-interest politics, raising the issue on the Senate floor one day after organized labor voted to endorse Clinton's re-election bid and announced plans for a $35 million fund to promote its campaign-year agenda.

``This is simply politically motivated. It's political grandstanding and we all know it,'' said Sen. Frank Murkowski, R-Alaska. ``The attack is on the majority leader and I resent that.''

Chimed in Sen. Don Nickles, R-Okla., ``Thank you very much for your $35 million. ... I think that's blatant political abuse and it should be rejected.''

APNP-03-28-96 1846EST

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APNP-03-28-96 1705EST

Minimum Wage: Fact vs. Fiction

REPUBLICAN FICTION	FACT
Increasing the minimum wage will only help teenagers, "black teenagers," according to Senator Bob Dole. [*New York Times*, 3/27/96]	• Nearly 10 million Americans earn an hourly wage less than the President's proposed $5.15 per hour. • The vast majority of these workers — 69% — are adults. • Most of these workers — 59% — are working women. Nearly three-quarters of these women are adults. • 39% of all minimum wage workers are the sole breadwinners in their household.
REPUBLICAN FICTION Increasing the minimum wage will result in a loss of jobs.	**FACT** • This is hogwash. According to Nobel Prize winning economist Robert Solow, "the evidence of job loss is weak... the impact on jobs is small." • Nearly two dozen empirical studies have concluded that moderate increases in the minimum wage do not cost jobs. • More than 100 noted economists, including three Nobel prize winners, have endorsed the President's plan to raise the minimum wage.
REPUBLICAN FICTION According to Bob Dole, raising the minimum wage is not one of the "issues the American people are really concerned about." [*New York Times*, 3/27/96]	**FACT** • Tell that to hard-working Americans who deserve a raise after two decades of stagnant wages. • The real value of the minimum wage has fallen by 27% over the past 15 years. • 10-13 million Americans will directly benefit from an increase. • 79% of Americans support increasing the minimum wage.

REPUBLICAN FICTION Increasing the minimum wage has always been a bitter, partisan issue.	**FACT** • The last time Congress raised the minimum wage, Republican George Bush was President — and he signed the bill. • The last increase was 90 cents over two years, exactly what President Clinton is now proposing. • The 1989 vote in the Senate was 89-8 and the vote in the House was 382-37. • *Both Senator Bob Dole and Speaker Newt Gingrich voted for the last minimum wage increase.*
BOB DOLE "FICTION," 1989 "I never thought the Republican party should stand for squeezing every last nickel from the minimum wage."	**BOB DOLE FACT, 1996** My how time flies! Now it's Beltway Bob stonewalling on a vote on the minimum wage. According to Senator Bob Dole, "sooner or later the issue will be voted on, directly or indirectly, but not today, not tomorrow, and not next week." [*New York Times*, 3/27/96]
REPUBLICAN FICTION The Republican Party cares (or knows) about working families.	**FACT** If they knew anything at all about the very real challenges Americans face making ends meet, they'd raise the minimum wage. The President's proposed minimum wage increase will mean <u>$1800 more per year</u> in the pockets of working families — or how much the average working family spends on: • groceries in seven months; • basic housing costs (rent or mortgage) in almost four months; • health care (insurance premiums, prescriptions and out of pocket costs) in one year; • or utility bills in nine months.

Minimum Wage

Who Will Benefit from an Increase

Percent and number of workers earning between $4.25 and $5.14, 1994 by State

State	Percent	Number	Total Workforce
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March 28, 1996

MEMORANDUM FOR GENE SPERLING
CAROLYN CURIEL
MICHAEL WALDMAN
LORI MCHUGH

FROM: ALEXIS HERMAN
BETSY MYERS

RE: SATURDAY'S RADIO ADDRESS - WOMEN'S MESSAGE

Saturday's Radio Address on minimum wage offers us a prime opportunity for the President to speak to women and the struggles of their daily lives. Minimum wage is particularly important to women both as workers and as providers for their families and women account for 59 percent of all minimum wage earners. We want to be sure that the President's words resonate with women as well as men. Including "women" in the Radio Address will help my office amplify the President's message to women and women's organizations.

In Stan Greenberg's recent study on the target audience (white, high-school educated, married men and women under age 50), he found that the top concern -- especially for women -- is **stretching each dollar to meet the family's expenses.**

Similarly, Celinda Lake's "Women's Voices '96" found that "women feel a very real responsibility for supporting their families, and they worry in specific personal terms about meeting basic expenses and stretching each dollar." In some of Celinda's more recent studies, she has emphasized that **women seek economic independence and security not only for financial reasons but also as a strategy to gain respect.**

In addition, Greenberg found that the targeted women are **sympathetic to families who are less well off than they are** (while men are not); **even middle class women worry about how poor people are surviving financially.** Greenberg found that this constituency overwhelmingly supports an increase in the minimum wage (79 percent -- similar to the 83 percent of all Americans found in the ABC Poll 1/29/96).

<u>Some important facts:</u>

o **Women and minorities are disproportionately represented among minimum wage earners:**

- Women today are 47 percent of the labor force, but they account for 59 percent of all minimum wage earners.

- 5.8 million women would directly benefit from the President's proposal to raise the minimum wage. Four million of these are adults.

- Single heads of households, who are often women, represent over one-fifth of all families who currently rely on the earnings of a worker making $4.25 to $5.14 per hour.

- The decline in the real value of the minimum wage since 1979 accounts for 30 percent of the rise in wage inequality for women (DiNardo, Lemieux & Fortin).

- Black and Hispanic workers make up 21 percent of the nation's workforce, but they make up 30 percent of all workers earning $4.25 per hour or less.

o One of the main arguments against raising the minimum wage is that it would affect mostly teenagers. This is false. **Raising the minimum wage is a family issue:** Almost two-thirds of minimum wage workers are adults and 72 percent of women earning minimum wage are 20 years old or older.

o Four in ten minimum wage earners are the **sole bread winners** for their families.

o We need to make the minimum wage a **living wage** to fight poverty as well as to give impoverished families a real alternative to welfare. Twenty percent of those living on the minimum wage the last time it was raised in 1991 were in poverty, and an additional 13 percent were near poverty.

Some suggested language:

o Women today are struggling to make ends meet and are particularly harmed by keeping the minimum wage down: 59 percent of all minimum wage earners are women.

o By keeping the minimum wage down, Congress is keeping earnings down for women -- specifically 4 million adult women working to pay mortgages or rent or childcare or to pay their household bills.

o A raise helps families get by: A 90 cent increase means $1,800 a year for a full-time worker. For an average family that means:
  - seven months of groceries,
  - four months' rent or mortgage payments,
  - a full year of health care (including prescription drugs),
  - nine months' utility bills,
  - three months' total transportation costs, or
  - more than a year's tuition at a community college.

o A raise in the minimum wage has a real impact on the daily lives of real families: For instance, David and Jennifer Dow in Pennsylvania were forced to choose between diapers for their toddlers and eyeglasses. They went without eyeglasses.

DNC OFFICE OF COMMUNICATIONS
FAX

TO: Chairman Fowler
Chairman Dodd/Michael Powell

Don Baer
Mike McCurry
George Stephanopoulos
Gene Sperling

Ann Lewis

FROM: David Seldin
488-5033

RE: Press Release on Dole's Pay and Minimum Wage

Supporting documents are still in the works, but Eichenbaum wanted to get this out to you as soon as possible – we're looking at either putting this out or holding a news conference tomorrow.

DRAFT

FOR IMMEDIATE RELEASE:
March 29, 1996

Contact: Amy Weiss Tobe
202/488-5037

BOB DOLE SEEKS THE MAXIMUM WAGE FOR HIMSELF, WHILE WORKING FAMILIES' MINIMUM WAGE DROPS

WASHINGTON, DC - With Senate Majority Leader Bob Dole leading the fight against a vote on President Clinton's proposal for a 90-cent increase in the minimum wage, DNC National Chairman Don Fowler charged today that Dole has increased his own salary during his three-and-a-half decades as a Member of Congress while the minimum wage for working families has declined in value dramatically.

"The Majority Leader's gridlock and stonewalling tactics this week should be no surprise," Fowler said. "Bob Dole's spent thirty-five years as a Washington insider caring a lot more about getting the maximum wage for himself than he has about raising the minimum wage for working families.

"It's no wonder Dole was surprised to find out that the economy was going to be a campaign issue," Fowler added. "If working families had gotten as many pay raises as Dole has, they wouldn't be worried either. He has voted more than forty times to increase his own salary and perks, while the value of the minimum wage has declined to its lowest value in forty years. He cast his first vote against a minimum wage increase in his very first year in Congress, and thrity-five years later, he's still going strong."

President Clinton has proposed a 90 cent increase in the minimum wage over the next two years, and Democratic Senators introduced the proposal on the Senate floor earlier this week. Senator Dole rallied his extremist Republican troops to keep it from even coming to a vote.

"The hard-working Americans who get the minimum wage have seen its value fall 27% in the past few years, while Bob Dole earns more from his taxpayer salary every 16 days than they make in an entire year. It's time for Senator Dole to allow a straight up-or-down vote on the minimum wage, so we can give working families a raise,"

# # #

Attached please find a chart detailing changes in Senator Dole's salary and in the minimum wage since his election to Congress, and a year-by-year account of his voting record on these issues.

CABINET AFFAIRS ROUTING SLIP

DATE: 3/28

ACTION/CONCERNCURRENCE/COMMENT DUE BY: ASAP
FOR APPROPRIATE ACTION: ___
FOR YOUR INFORMATION: ___

FROM: STEPHEN B. SILVERMAN
DEPUTY SECRETARY TO THE CABINET
DEPUTY ASSISTANT TO THE PRESIDENT

SUBJECT: MINIMUM WAGE PROPOSAL FOR RADIO ADDRESS

COMMENTS: ~~HOW DO YOU WANT TO HANDLE?~~ 3/30

LEON PANETTA (PALMIERI)	__1FL WW
HAROLD ICKES (SUTTON)	__1FL WW
EVELYN LIEBERMAN (WILDMAN)	__1FL WW
KITTY HIGGINS	X 2fl WW
JOHN ANGELL	__178 OEOB
DON BAER	__GFL WW
KRIS BALDERSTON	__160 OEOB
DAVID BEAUBAIRE	__160 OEOB
JEREMY BEN-AMI	__218 OEOB
EMILY BROMBERG	__106 OEOB
GABRIELLE BUSHMAN	__196 OEOB
[illegible]APLAN	__GFL WW
[illegible]EL DEICH	__209 OEOB
JOHN EMERSON	__106 OEOB
RAHM EMANUEL	__1FL WW
JANICE ENRIGHT	__1FL WW
ERIC EVE	__115 OEOB
T.J. GLAUTHIER	__246 OEOB
MARY ELLEN GLYNN	__GFL WW
MARCIA HALE	__2FL WW
KAREN HANCOX	__GFL W
LARRY HAAS	__253 OEOB
NANCY HERNREICH	__1FL WW
ALEXIS HERMAN	__2FL WW
LEEANN INADOMI	__160 OEOB
TIM KEATING	__2 FL WW
JOHN KOSKINEN	__260 OEOB
MARVIN KRISLOV	__128 OEOB

BOB LITAN	__246 OEOB
MIKE MCCURRY	__1FL WW
ANNE MCGUIRE	__160 OEOB
LORRIE MCHUGH	__1 FL WW
LINDA MOORE	__115 OEOB
JENNIFER O'CONNOR	__1111/2OEOB
TOM O'DONNELL	__2FL WW
KEVIN O'KEEFE	__148 OEOB
JACK QUINN	__2FL WW
VICKY RADD	__125 OEOB
LEE SATTERFIELD	__124 OEOB
WENDY SMITH	__115 OEOB
DOUG SOSNIK	__GFL WW
GENE SPERLING	X 2FL WW
GEORGE STEPHANOPOULOS	__1FL WW
TODD STERN	__GFL WW
STEPHANIE STREETT	__GFL WW
GINNY TERZANO	__GFL WW
BARRY TOIV	__178 OEOB
MICHAEL WALDMAN	X 214 OEOB
ANNE WALLEY	__GFL WW
DAN WEXLER	__117 OEOB
KATHI WHALEN	__139 OEOB

FEMA	DOT	BUDGET	ANNOUNCEMENTS
LIEBERMAN 1WW	HIGGINS 2FL WW	LIEBERMAN 1/WW	LIEBERMAN 1/WW
HIGGINS 2/WW	ANGELL178 OEOB	HIGGINS 2/WW	HIGGINS 2/WW
ANGELL 178 OEOB	DEICH 209 OEOB	HAAS 253OEOB	BAER G/WW
CHOW 107/ EW	HANCOX GFL WW	HANCOX G/WW	ENRIGHT 1/WW
ENRIGHT 1/ WW	LITAN 246 OEOB	MCHUGH G/WW	HALE 2/WW
HALE 2/WW	MCHUGH 1/WW	TERZANO G/WW	HANCOX G/WW
LITAN 246 OEOB	O'CONNOR 111 1/2	WALDMAN 214 OEOB	J. MOFFET 169OEOB
[illegible]RGUIA 112 EW	TERZANO GFL WW	GOLDBERG 2/WW	L. MCHUGH 1/WW
[illegible]ZANO G/WW	TOIV 178 OEOB	TOIV 178 OEOB	PALMIERI 1/WW
[illegible]UGH 1/WW	Moore 115OEOB	MCHUGH 1/WW	TERZANO 1/WW
	Keating 2FLWW		WALDMAN 214OEOB
			MOORE 115OEOB

Scheduling Proposal March 28, 1996

___ACCEPT ___REGRET ___PENDING

TO: Stephanie Streett
Anne Walley

FROM: Kitty Higgins
Alexis Herman
Betsy Myers

REQUEST: To have the President's Radio Address on March 30 focus on the minimum wage and the need to increase it.

PURPOSE: To highlight the President's advocacy for hard-working Americans and raise the public profile for the need of an increase in the minimum wage.

BACKGROUND: An address on this Saturday, March 30, would enable the Administration to take advantage of the April 1 anniversary of the last increase as well as the developments in the Senate this week on minimum wage.

The minimum wage was last increased on April 1, 1991. Public opinion polls show that by a ratio of 4 to 1, Americans support raising the minimum wage. Even 65 percent of white Republican men support an increase in the minimum wage.

The minimum wage is worth less than it used to be: Adjusted for inflation, the minimum wage ($4.25 per hour) is now 29 percent lower than it was in 1979.

Many adults rely on the minimum wage: Almost two-thirds of minimum wage workers are adults and four in ten are the sole bread winners for their families.

Raising the minimum wage is an important issue to women: Nearly two-thirds of minimum wage earners are women.

Increasing the minimum wage would lift a family out of poverty: An estimated 300,000 people would be lifted out of poverty if the minimum wage were raised to $5.15 per hour -- this includes 100,000 children who are currently living in poverty.

PREVIOUS PARTICIPATION: The President has mentioned the minimum wage in previous Radio Address, but has not focused an Address on the importance of raising the minimum wage.

DATE AND TIME: Saturday, March 30

BRIEFING TIME: 5 minutes.

REMARKS REQUIRED: Radio Address.

CONTACT: Bibb Hubbard, 219-8271

The Number and Percent of Workers Who Would Directly Benefit From The President's Proposal To Increase The Minimum Wage From $4.25 to $5.15

	Number of Workers Who Would Get A Raise	Percent of Hourly Workers Who Would Get A Raise
Alabama	241,000	22.3%
Alaska	10,000	6.5%
Arizona	183,000	15.8%
Arkansas	144,000	21.7%
California	1,220,000	16.1%
Colorado	99,000	9.4%
Connecticut	76,000	9.8%
Delaware	20,000	10.4%
District of Columbia	13,000	10.8%
Florida	523,000	15.1%
Georgia	239,000	12.8%
Hawaii	17,000	5.3%
Idaho	50,000	15.9%
Illinois	388,000	12.2%
Indiana	232,000	12.0%
Iowa	122,000	14.1%
Kansas	137,000	19.6%
Kentucky	182,000	17.6%
Louisiana	246,000	24.6%
Maine	41,000	12.2%
Maryland	103,000	8.0%
Massachusetts	136,000	8.5%
Michigan	324,000	11.9%
Minnesota	118,000	8.3%
Mississippi	162,000	25.2%
Missouri	222,000	14.7%
Montana	44,000	19.7%
Nebraska	68,000	14.7%
Nevada	57,000	12.0%
New Hampshire	30,000	8.6%
New Jersey	133,000	7.2%
New Mexico	62,000	15.0%
New York	475,000	12.6%
North Carolina	265,000	13.9%
North Dakota	37,000	22.4%
Ohio	440,000	13.7%
Oklahoma	174,000	24.4%
Oregon	82,000	9.9%
Pennsylvania	430,000	13.1%
Rhode Island	31,000	11.6%
South Carolina	156,000	15.6%
South Dakota	32,000	15.9%
Tennessee	242,000	16.7%
Texas	943,000	20.4%
Utah	69,000	13.1%
Vermont	19,000	11.2%
Virginia	197,000	11.2%
Washington	138,000	9.3%
West Virginia	83,000	19.4%
Wisconsin	209,000	12.2%
Wyoming	25,000	20.2%

Source: Bureau of Labor Statistics. Shaded states have a state minimum wage higher than $4.25.

The Number and Percent of Workers Who Would Directly Benefit From The President's Proposal To Increase The Minimum Wage From $4.25 to $5.15

	Number of Workers Who Would Get A Raise	Percent of Hourly Workers Who Would Get A Raise
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Montana	44,000	19.7%
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North Carolina	265,000	13.9%
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Virginia	197,000	11.2%
Washington	138,000	9.3%
West Virginia	83,000	19.4%
Wisconsin	209,000	12.2%
Wyoming	25,000	20.2%

Source: Bureau of Labor Statistics. Shaded states have a state minimum wage higher than $4.25.

CENTER ON BUDGET AND POLICY PRIORITIES

March 21, 1996

Congress Confronts Minimum Wage Decision Similar to 1989 Decision

Congress is now confronted with a minimum wage decision very similar to the decision it confronted in 1989, when the last minimum wage increase was enacted. Adjusted for inflation, the value of the minimum wage in 1996 is roughly equivalent to its value in 1989 and the primary current proposal to raise the minimum wage is essentially the same as the legislation enacted in 1989 with sweeping bipartisan support. Studies of the 1989 minimum wage legislation, moreover, generally found that it had positive results.

- In 1989, the minimum wage equaled $3.35 an hour. After adjusting for inflation, it was at its lowest level since 1955. Congress voted for and President Bush signed a bill that would raise the minimum wage by 90 cents via two 45 cent increments. This bill passed the House by a vote of 382 to 37 and the Senate by 89 to 8. It received the support of virtually all Democratic members and of about 80 percent of Republican members.

- Inflation has now eroded nearly all of the effects of this increase and the minimum wage has returned to its 1989 level. Adjusted for inflation, a minimum wage of $3.35 an hour in 1989 is equivalent to a minimum wage of $4.24 an hour in 1996.[1]

- The minimum wage is now $4.25 an hour. President Clinton has proposed and legislation has been introduced in the Senate and the House that would raise the minimum wage by 90 cents via two 45 cent increments, as the 1989 legislation did.

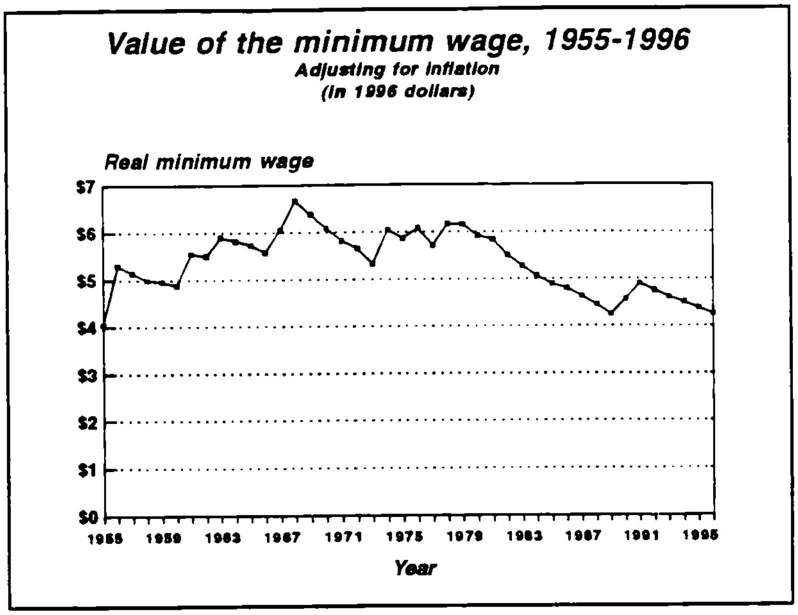
In addition, the economic evidence for a minimum wage increase is, if anything, stronger today than it was in 1989. First, as has been widely documented, the trends of increasing wage and income inequality — and of wage erosion for low-wage workers — have continued.

Second, a series of studies of the federal minimum wage increase in 1989 as well as of state increases above the federal level in the late 1980s and early 1990s found that these increases did not have a significantly adverse effect on employment opportunities but did boost the incomes of affected workers. Not every recent study has reached this conclusion but the preponderance of recent studies has. As Richard Freeman of

[1] This calculation is for the 1989 value of the minimum wage, adjusted for the annual level of inflation. The latest projected inflation rate for 1996 by the Congressional Budget Office is used.

777 North Capitol Street, NE, Suite 705, Washington, DC 20002 Tel: 202-408-1080 Fax: 202-408-1056

Harvard University — long considered one of the nation's preeminent labor economists — concluded in a review article of these minimum wage studies:



> "...at the level of the minimum wage in the late 1980s, moderate legislated increases did not reduce employment and were, if anything, associated with higher employment in some locales.
>
> Studies based on employment across economic units such as states and counties yield more disparate results. Most studies, however, reject the notion that the late 1980s/early 1990s increases had adverse employment effects, and the studies that find adverse effects prior to those increases obtain small elasticities [meaning small employment effects] which confirm the effectiveness of the minimum in redistributing wage income.
>
> ...That moderate increases in the minimum [wage] transferred income to the lower paid without any apparent adverse effect on employment...at the turn of the 1990s is no mean achievement for a policy tool in an era when the real earnings of the less skilled fell sharply."[2]

These new minimum wage studies, as well as the return of the minimum wage to the low level of 1989, has led an increasing number of economists to support a minimum wage increase. An economists statement of support for a minimum wage increase released in the fall of 1995 drew 101 signatories, including seven ex-presidents of the American Economics Association (three of whom had won the Nobel Prize).[3] This type of support from the economics profession for a moderate minimum wage increase was not evident in 1989.

---

[2] Richard B. Freeman, "Minimum Wages — Again!" *International Journal of MANPOWER*, Volume 15, Numbers 2/3, 1994.

[3] The Center on Budget and Policy Priorities and the Economic Policy Institute provided administrative and technical assistance for this statement.

Budget Bulletin

A Weekly Bulletin produced when the Senate is in session by the Senate Budget Committee - Majority Staff

Pete V. Domenici - Chairman
G. William Hoagland - Staff Director
611 Senate Dirksen Building • 202/224-6815

104th Congress, 2nd Session: No. 9

March 18, 1996

INFORMED BUDGETEER

MINIMUM WAGE PRIMER

The Administration's Proposal

- The President has proposed an increase in the minimum wage by 20% from the current $4.25/hour to $5.15/hour. The increase would occur in two increments: $.45 in July 1996 (to $4.70) and another $.45 increase in July 1997 (to $5.15).

- The last minimum wage hike was enacted in 1989 and also put in place two $.45 hikes, in April 1990 and 1991. Prior to this change, the minimum wage had been $3.35/hour since January 1981.

- The following table provides a history of the minimum wage.

HISTORY OF THE MINIMUM WAGE (per hour wage)	
September 1961	$1.15
September 1963	$1.25
February 1967	$1.40
February 1968	$1.60
May 1974	$2.00
January 1975	$2.10
January 1976	$2.30
January 1978	$2.65
January 1979	$2.90
January 1980	$3.10
January 1981	$3.35
April 1990	$3.80
April 1991	$4.25
President's Proposal:	
July 1996	$4.70
July 1997	$5.15

Who Are Minimum Wage Workers?

- According to 1995 Census data, there are: 3.6 million workers earning at or below the minimum wage; and 7.7 million workers earning between the minimum wage and $5.15/hour.

- The same data show that minimum wage workers tend to be:

  --**very young**: 54% are 24 years old or younger;
  --**primarily women** (63%);
  --**part-timer workers** (63%);
  --**food service and retail employees**: 40% work in restaurants, and 67% work in retail services generally;
  --**southern**: 41% are located in southern states, while only 14% are in the northeast, 21% in the west, and 24% in the Midwest;
  --**unskilled**: 39% do not yet have a high school diploma, and another 30% have not gotten a college degree (this is obviously closely related to the age of the workers).

- According to a CBO analysis of 1993 data, most of these workers are not poor and are not the only wage earners in their households.

- Only 15% of minimum wage workers are in households below the poverty line, and 70% are in households with incomes exceeding 150% of poverty; and two-thirds of all minimum wage workers are in households with other wage income.

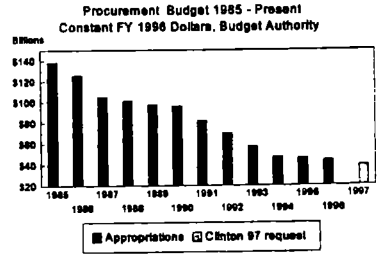
The Real Value of the Minimum Wage

- The minimum wage is not indexed to inflation, so its real value declines over time. The current minimum wage has lost about 13% of its real value since it was last raised in April 1991. If the minimum wage had kept up with inflation since that time, it would be worth about $4.86 today.

- The minimum wage was increased from $1.60 in April 1974 to $3.35 in January 1981, a 109% increase. The 1981 minimum wage would be $5.64 in 1996 if it had kept up with inflation.

PRESIDENT CLINTON'S SHRINKING, AGING DEFENSE FORCE

- Since 1985, the Defense Department's weapons procurement budget has been cut 68%. Last year's appropriation of $43.9 billion compared to $135.7 billion for 1985. Acknowledging the tremendous size of this cut, Defense Secretary Perry told Congress last year that FY 96 would be the bottom of the trough and that FY 1997 would start real increases in the Administration's requests.



- Secretary Perry was wrong. This year's request is $38.9 billion, a new decrease of 11%. Now Secretary Perry is assuring us that there will be real increases from FY 98 to 2002. Fool me once, shame on you; fool me twice, shame on me.

- The effects of this neglect in the Clinton defense plan are becoming clear. DOD Comptroller John Hamre recently told the Senate Appropriations Defense Subcommittee. that the Administration is "not doing very well" on the issue of aging weapons.

- According to DOD figures, most Air Force aircraft, Marine Corps armor, and both Army and Marine Corps helicopters are now, or soon will be, older than what is acceptable for personnel safety and national security..

- Even if the Clinton defense plan is executed without a single cost overrun or schedule slip, the aging problem gets still worse after the year 2002 and the inventory will also begin to shrink.

- The situation in Air Force tactical aviation illustrates this point. The Administration plan is to buy 982 F-22 and JAST aircraft for $86 billion between now and 2013. These purchases will not be at a rate sufficient to replace aging aircraft.

- Average aircraft age will increase from 10 years to 20 by the year 2010 and the inventory will shrink below the 20 tactical fighter wings called for in the Administration's Bottom Up Review.

- In the 1980's, people found it remarkable that the venerable B-52 was older than most of its aircrew. The Clinton defense plan will take this principle and apply it to every branch of our military services. Is this an acceptable procurement strategy for fighting and winning in the 21st century?

- Last year Congress added $4.5 billion to the Administration's procurement request. This year, Congress may have to do more. What should worry budgeteers is that the longer we wait to

February 20, 1996

MEMORANDUM FOR GENE SPERLING

FROM: JON ORSZAG

SUBJECT: Number of People At Minimum Wage

Today, the Bureau of Labor Statistics made data available on the number of people that earned the minimum wage in 1995. Their findings were the following:

- 2.0 million hourly-paid workers earning precisely $4.25 an hour, down from 2.1 million in 1994.
- 3.7 million hourly-paid workers earning $4.25 an hour or less, down form 4.1 million in 1994.
- 9.7 million hourly-paid workers would directly benefit from the President's proposal to increase the minimum wage from $4.25 to $5.15. (That is, 9.7 million earn between $4.25 and $5.14.) That's down from an estimated 10.7 million last year.
- 59 percent of hourly workers directly affected by the President's proposal are women.
- 69 percent of hourly workers directly affected by the President's proposal are adults age 20 and over.

Document No. 110667

WHITE HOUSE STAFFING MEMORANDUM

DATE: 1-20 ACTION/CONCURRENCE/COMMENT DUE BY: 1-21

SUBJECT: Reich Memo on minimum Wage + Radio Address

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	✓		McCURRY		
PANETTA	✓		McGINTY		
McLARTY			NASH		
ICKES	✓		QUINN		
LIEBERMAN	✓		RASCO		
RIVLIN			SOSNIK		
BAER	✓		STEPHANOPOULOS	✓	
CURRY			STIGLITZ		
EMANUEL			STREETT		
GIBBONS			TYSON	✓	
GRIFFIN			WALLEY		
HALE			WILLIAMS		
HERMAN			Sperling	✓	
HIGGINS			Waldman	✓	
KLAIN	✓				
LAKE					
LINDSEY					

REMARKS: Any comment?

RESPONSE:

Staff Secretary
Ext. 6-2702

U.S. DEPARTMENT OF LABOR

SECRETARY OF LABOR
WASHINGTON, D.C.

'96 JAN 30 PM 4:07

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT B. REICH RBR

DATE: JANUARY 26, 1996

SUBJECT: THE MINIMUM WAGE AND YOUR FEBRUARY 3 RADIO ADDRESS

Saturday, February 3, 1996 will mark the first anniversary of your proposal to increase the minimum wage from $4.25 to $5.15 in two increments. Thus, your Saturday radio address on February 3 presents an excellent opportunity to make the case.

Congress' failure to raise the minimum wage by 45 cents in July 1995, the first of the two raises you proposed, has <u>already</u> deprived full-time minimum wage workers of $525. If Congress had passed your proposal, these minimum wage workers could have provided their families with:

- √ food for their home for 3 months; or
- √ 10 months of health insurance premiums; or
- √ 10 months of paid electricity bills; or
- √ a 21-month supply of prescription drugs for ailing parents or sick children.

If Congress continues its refusal to pass your proposed minimum wage increase (the full 90 cents), full-time minimum wage workers will lose an additional $1,425 between now and next February. This additional money would allow these minimum wage workers to provide their families with:

- √ food for their home for nine months; or
- √ complete health care for a year; or
- √ paid utility bills for almost a year; or
- √ one year's tuition at many community colleges.

You might emphasize these human consequences of Congress' inaction by inviting minimum wage families to attend your radio address.

You could also remind Americans that increasing the minimum wage has long had the support of leaders in both parties. The first half of the 90-cent increase you have proposed would simply <u>restore</u> the minimum wage to its value in 1989, when Congress voted in an overwhelming and bi-partisan manner (382-37 in the House, 89-8 in the Senate) to increase the minimum wage, also by 90 cents.

During the 1989 debate over the minimum wage, Senator Dole harshly criticized those who would call for a cut in the capital gains tax but oppose an increase in the minimum wage: "I think that many of us feel that this is not an issue where we ought to be standing and holding up anybody's getting a 30-to-40 cents an hour pay increase, at the same time that we're talking about capital gains. I never thought the Republican Party should stand for squeezing every last nickel from the minimum wage."

Please let me know if you would like to proceed with a radio address on the minimum wage. If so, I'll work with Don Baer and other appropriate staff to prepare the address.

January 18, 1996

MEMORANDUM FOR GENE SPERLING

FROM: JON ORSZAG

SUBJECT: Minimum Wage and the State of the Union

Attached is a sheet of interesting minimum wage statistics from my old haunting grounds: the Chief Economist's Office.

According to the Labor Department, the $525 that a full-time minimum wage worker would have earned--if Congress had raised the floor--is not an insignificant sum for a family struggling to stay afloat. For example, it would pay for health insurance for 11 months, almost a year's electricity bills, or nearly two years of prescription drugs. These concrete examples may be useful for the minimum wage section of the State of the Union Address.

The Minimum Wage Worker in February 1996

Congress' failure to raise the minimum wage by $.45 in July, the first of two equal raises provided for under President Clinton's plan, has so far cost the minimum wage worker $525 in potential income.

Based on expenditure patterns of workers at the minimum wage, $525 would buy a low-income family:

- Health insurance for 11 months
- Footwear for over four years
- Almost an entire year of electricity bills
- Almost two years of prescription drugs
- Over four years worth of life insurance premiums
- Or pay telephone bills for more than a year

Adding insult to injury, the same worker can look today and realize that, unless Congress passes the Clinton Proposal, he or she will lose a further $1425 between now and next February. Today, $1425 would buy a minimum-wage family:

- 1260 gallons of gasoline to take him or her to work and the kids to school
- Complete health care for a year
- Twenty years worth of fuel oil
- Rent for eleven months
- Food at home for almost one year

THE WHITE HOUSE

WASHINGTON

January 22, 1996

MEMORANDUM FOR DON BAER
GEORGE STEPHANOPOULOS
KITTY HIGGINS
GENE SPERLING

CC: Harold Ickes

FROM: Jennifer O'Connor

SUBJECT: Minimum Wage radio address

February 3, 1996 is the first anniversary of the President's proposal to increase the minimum wage. Secretary Reich strongly urges that we devote the Saturday radio address that week to the Republicans' failure to give low-wage Americans a raise. Attached are a fact sheet and talking points from the Department that could be used for a draft of the radio address. What do you think of the idea?

PS -- some of you will likely hear from the Secretary or his staff on this issue.

ANOTHER YEAR OLDER AND DEEPER IN DEBT: CONGRESS' REFUSAL TO INCREASE THE MINIMUM WAGE HURTS WORKING FAMILIES

■ On February 3, 1995, President Clinton proposed increasing the minimum wage by 90 cents in two increments to assure our society's lowest paid workers a living wage. The President's proposal would benefit an estimated 11 million workers .

■ Saturday, February 3, 1995 will mark the first anniversary of the President's proposal and a full year in which the congressional leadership has adamantly refused to give America's low-wage working families a raise.

■ Congress' failure to raise the minimum wage by 45 cents in July 1995, the first of two equal raises proposed by President Clinton, has already deprived minimum wage workers of $525. If Congress had passed the President's proposal, minimum wage families could have :

√ bought food for their home for 3 months; or
√ paid for 10 months of health insurance; or
√ paid 10 months of electricity bills; or
√ bought a 21-month supply of prescription drugs for ailing parents or sick children.

■ If Congress continues its stubborn refusal to pass the President's minimum wage increase (the full 90 cents), minimum wage families will lose an additional $1,425 between now and next February. This additional money would allow a minimum wage family to:

√ buy food for their home for nine months; or
√ pay for complete health care for a year; or
√ pay utility bills for almost a year; or
√ pay one year's tuition at many community colleges.

■ The public overwhelmingly supports the President's call for a living wage for minimum wage workers. A national poll conducted in January 1995 for the Los Angeles Times found that 72% of Americans supported an increase in the wage, confirming a December 1994 Wall Street Journal/NBC News survey that found raising the minimum wage is favored by 75%.

■ Because Congress has refused to adopt the President's proposal, the minimum wage is rapidly approaching its lowest real value in 40 years. The first half of the President's 90 cent proposal would simply restore the minimum wage to its value in 1989, when Congress voted in an overwhelming and bi-partisan manner (382-37 in the House, 89-8 in the Senate) to increase the minimum wage, also by 90 cents.

Dole

■ During the 1989 debate over the minimum wage, Majority Leader Bob Dole harshly criticized those who would call for a cut in the capital gains tax but oppose an increase in the minimum wage: "I think that many of us feel that this is not an issue where we ought to be standing and holding up anybody's getting a 30-to-40 cents an hour pay increase, at the same time that we're talking about capital gains. I never thought the Republican Party should stand for squeezing every last nickel from the minimum wage."

■ Increasing the minimum wage helps working families. Nearly two thirds of minimum-wage workers are adults (64%). The average minimum wage worker brings home half of his or her family's weekly earnings.

■ The President's proposed increase in the minimum wage would increase wages without costing jobs. Over a dozen empirical studies have found that moderate increases in the minimum wage do not have significant effects on employment. Nobel laureate Robert Solow has stated "...the fact that the evidence [of job loss] is weak suggests that the impact on jobs is small."

Economic Policy Institute

1660 L STREET, NW • SUITE 1200 • WASHINGTON, DC 20036 • 202/775-8810 • FAX 202/775-0819

January 18, 1995

Gene Sperling
Old Executive Office Building
1725 17th Street, NW
Washington, DC 20500

Dear Mr. Sperling:

I am pleased to send you a copy of the Economic Policy Institute's latest briefing paper, which reviews new research on the minimum wage by David Neumark, of Michigan State University, and William Wascher, of the Federal Reserve Board.

The briefing paper reports that new data gathered by Neumark and Wascher support earlier findings by David Card and Alan Krueger, of Princeton University, that the 1992 increase in New Jersey's minimum wage did not significantly reduce employment in the state's fast-food industry.

Sincerely,

Lawrence Mishel

Lawrence Mishel
Research Director

Economic Policy Institute **Briefing Paper**

1660 L Street, NW • Suite 1200 • Washington, D.C. 20036 • 202/775-8810

THE MINIMUM WAGE AND JOB LOSS

OPPONENTS OF WAGE HIKE FIND NO EFFECT

by John Schmitt

The minimum wage has found unexpected support in a new quarter. Data from David Neumark and William Wascher, two long-time critics of raising the minimum wage, have vindicated an important study that found that a moderate increase in the minimum wage did not reduce employment.

The original study, by Princeton professors David Card and Alan Krueger,[1] looked at data from the New Jersey fast-food industry after the state raised the minimum wage in 1992. It received heavy criticism in the spring and summer of 1995 after the Employment Policies Institute, a research organization funded by a cross-section of manufacturers, restaurants, and retailers, charged that Card and Krueger's findings were the product of mistakes in the two economists' data-gathering procedures.[2] The Employment Policies Institute gathered its own data on a small group of fast-food restaurants and made them available to economists Neumark, of Michigan State University, and Wascher, of the Federal Reserve Board. Neumark and Wascher have since evaluated the Employment Policies Institute data, plus a separate sample that the two researchers collected themselves, in three versions of a paper that reexamines the Card and Krueger study.[3] The most recent version, which separately analyzes the Card and Krueger data, the Employment Policies Institute data, and Neumark and Wascher's own data, shows that *the Card and Krueger data and the Neumark and Wascher data reach the same conclusion: the April 1992 increase in New Jersey's minimum wage did not reduce employment in the state's fast-food industry.* According to Neumark and Wascher's analysis, only the small sample of data obtained by the Employment Policies Institute, using a selection method the organization has not disclosed, indicate a measurable negative effect of the minimum wage on employment.

THE CARD AND KRUEGER STUDY

In September 1994, the *American Economic Review* published the results of a study conducted by Card and Krueger on the effects of the 1992 increase in New Jersey's state minimum wage. Card and Krueger found that the increase, from $4.25 to $5.05 per hour (an 18.8% jump), had no effect on employment in a large sample of the state's fast-food restaurants, a business long thought to be especially sensitive to the level of the minimum wage.[4]

The study received widespread attention, not because its findings were unusual (most studies since the mid-1980s have found that moderate increases in the minimum wage have little or no impact on employment[5]), but because its methodology was so careful and convincing. Card and Krueger surveyed 331 fast-food restaurants in New Jersey and 79 restaurants in eastern Pennsylvania in the two months before the April 1, 1992 increase. They then reinterviewed the same restaurants about eight months later. The study's unique design allowed them to use the restaurants in eastern Pennsylvania, where the minimum wage did not increase, as a control group to gauge the response of the New Jersey restaurants. By comparing changes in employment in the two states (a procedure they referred to as "differences-in-differences"), Card and Krueger were able to estimate the employment effects of the New Jersey increase. Using this approach, they found that the differences in employment growth between the two states were not statistically significant. They concluded, therefore, that the minimum-wage increase did not lower employment in New Jersey.

Card and Krueger also performed a "wage gap" test, which involved comparing employment changes in restaurants with different initial pay rates. They reasoned that, if the minimum-wage hike were adversely affecting employment, then employment would fall more in the restaurants that had to increase pay rates more. As with the better-publicized "differences-in-differences" test, Card and Krueger's "wage gap" test detected no negative effect of the minimum wage on employment.

In addition, the study examined the impact of raising the minimum wage on other aspects of restaurant performance, including potential substitution between full- and part-time employees, wage growth within firms, nonwage compensation, food prices, opening hours, and the rate of new store openings. The analysis of these related issues did not alter their conclusion that the wage increase had no measurable effect on fast-food employment.

THE EMPLOYMENT POLICIES INSTITUTE RESPONSE

In March 1995, Richard Berman, the executive director of the Employment Policies Institute, wrote an op-ed piece for the *Wall Street Journal* charging that Card and Krueger's data were "worse than flawed." His principal criticism was that Card and Krueger's telephone survey produced responses that, he alleged, were "grossly inaccurate."[6] Payroll data that his organization collected from 71 New Jersey and Pennsylvania fast-food restaurants, he said, showed much smaller variations in employment than those implied by Card and Krueger's data.[7,8] Berman argued that since payroll data are inherently more accurate than a telephone survey, economists and policy makers should discard the Card and Krueger results in favor of those obtained with his new data, which, according to Berman, showed that the minimum-wage increase reduced employment in New Jersey.

Berman's *Wall Street Journal* piece cited a March 1995 analysis of the Employment Policies Institute payroll data by Neumark and Wascher (1995a), the only researchers so far given access to the data. Neumark and Wascher used the Employment Policies Institute data to replicate some of the statistical tests performed by Card and Krueger. After comparing employment changes in Pennsylvania with those in New Jersey, Neumark and Wascher concluded that the increase in New Jersey's minimum wage had reduced employment in the state's fast-food industry. The results, however, were not statistically well-defined. While the payroll data indicated slower growth in employment in New Jersey relative to Pennsylvania (employment actually increased in both states), the changes were not sufficiently clear-cut to rule out the possibility that the employment differences were due solely to chance.[9] Further, the separate "wage gap" test, which compared employment changes across firms with different initial wage levels, found no significant effect on employment, further undermining the claim that the data showed significant relative employment declines.[10] Overall, following conventional statistical criteria, the Neumark and Wascher results using these Employment Policies Institute data did not differ from Card and Krueger's original findings.[11]

While opponents of the minimum wage, who were less concerned with the fine points of statistical analysis, made a great deal of Neumark and Wascher's research, the study failed to land a blow when judged by the criteria of the economics profession. The fundamental problems with the Employment Policies Institute sample centered on concerns about the validity of the data and the survey methodology used to collect them.

As Neumark and Wascher noted in the second draft of their paper, "[b]ecause the [Employment Policies Institute] has a stake in the outcome of the minimum wage debate...it has been suggested that [it] may have provided us with data that were falsified so as to undermine [Card and Krueger's] results."[12]

Separately, the small sample size—just 71 restaurants, or only about 15% of those in the original Card and Krueger sample frame—raised important questions about the survey method used to collect the data. The Employment Policies Institute did not provide a description of how it identified, contacted, and questioned restaurants in the Card and Krueger sample frame. In the absence of such a description, independent economists could not rule out that problems with "selection bias" or "response bias" might invalidate statistical inferences based on the data. The Employment Policies Institute, for the reasons that Neumark and Wascher alluded to, may have "cherry-picked" restaurants to create a sample where employment increases were large in Pennsylvania and small in New Jersey ("selection bias"). Even filling the sample with restaurants whose owners or managers were simply better known to the surveyors could have inadvertently induced selection bias if these restaurants varied systematically from those not as well known to the Employment Policies Institute. Alternatively, if the Employment Policies Institute did contact most or all of the 473 restaurants in the Card and Krueger sample frame, but received responses from only 80 of these restaurants (versus 410 for Card and Krueger), then the data could suffer from "response bias": those restaurants that chose to respond may have been the ones most negatively affected by the minimum wage, while managers at stores that were not adversely affected may have chosen not to take the time to follow up.[13]

SUBSEQUENT VERSIONS FROM NEUMARK AND WASCHER

To address the credibility of their data and problems stemming from the small sample size, Neumark and Wascher set out to verify the Employment Policies Institute data and, separately, to collect their own payroll data from a larger group of restaurants.[14] They have not, however, reported in any versions of their paper how the Employment Policies Institute chose restaurants for inclusion in its initial sample of 71 restaurants or in its expanded sample of 80 restaurants used in the August and November versions of their study.

In August 1995, Neumark and Wascher issued a second draft of their paper.[15] This version used the original Employment Policies Institute payroll data combined with newly available information from the Employment Policies Institute on nine additional restaurants plus new data gathered by Neumark and Wascher from another 150 restaurants. Pooled together, these data yielded stronger results than those in the March version. The magnitude of the negative employment effects in the cross-state comparisons (the "differences-in-differences" tests) were similar to those in the first draft, but, with the additional data, the new results were now statistically significant. (The "wage gap" tests, based on different initial wage levels across restaurants, still showed that the minimum-wage increase had no significant effect on employment.[16] Neumark and Wascher write that, "we do not regard our evidence on this point to be as reliable as the direct ['differences-in-differences'] comparisons" because the payroll data did not include information on restaurant starting wages.[17])

In November 1995, however, Neumark and Wascher released a third draft of their paper. This latest account includes important, new details on the expanded data set used in the second draft. The new information raises serious questions about the validity of the data originally supplied by the Employment Policies Institute and directly contradicts the view that Neumark and Wascher's results demonstrate that the New Jersey minimum-wage increase lowered employment.

In the most recent version, Neumark and Wascher reproduce Card and Krueger's original statistical tests separately for a sample of 71 restaurants[18] gathered by the Employment Policies Institute and the full sample of 150 restaurants that Neumark and Wascher collected themselves. The Employment Policies Institute data (see column 1 in the following table) show negative employment effects (-0.95 full-time equivalent workers, or FTEs) that are almost twice as large as in the Neumark and Wascher data (-0.50 FTEs). The Employment Policies Institute estimate, based on data from 71 restaurants, is just shy of being statistically significant (at the 5% level in a two-tailed test). The corresponding estimate from Neumark and Wascher's data, which is drawn from a sample of 150 observations, however, is not statistically significant by any standard. In short, *Neumark and Wascher's larger, independent sample shows a small, negative employment effect that is neither statistically significant nor economically meaningful. With their data, we cannot rule out that chance alone accounts for the differences in employment growth in Pennsylvania and New Jersey.*[19]

Another striking feature of the comparison is that the estimate using Neumark and Wascher's data is *less* statistically significant than the one obtained with the much smaller Employment Policies Insti-

Estimates of Relative Full-Time Equivalent Employment Growth in New Jersey

	Data collected by:	
	Employment Policies Institute (1)	Neumark and Wascher (2)
Coefficient (s.e.)	-0.95 (0. 48)	-0.50 (0.46)
Confidence Interval (95%)	-1.94 to +0.01	-1.41 to +0.41
Number of Restaurants	71	150

Notes:

1. The coefficient and standard error estimates in column 1 are taken from Neumark and Wascher (1995c, Table 7), and represent the estimate of regression-adjusted, relative employment growth in New Jersey based on the averages of available payroll observations.
2. The coefficient and standard error estimates in column 2 are taken from Neumark and Wascher (1995c, 17).
3. The Employment Policies Institute sample used in column 1 excludes data from nine Wendy's company-owned restaurants in Pennsylvania, which Neumark and Wascher omitted from the comparison with their own data since the Employment Policies Institute "obtained data on all of these restaurants" and, therefore, "we cannot do any comparison with the data we collected." (See note to Neumark and Wascher (1995c), Table 7.)
4. It is not possible to calculate corresponding employment-to-minimum-wage elasticities from the information reported in Neumark and Wascher (1995c), since they do not provide mean restaurant employment for these specific samples.
5. The Employment Policies Institute estimate in column 1 is not quite statistically significant at the 5% level using a two-tailed test. The 95% confidence interval calculated in column 1 is the estimated coefficient plus or minus its standard error times $t_{0.975}$ evaluated at the appropriate number of degrees of freedom. In this case, the confidence interval is equal to -0.95 ± (1.99 x 0.48). This range just includes zero.

tute sample. If the two samples were drawn from the same population, the Neumark and Wascher results should be *more*, not less, significant.[20] Despite the different estimates of the employment effects and their corresponding statistical significance, Neumark and Wascher argue that the two samples can be combined and analyzed as a single data set. The pooling of the two data sets is legitimate, they contend, because the two estimated-employment effects are not statistically different from one another.

This argument, however, is weak. First, it relies on making a virtue out of a vice. It is the relatively large standard errors of the two estimates that allow us to conclude that the estimates themselves aren't significantly different. (We already know that the standard error in the Neumark and Wascher data is large enough to make it impossible to exclude zero as a reasonable estimate of the corresponding employment effects.) Second, and more fundamentally, the decision to combine the two samples relies on a weak statistical test of the comparability of the two data sets. In essence, given the divergent results obtained using the two samples, we would like to know whether the two employment-effect estimates come from the same underlying distribution. Neumark and Wascher, however, only test whether those distributions have the same mean. Given the central role that Neumark and Wascher and others have attributed to the variances of the distributions,[21] a joint test of whether the two samples have the same mean and variance, or at least a separate test of the equivalency of the variances of the two samples, is stronger and more appropriate. That the standard errors of the employment-effect estimates are very similar across the two samples, despite a doubling of the sample size from one to the other, suggests that the two distributions are not similar. In fact, when we perform a simple statistical test of whether the two samples have the same residual variance (based solely on information presented in the third version of the paper), we conclude that it is most unlikely that the two samples are from the same underlying population. In fewer than one in one hundred cases would we expect to see two samples from the same population with variances that are as different as those in the Employment Policies Institute and Neumark and Wascher samples.[22]

Separately, Neumark and Wascher's "wage gap" tests, even in the pooled data set, continue to find no statistically significant reduction in employment in New Jersey restaurants affected by the minimum wage.[23]

CONCLUSION

The Employment Policies Institute's sampling procedure, which neither the organization nor Neumark and Wascher have outlined, could easily have induced selection or response bias. That results differ so markedly between the Employment Policies Institute sample on the one hand and the samples gathered independently by both Neumark and Wascher and Card and Krueger on the other suggests that the organization's survey method may, in fact, have biased the results obtained. To date, the Employment Policies Institute has not followed through on its commitment, made by Richard Berman last June in the *Washington Times*, to make the data available to researchers other than Neumark and Wascher.[24] Until the data and the process used to obtain them are made public, we will not be able to determine what accounts for the widely divergent results obtained using the Employment Policies Institute payroll data.

Basic statistical tests indicate beyond any reasonable doubt that the Employment Policies Institute data differ systematically from those of Neumark and Wascher. This difference raises serious questions about the validity of the Employment Policies Institute data and, therefore, about any judgments reached using them. Neumark and Wascher's conclusion that the 1992 increase in the New Jersey minimum wage reduced employment in the state's fast-food restaurants depends entirely on the 80-restaurant data set supplied by the Employment ~~Policies Institute~~. The ~~two data~~ sets collected independently of the Employment Policies Institute—Card and Krueger's 410-restaurant sample and Neumark and Wascher's own 150-restaurant sample— both find ~~no evidence that the~~ increase in the New Jersey minimum wage reduced employment in the state's fast-food industry.

January 1996

ENDNOTES

1. Card and Krueger (1994). This study formed the basis of a chapter in Card and Krueger (1995).
2. See Berman (1995a).
3. Neumark and Wascher (1995a, 1995b, 1995c).
4. Some on both sides of the minimum-wage debate have claimed that the study finds a positive relationship between fast-food employment and the level of the minimum wage. Card and Krueger's (1994) own reading is that they "find no indication that the rise in the minimum wage reduced employment" (p. 772).
5. See, for example: Wellington (1991); Card (1992a, 1992b); Katz and Krueger (1992); Spriggs and Klein (1994); and Belman and Wolfson (1995).
6. See Berman (1995a).
7. The Employment Policies Institute could not match its sample exactly with restaurants in the original Card and Krueger sample because confidentiality requirements prevented Card and Krueger from providing addresses for individual restaurants. The Employment Policies Institute, therefore, chose restaurants located in the three-digit zip code blocks identified in Card and Krueger's sample.
8. Berman's piece and many others in the business and popular press (see, for example, Paul Craig Roberts (1995)) focused on the high variance in the Card and Krueger telephone survey relative to the payroll data gathered by the Employment Policies Institute and, subsequently, by economists David Neumark and William Wascher. Statistically speaking, however, high variance should not bias the employment estimates in one direction or the other. The very low response rate in the Employment Policies Institute data (about 15% of the 473 restaurants in the Card and Krueger sample frame, in the March version of the Neumark and Wascher paper, rising to 17% for the August and November versions) could, however, have introduced response bias. See Babbie (1973) for a discussion of survey sampling issues.
9. The t-statistic for the estimate of the employment change was -1.75. The critical value for a two-tailed, 5%-significance-level test with 47 degrees of freedom is approximately 2.00. The t-statistic is significant at the 10% level (critical value, approximately 1.67).
10. See Neumark and Wascher (1995a), Table 5. The t-statistic in this test was about -1.00.
11. Neumark and Wascher's (1995a) analysis and two subsequent versions of the paper (1995b, 1995c) also suffered from a separate, fundamental, conceptual problem concerning the difference between total employees, total employee-hours, and full-time-equivalent employees. For clarity's sake, here we use Neumark and Wascher's terminology and discuss their data as though it reflected restaurant *employment*, rather than total *hours* worked in each restaurant in each pay period. The difference is extremely important. Neumark and Wascher's data only speak to changes in total hours worked in each restaurant. Even if their sample were scientifically valid, it would show only that the 18.8% increase in the minimum wage reduced *hours worked* in the restaurants by 4.6%. A worker moving from the old minimum wage to the new minimum wage would still earn about 14% more per week even after his or her hours were cut by 4.6% (say, from 21 to about 20 hours per week). Card and Krueger collected data on the number of part-time and full-time employees at each restaurant.
12. Neumark and Wascher (1995c, 16).

14\. See Babbie (1973) for a discussion of issues in survey methodology.

14\. Neumark and Wascher described the procedure they used to check the Employment Policies Institute data in the August version of their paper: "The Employment Policies Institute...was involved in the initial data collection, and supplied us with data on the 71 Burger King and Wendy's franchises used in the earliest version of this study. Because the [Employment Policies Institute] has a stake in the outcome of the minimum wage debate, we took a number of steps to confirm the validity of the data....First, we spoke with each franchise owner who supplied data and verified that they provided numbers from their payroll databases....Second, we requested and received signed statements from each franchisee attesting to the veracity of their data; these statements included a transcription of the actual payroll data....Finally, to protect against the possibility that [the Employment Policies Institute] withheld data on restaurants for which the results were consistent with [Card and Krueger's] results, we contacted every franchisee in the *Chain Operators Guide*, to verify that franchisees had not supplied data to the [Employment Policies Institute] which were not subsequently supplied to us" (Neumark and Wascher (1995b, 5).

15. Neumark and Wascher (1995b).

16. See Neumark and Wascher (1995b), Table 5. The t-statistics in the two tests reported are -1.46 and -0.96.

17. Neumark and Wascher (1995b, 16).

18. The Employment Policies Institute provided Neumark and Wascher with data on a total of 80 restaurants. Neumark and Wascher report separate results only for a subsample of 71 of these 80 restaurants. The nine excluded restaurants are Wendy's company-owned stores in Pennsylvania, omitted, according to Neumark and Wascher, because the Employment Policies Institute "obtained data on all of these restaurants" and, therefore, "we cannot do any comparison with the data we collected" (1995c, Table 7).

19. We cannot calculate an exact elasticity from the data provided in the papers because Neumark and Wascher do not directly report mean restaurant employment for any of the subsamples in any of the versions of their paper. By comparison with other elasticity estimates in the final version of the paper, the relative employment change in New Jersey of -0.50 in Neumark and Wascher's own 150-restaurant sample appears to translate roughly to an elasticity of about -0.1. The confidence interval for this estimate includes zero and even positive elasticities. The economic impact on employees of such changes are decidedly positive if the adjustments take place in hours instead of employment. Employees would then work fewer hours per week and receive higher weekly paychecks. See the discussion of Neumark and Wascher's hours data in note 11.

20. More precisely, when the sample size more than doubles (from 71 to 150) the t-ratio in the employment-effects estimates *falls* from just under 2 to just over 1. The expected value, however, of the t-ratio in the 150 restaurant sample is 45% *higher* than in the 71-restaurant sample ($\sqrt{150}/\sqrt{71}$).

21. See Neumark and Wascher (1995a, 5-10); (1995b, 7-12); (1995c, 4-8).

22. The ratio of the residual variances in the two employment-effects estimates, measured by the ratio of each sample size times the corresponding regression standard errors squared, is distributed as an F-statistic under the null hypothesis that the sample variances are identical. From Neumark and Wascher's Table 7 and their text (p. 17), we construct the statistic as: $150*(0.46)^2/71*(0.48)^2 = 1.94$. The probability-value of this F-statistic is 0.003. (For a complete description of the test, see Ott (1977, 346-8).) This test relies solely on information in the tables and text of the third version of the paper. To date, neither the Employment Policies Institute nor Neumark and Wascher have made their data available to the public, despite Richard Berman's promise to do so in the *Washington Times* on June 12, 1995. Access to the Employment Policies Institute and Neumark and Wascher data would allow more careful and comprehensive independent analysis of the Neumark and Wascher findings. Card and Krueger have made their data available to Neumark and Wascher and other investigators. The Card and Krueger data are also available by anonymous ftp through the Internet.

23. See Neumark and Wascher (1995c), Table 5. These results are identical to those in the second draft of Neumark and Wascher (1995b).

24. Berman (1995b), writing in June 1995, urges Card and Krueger "to apply their sophisticated statistical methods to the complete data set of actual payroll records, which will be fully released with the Neumark-Wascher study next month."

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January 18, 1996

MEMORANDUM FOR GENE SPERLING
LISA LYNCH

FROM: JON ORSZAG Jon .

SUBJECT: Congressional Pay and the Minimum Wage

I know, it's a recycled statistic. But it still works:

- By the close of business on Wednesday, January 24th, a Member of Congress will have earned more in 1996 than a full-time minimum wage worker will earn all year long.*

* NOTE: A Member of Congress earns $133,600 per year, while a full-time, year round minimum wage worker earns $8,500 per year. Therefore, a minimum wage worker earns 6.4% of what a Congressman does. If a Member of Congress works the typical 250-day year, then it takes 16 days for him or her to earn more than $8,500. If Tuesday, January 2nd is counted as day one, and weekends and Martin Luther King Day are not counted, the pre-tax earnings of a Member of Congress surpasses the year-long pre-tax earnings of a full-time minimum wage worker on January 24th.

November 25, 1995

MEMORANDUM FOR LAURA TYSON

cc: Harold Ickes; Doug Sosnik; Gene Sperling

FROM: JE John Emerson

SUBJ: California Minimum Wage Initiative

As we discussed earlier this month, organized labor and key legislators in California (lead by SEIU) just filed with the State Attorney General an initiative that would increase the minimum wage, for inclusion on the November, '96 ballot. The proponents are currently shopping the initiative for funding and political support. The question for us is whether the President can support their initiative, which increases the minimum wage in California above the amount that has been recommended by the Administration.

The initiative would increase the minimum wage in California from its current $4.25 an hour to $5.00 an hour effective March 1, 1997, and to $5.75 an hour effective March 1, 1998. There are no escalator clauses or COLA provisions.

Thanks for your guidance.

Pauline 456 2223

Remarks prepared for
U.S. Secretary of Labor Robert B. Reich

Women Work! The National Network
for Women's Employment
Washington, D.C.

November 7, 1995

The Case for Raising the Minimum Wage

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These are the country's invisible workers. Their ranks claim one in 10 working Americans. They are working harder than ever before, struggling to make ends meet. They hope their families stay healthy, because they can't afford to see a doctor. They hope the rent doesn't go up, because they can't afford to move. They hope that interest rates don't rise, because they're already too deep in debt.

I know these people: Thirty-five-year-olds forced to move back in with their parents because they can't pay the rent. Laid-off 55-year-olds pushed down the economic ladder, forced to become sales clerks at suburban discount stores. Single mothers who can't afford child care, yet must work overtime just to keep food on the table.

I've heard their stories many times. But, as we prepare to take the battle to raise the minimum wage to Congress in the coming weeks, I want to hear from more minimum-wage workers: What is it like to try to live on an annual income that every member of Congress earns in barely three weeks? President Clinton has proposed a 90-cent raise, from $4.25 to $5.15 an hour. How would that help workers and their families?

As you know, there are those whose voices are heard loud and clear in Washington, powerful groups who can spend millions of dollars on lobbyists. Then, there are the rest of Americans -- who don't have the money to get their voices heard.

That is why we are launching today an 800 number for minimum-wage workers to talk about these questions: 1-800-786-4975. It will take calls through November 17. You can also e-mail us. We will bring these stories to Capitol Hill when the Senate Labor Committee holds hearings on raising the minimum wage.

Low-wage workers -- three-fifths of them women, and 39 percent the sole breadwinners in their families -- are those whose lives would be boosted by the President's proposal to increase America's minimum wage over two years. Contrary to popular stereotypes, most people working at the minimum wage are not middle-class high-school students flipping burgers at the local fast-food restaurant. In fact, only one in eight Americans earning between $4.25 and $5.15 are teen-agers in families with above-average earnings. The typical worker who would be affected by the President's proposal brings home half of his or her family's weekly earnings.

Someone who works full time -- 40 hours a week, 50 weeks a year -- at the minimum wage earns only $8,500. This is simply not enough to support a family. The minimum wage is not a livable wage. Its real value today is 27 percent lower than it was in 1979. If it's not increased this year, it will be worth less than at any time in 40 years.

Raising the minimum wage is only one part of this Administration's strategy to improve Americans' living standards. Our package has three main components which distinguish it from both the tried-and-false trickle-down theories of the Republican leadership and the protectionism-cum-immigrant bashing of Pat Buchanan and others. One, we must make work pay: This means not only raising the minimum wage, but preserving and expanding the Earned Income Tax Credit. Two, we need more education and job training to give Americans the tools they need to succeed in the new economy. And, three, we must build a new social contract between workers and business in which workers get their fair share of profits and economic growth.

The plight of low-wage workers betrays fundamental American ideals of justice and decency. It also betrays our society's historic promise that those who work hard will have the opportunity to better their living standards and those of their children.

However, the circumstances of minimum-wage workers and millions of other low-wage workers are emblematic of a more fundamental problem with America's economy -- the widening wage gap.

Economic growth and productivity are much rising, and the great American jobs machine is humming. That's good news. But for many Americans, the road to prosperity has been like permanent bumper-to-bumper traffic where almost no one gets ahead. Since 1979, the inflation-adjusted income of the top 5 percent of households grew by almost 40 percent, but real median earnings for full-time workers have fallen by 2 percent.

Study after study -- by independent economists, international organizations and the government -- has revealed that inequality, in income and wealth, has grown significantly during the last 15 to 20 years. The United States is now the most stratified major developed country in the world.

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Even these statistics fail to tell a big part of the story. Living standards, or people's sense of well-being, are hardly a function of paychecks alone. Declining or vanishing medical and pension benefits do not show up in the income reports that the Department of Labor issues.

Nor does overwork: Although millions of Americans are unemployed or working part-time not by choice, millions more are working ever longer hours at their jobs or "moonlighting" at second and third jobs -- just to pay the bills. The total number of hours worked by families has edged upwards during the last generation.

The influx of women into the work force has accounted for much of this increase, as two-income households have become the norm. In many ways, this does represent social progress. Yet, if millions of these women did not work outside the home -- as their mothers and grandmothers did not -- tens of millions of American families would be catapulted downward into poverty. The loss of leisure for countless Americans, and the even-harder-to-measure loss of time for working husbands and wives, and parents and children, to spend together or serving their communities are incalculable and tragic.

"Family values" is a phrase much bandied about these days. Some would have us believe there are two kinds of families in America -- the saintly and the sinful. One kind works hard and is a model of moral rectitude. The other kind runs wild and lives off welfare.

But here are the facts: Almost all families work. Mothers with small children work. Fathers work. Many teen-age children work to boost their families' incomes. Most African-American families work. Most Hispanic families work. Most immigrant families work. Most poor families, including those on food stamps, work. And, as I have said, most are working harder than ever for less.

The Clinton Administration has made increasing family wages central to its agenda. We have increased the Earned Income Tax Credit. We have expanded education and job training so that American workers have the skills to thrive in a global economy driven by ever new technologies. We have called for a new social contract between business and workers. And we have fought -- and will continue to fight -- to raise the minimum wage.

Yet there are those who are mounting a concerted fight against all those initiatives.

Myth: Raising the minimum wage wipes out jobs. Fact: More than a dozen independent studies have shown that moderate minimum-wage increases have almost no effect on employment.

Myth: Raising the minimum wage hurts minorities. Fact: African-Americans and Hispanics are over-represented in the minimum-wage workforce, and an increase will actually benefit them.

Myth: This is a partisan issue. Fact: We all agree that work is better than welfare. If we are serious about welfare reform, we must make work an attractive alternative. To do that, we must make work pay. And polls show that three-fourths of Americans support an increase.

The last time the minimum wage was increased -- during the Bush Administration -- it passed the Senate by 89-8 and the House by 382-37, and a majority of Republicans voted yes. Including one Republican named Newt Gingrich and another Republican named Bob Dole.

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First, there's room for a raise. Economic growth and profits are up.

Second, even more simply, values do matter: Corporations must not debase our nation for the sake of profits. They have a moral responsibility to pay working men and women livable wages for American families.

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THE WHITE HOUSE
WASHINGTON, D.C. 20500

DATE: 11-7-95

TO: Gene

FROM: Staff Secretary

Here's letter supporting min. wage increase from 101 economists.

Todd

Statement of Support for a Minimum Wage Increase

As economists who are concerned about the erosion in the living standards of households dependent on the earnings of low-wage workers, we believe that the federal minimum wage should be increased. The reasons underlying this conclusion include:

- After adjusting for inflation, the value of the minimum wage is at its second lowest annual level since 1955. The purchasing power of the minimum wage is 26 percent below its average level during the 1970s.

- Since the early 1970s, the benefits of economic growth have been unevenly distributed among workers. Raising the minimum wage would help ameliorate this trend. The positive effects of the minimum wage are not felt solely by low-income households, but minimum wage workers are overrepresented in poor and moderate-income households.

- In setting the value of the minimum wage, it is of course appropriate to assess potential adverse effects. On balance, however, the evidence from recent economic studies of the effects of increases in federal and state minimum wages at the end of the 1980s and in the early 1990s — as well as updates of the traditional time-series studies — suggests that the employment effects were negligible or small. Economic studies of the effects of the minimum wage on inflation suggest that a higher minimum wage would affect prices negligibly.

- Most policies to boost the incomes of low-wage workers have both positive and negative features. And excessive reliance on any one policy is likely to create distortions. The minimum wage is an important component of the set of policies to help low-wage workers. It has key advantages, including that it produces positive work incentives and is administratively simple. For these and other reasons, such as its exceptionally low value today, there should be greater reliance on the minimum wage to support the earnings of low-wage workers.

We believe that the federal minimum wage can be increased by a moderate amount without significantly jeopardizing employment opportunities. A minimum wage increase would provide a much-needed boost in the incomes of many low- and moderate-income households. Specifically, the proposed increase in the minimum wage of 90 cents over a two-year period falls within the range of alternatives where the overall effects on the labor market, affected workers, and the economy would be positive.

Signatories to Economists Statement of Support for a Minimum Wage Increase

Aaron, Henry — Brookings Institution
Abramovitz, Moses — Stanford University
Allen, Steven G. — North Carolina State University
Altonji, Joseph G. — Northwestern University
Appelbaum, Eileen — Economic Policy Institute
Arrow, Kenneth J. — Stanford University
Bartik, Timothy J. — Upjohn Institute
Bator, Francis M. — Harvard University
Bergmann, Barbara — American University
Blanchard, Olivier — Massachusetts Institute of Technology
Blanchflower, David — Dartmouth College
Blank, Rebecca — Northwestern University
Bluestone, Barry — University of Massachusetts Boston
Bosworth, Barry — Brookings Institution
Briggs, Vernon M. — Cornell University
Brown, Clair — University of California at Berkeley
Browne, Robert S. — Howard University
Burtless, Gary — Brookings Institution
Burton, John — Rutgers University
Chimerine, Lawrence — Economic Strategy Institute
Danziger, Sheldon — University of Michigan
Darity, William Jr. — University of North Carolina
DeFreitas, Gregory — Hofstra University
Diamond, Peter A. — Massachusetts Institute of Technology
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Eisner, Robert — Northwestern University
Ferguson, Ronald F. — Harvard University
Faux, Jeff — Economic Policy Institute
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Galbraith, John Kenneth — Harvard University
Garfinkel, Irv — Columbia University
Gibbons, Robert — Stanford University
Glickman, Norman — Rutgers University
Gordon, David M. — New School for Social Research
Gordon, Robert J. — Northwestern University
Gramlich, Edward — University of Michigan
Gray, Wayne — Clark University
Harrison, Bennett — Harvard University
Hartmann, Heidi — Institute for Women's Policy Research
Haveman, Robert H. — University of Wisconsin
Heilbroner, Robert — New School for Social Research
Hirsch, Barry T. — Florida State University
Hirschman, Albert O. — Princeton University
Hollister, Robinson G. — Swarthmore College
Holzer, Harry J. — Michigan State University
Howell, David R. — New School for Social Research
Hurley, John — Jackson State University
Jacoby, Sanford M. — University of California at Los Angeles

Kahn, Alfred E. — Cornell University
Kamerman, Sheila B. — Columbia University
Katz, Harry C. — Cornell University
Katz, Lawrence — Harvard University
Klein, Lawrence R. — University of Pennsylvania
Kleiner, Morris M. — University of Minnesota
Kochan, Thomas A. — Massachusetts Institute of Technology
Lang, Kevin — Boston University
Lester, Richard A. — Princeton University
Levy, Frank — Massachusetts Institute of Technology
Lindbloom, Charles E. — Yale University
Madden, Janice F. — Univeristy of Pennsylvania
Mangum, Garth — University of Utah
Margo, Robert — Vanderbilt University
Markusen, Ann — Rutgers University
Marshall, Ray — University of Texas at Austin
Medoff, James L. — Harvard University
Meyer, Bruce — Northwestern University
Minsky, Hyman P. — Bard College
Mishel, Lawrence — Economic Policy Institute
Montgomery, Edward B. — University of Maryland
Murnane, Richard J. — Harvard University
Musgrave, Peggy B. — University of California at Santa Cruz
Musgrave, Richard A. — University of California at Santa Cruz
Nichols, Donald — University of Wisconsin
Ooms, Van Doorn — Committee for Economic Development
Osterman, Paul — Massachusetts Institute of Technology
Packer, Arnold — Johns Hopkins University
Papadimitriou, Dimitri B. — Jerome Levy Economics Institute
Perry, George L. — Brookings Institution
Peterson, Wallace C. — University of Nebraska at Lincoln
Pfeifer, Karen — Smith College
Piore, Michael — Massachusetts Institute of Technology
Polenske, Karen — Massachusetts Institute of Technology
Quinn, Joseph — Boston College
Reich, Michael — Univeristy of California at Berkeley
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Smolensky, Eugene — University of California at Berkeley
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Summers, Anita A. — University of Pennsylvania
Summers, Robert — University of Pennsylvania
Tobin, James — Yale University
Vickrey, William — Columbia University
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Kleiner, Morris M. — University of Minnesota
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Scherer, F.M. — Harvard University
Schor, Juliet B. — Harvard University
Shaikh, Anwar — Jerome Levy Economics Institute
Smeeding, Tim — Center for Advanced Study in the Behavioral Sciences
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CENTER ON BUDGET AND POLICY PRIORITIES

FOR IMMEDIATE RELEASE:
Monday, October 2, 1995, 9:30 a.m.

CONTACT: Michelle Bazie, (202) 408-1080
Nan Gibson (202) 775-8810

LEADING ECONOMISTS CALL FOR HIGHER MINIMUM WAGE

Three Nobel Winners Among 101 Signers of Statement Backing 90-Cent Hike Over Two Years

An eminent group of economists — including three recipients of the Nobel Prize in Economics — have endorsed an increase in the federal minimum wage in a statement released today.

Among the 101 signatories of the statement are seven past presidents of the American Economics Association and experts in disciplines ranging from labor markets and industrial relations to income distribution and poverty. Their statement was released by two Washington-based research organizations, the Center on Budget and Policy Priorities and the Economic Policy Institute.

The statement notes that "After adjusting for inflation, the value of the minimum wage is at its second-lowest annual level since 1955. The purchasing power of the minimum wage is 26 percent below its average level during the 1970s..." The purchasing power of the minimum wage reached its lowest level right before the last increase in 1990.

"We believe that the federal minimum wage can be increased by a moderate amount without significantly jeopardizing employment opportunities . . . Specifically, the proposed increase in the minimum wage of 90 cents over a two-year period falls within the range of alternatives where the overall effects on the labor market, affected workers and the economy would be positive," the economists' statement continues. (Such an increase has been proposed this year in both the Senate and the House of Representatives.)

The statement's release comes as Congress is actively considering reductions in the Earned Income Tax Credit. Workers who are affected by a stagnant minimum wage are in large part the same people who would be hurt by proposed EITC cuts.

Opponents of a higher minimum wage sometimes claim that economic opinion is settled against any increase. The statement shows that this claim is inaccurate; there is substantial support within the Economics profession for a moderate increase.

The three Nobel winners backing the minimum wage increase are Kenneth J. Arrow of Stanford, Lawrence R. Klein of the University of Pennsylvania, and James Tobin of Yale. Each has served as president of the American Economics Association. The other AEA past presidents signing the statement are Moses Abramovitz of Stanford, Robert Eisner of Northwestern, John Kenneth Galbraith of Harvard, and William Vickrey of Columbia.

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Statement of Support for a Minimum Wage Increase

As economists who are concerned about the erosion in the living standards of households dependent on the earnings of low-wage workers, we believe that the federal minimum wage should be increased. The reasons underlying this conclusion include:

- After adjusting for inflation, the value of the minimum wage is at its second lowest annual level since 1955. The purchasing power of the minimum wage is 26 percent below its average level during the 1970s.

- Since the early 1970s, the benefits of economic growth have been unevenly distributed among workers. Raising the minimum wage would help ameliorate this trend. The positive effects of the minimum wage are not felt solely by low-income households, but minimum wage workers are overrepresented in poor and moderate-income households.

- In setting the value of the minimum wage, it is of course appropriate to assess potential adverse effects. On balance, however, the evidence from recent economic studies of the effects of increases in federal and state minimum wages at the end of the 1980s and in the early 1990s — as well as updates of the traditional time-series studies — suggests that the employment effects were negligible or small. Economic studies of the effects of the minimum wage on inflation suggest that a higher minimum wage would affect prices negligibly.

- Most policies to boost the incomes of low-wage workers have both positive and negative features. And excessive reliance on any one policy is likely to create distortions. The minimum wage is an important component of the set of policies to help low-wage workers. It has key advantages, including that it produces positive work incentives and is administratively simple. For these and other reasons, such as its exceptionally low value today, there should be greater reliance on the minimum wage to support the earnings of low-wage workers.

We believe that the federal minimum wage can be increased by a moderate amount without significantly jeopardizing employment opportunities. A minimum wage increase would provide a much-needed boost in the incomes of many low- and moderate-income households. Specifically, the proposed increase in the minimum wage of 90 cents over a two-year period falls within the range of alternatives where the overall effects on the labor market, affected workers, and the economy would be positive.

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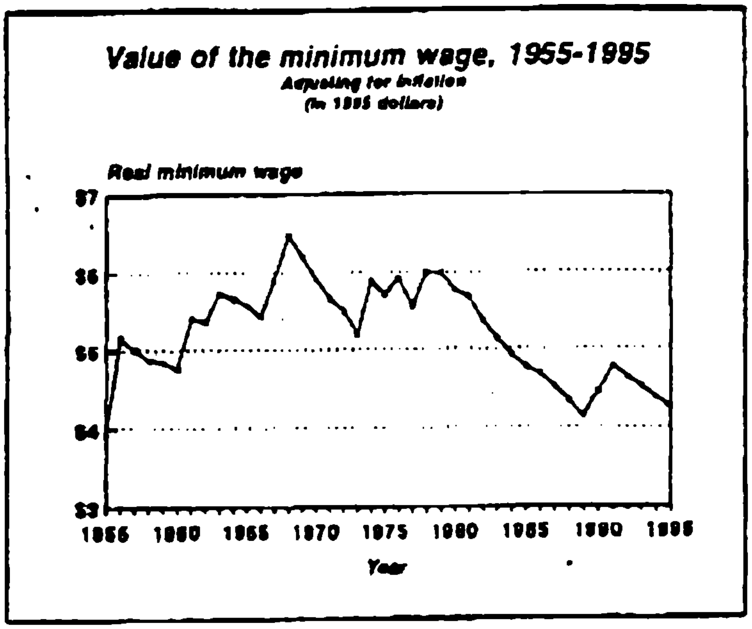

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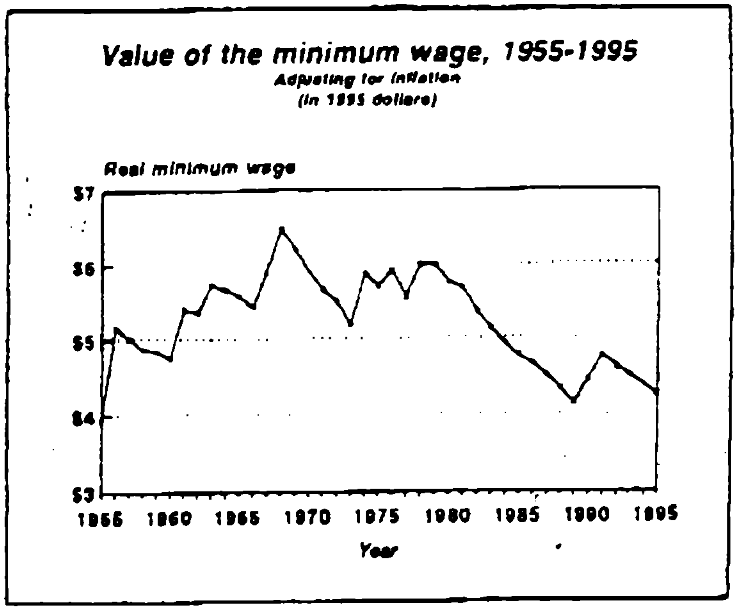

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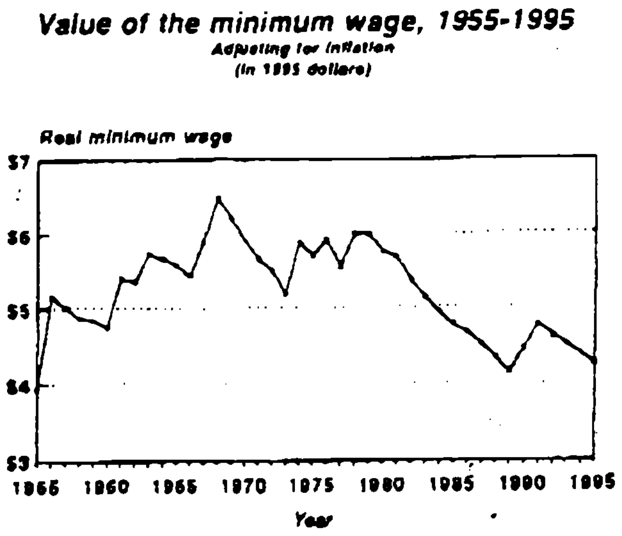

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Protecting the Value of Work:
Protecting the Minimum Wage from Inflation
September 10, 1995

The Value of the Minimum Wage

Americans share the belief the people who work hard should not live in poverty. The minimum wage is one important way in which we as a nation express our commitment to this goal and to the value and dignity of work. An adequate minimum wage provides a floor to help workers get a fair deal for their efforts, and for many hard-working Americans is their foothold into the middle class. Unfortunately, the minimum wage no longer fulfills these basic national aspirations.

The Effect of Inflation on the Minimum Wage

Inflation has eroded the value of the minimum wage by 27% over the past 16 years. If it is not increased this year, it will reach its lowest real level in 40 years. Today, a person who works full time at the minimum wage of $4.25 per hour makes only $8,500 per year. Clearly, for the 39% of minimum wage workers who are the sole breadwinners of their families, the minimum wage is simply not a living wage. By comparison, if the minimum wage had been adjusted for inflation since 1979, those same workers would now make $6.05 per hour, or an additional $3,600 per year -- enough to feed an average family for a year.

The President's Proposal

The President's proposal to increase the minimum wage by 90 cents per hour counteracts this erosion of the minimum wage. It would directly benefit the 11 million workers who earn between $4.25 and $5.15 an hour. And it could indirectly benefit through a "ripple effect" another 2.5 million workers who earn within 60 cents of the new minimum wage. Combined with the EITC and food stamps, this 90 cent increase in the minimum wage would raise a family of four with a year-round minimum wage worker above the poverty line.

Neglecting the Working Poor, Helping the Rich

The nation's failure to protect the minimum wage from the effects of inflation stands in sharp contrast to our care in ensuring that numerous tax provisions that help the rich are adjusted yearly for inflation. These provisions include:

- **Excise taxes on luxury cars**, which in 1995 applied to cars costing more than $32,000, a price indexed to inflation.

• **Tax exemptions and personal deductions**, which in 1995 were available to individual taxpayers whose income did not exceed $114,700, a figure indexed for inflation.

• **Surcharges on distributions from retirement plans**, which in 1993 were imposed on distributions that exceeded $150,000 per year, a level indexed for inflation.

• **Tax-qualified pension plans**, which in 1995 were permitted to take into account only the first $150,000 of an employee's income, a value indexed for inflation.

• **Tax credits for oil and gas companies that use non-conventional sources of fuel,** which in 1993 were valued at $3 per gallon, a number indexed for inflation.

In short, even as we have neglected to protect the minimum wage -- which safeguards the dignity and well-being of millions of hardworking Americans, we have indexed provision after provision of the tax code that helps the privileged and well-off.

Republican Tax Proposals

Republican opposition to an increase in the minimum wage is particularly striking given the numerous provisions in the House tax bill that are indexed for inflation and benefit the wealthy.

• The **capital gains tax cut** would allow wealthy investors to reduce their taxes by adjusting their investment profits downward for inflation.

• **Business depreciation** proposals would allow corporations to increase depreciation amounts each year to account for inflation and, for certain investments, an additional 3.5%.

• The **estate tax exemption** of $750,000 would be fully indexed for inflation.

• The **"generation-skipping transfer tax exemption"** of one million dollars, which allows individuals to delay paying estate taxes, would be adjusted annually for inflation.

• The **$500 per child tax credit** would be phased out for families with incomes ranging from $200,000 through $250,000, a range that would increase each year for inflation.

9/10/95 -- 1:12 pm

REPUBLICANS AND INFLATION
ADDING PROTECTIONS FOR THE WEALTHY;
STRIPPING THEM FROM THE NEEDY

Current Republican tax proposals, which will primarily benefit the wealthiest Americans, call for automatically adjusting tax levels and other items each year to account for inflation. These indexing measures will protect the wealthiest Americans from the effects of inflation. However, Republicans are also calling for eliminating these same inflation protections from programs that are aimed at children and the elderly -- those who are most vulnerable to inflation's effects. This is just one more example of how the fiscal policies of congressional Republicans favor the wealthy at the expense of the rest of the nation.

Inflation Adjustments Protected -- Tax Cuts for the Wealthy

Indexing Capital Gains: The proposed capital gains tax cut allows wealthy investors to reduce their taxes by adjusting their profits downward for inflation. But interest from savings accounts, the investment choice for most Americans, would be excluded from the inflation adjustment, so that only those who invest in stock and other forms of capital could take advantage of the indexing. Respected financial writer Jane Bryant Quinn calls indexing capital gains a "neutron bomb...[with] appalling complications [that] would add volumes to the tax regulations and hours to your paperwork." (The Baltimore Sun, 3/27/95). Moreover, contrary to Republican rhetoric about tax simplification, indexing capital gains will significantly distort the tax code, ensuring that tax shelters -- and tax lawyers -- proliferate. The capital gains tax cut, which also includes a reduced tax rate, is projected to cost $92 billion over ten years, with 76% of the benefits going to those with incomes over $100,000 per year. (Source: Treasury Department)

Indexing Corporate Depreciation -- the "Neutral Cost Recovery System" (NCRS): The NCRS would allow corporations to increase depreciation amounts each year to account for inflation and, for certain investments, an additional 3.5%. Adjusting depreciation for inflation gives corporations yet another tax break which amounts to "a very sweet deal for the nation's big, capital intensive companies.... It probably would spur the creation of a new generation of tax shelters. And it could allow some big and profitable companies to escape taxes altogether." (The Wall Street Journal, 12/5/94) The NCRS has a 10-year cost of $120 billion.

Increasing and Indexing the Estate Tax Exemption: The increase in the estate tax exemption to $750,000 is fully indexed for inflation. This increase is projected to cost almost $23 billion over 10 years -- about the size of the Senate Budget Resolution's cuts in EITC -- benefitting the very wealthiest citizens. In addition, the $1 million dollar "generation skipping transfer tax exemption" -- which allows the very wealthy to avoid estate taxes -- would also be adjusted for inflation.

Indexing the $250,000 Cap on the Child Tax Credit: The $500 per child tax credit is phased out for families with incomes ranging from $200,000 through $250,000. This phase-out range would each year increase for inflation, as would the amount of the tax credit. The child tax credit will cost $236 billion over 10 years.

Inflation Adjustments Threatened -- Programs for Children and the Elderly

Social Security: Millions of Social Security recipients depend on annual cost-of-living adjustments (COLAs) in order for their benefits to keep pace with inflation. Some Republicans have mounted an assault on these COLAs as a way of cutting Social Security benefits.

Block Grants: The Republican proposal to combine school nutrition programs into block grants eliminates automatic adjustment for both inflation and increases in need. If this cut had been in place in 1989, funding would have been 17 percent below its actual level in 1994. (Source: USDA).

EITC: The Roth-Nickles EITC bill would eliminate the inflation indexing of the EITC that President Reagan proposed and was enacted in the mid-1980s. As a result, low-income working families whose incomes only keep pace with inflation will see their EITC benefits cut and perhaps disappear, even though they are no better off financially and their payroll taxes continue to rise. Over five years, it would *cut in half* the purchasing power of the EITC of families that earn $20,000 and whose wages simply keep pace with inflation. Deindexing the EITC would cut the EITC by $32 billion over seven years.

President Clinton is strongly committed to the EITC program. His 1993 economic plan increased its funding by $21 billion, aiding 15 million families making under $27,000. The Republican cuts would slash these important benefits that help people chose work over welfare. By contrast, under the Republican proposals indexing of the tax brackets and personal exemptions for those at higher income levels would remain.

Indexed Provisions that Currently Help the Wealthy: Why Don't the Republicans De-Index These?

Indexing Tax Exemptions and Deductions for the Rich. Present law permits individuals to take advantage of personal exemptions and itemized deductions so long as their income levels do not exceed a specified threshold. For personal exemptions, that threshold is $114,700 for individual taxpayers and $172,050 for joint filers in 1995. These levels are indexed for inflation, to ensure that taxpayers above the threshold are not penalized by inflation. In contrast to their efforts to de-index the EITC, Republicans have offered no proposals to eliminate these inflation protections for the wealthy.

Excise Tax on Luxury Cars. Luxury automobile are presently subject to an excise tax on the price above a fairly high threshold.. In 1995, that tax applied to the difference between the cost of the luxury vehicle and $32,000 -- a figure indexed for inflation.

Tax-Qualified Pension Plans. Current law limts the amount of an employees income that can be taken into account for purposes of determining the amount of an employer's deduction for contributions to a tax-qualified pension plan, as well as the amount of the employee's benefits. The Budget Act of 1993 reduced that threshold from $235,890 to $150,000, still indexed for inflation.

Excess Distributions from pension plans. Present law imposes a 15-percent tax on distributions from retirement plans, tax-sheltered annuities and IRAs whenever those distributions exceed $150,000 a year (in 1995). That dollar limit is also indexed for inflation.

Tax Credit for Non-conventional Fuels. Under current law, oil and gas companies receive tax credits for producing oil and gas from non conventional sources. This credit amount, equal to $3 per gallon in 1993, is indexed for inflation, another bonus for large, capital intensive companies.

Vote on Kassebaum motion to table Kennedy amendment
calling for a Sense of the Senate vote on the Minimum wage:

Kassebaum motion succeeded, 49-48.

Vote was almost straight-party, with the following exceptions:
Kerrey (Neb) voted to table; Specter, Campbell, Jeffords and Warner voted no.
(Note that Sen. Campbell was in the House in 1989 and, although he voted for final passage of the increase to $4.25, he voted against an earlier bill to raise the minimum wage to $4.55, and when that bill passed he voted to uphold President Bush's veto of the $4.55 increase.)

Members not voting: Exon (D), *Gramm (R), *Murkowski (R).

* = R's who voted to increase minimum wage in 1989. Sen. Kerrey (Neb) also voted for the 1989 increase.

+ = R's who were in the House in 1989 and voted to increase minimum wage.

‡ = R's who voted in 1989 for the original Dem. minimum wage bill, to raise minimum wage to $4.55. Sen. Kerrey also voted for that measure.

Yeas (49)

Abraham
Ashcroft
Bennett
*Bond
Brown
*Burns
‡*Chafee
*Coats
*Cochran
‡*Cohen
Coverdell
+Craig
‡*D'Amato
+DeWine
*Dole
*Domenici
Faircloth
Frist
*Gorton
Grams
*Grassley
Gregg
Hatch
‡*Hatfield
Helms
Hutchison
+Inhofe
*Kassebaum
Kempthorne
‡*Kerrey (D-Neb.)
Kyl
*Lott
*Lugar
Mack
*McCain
*McConnell
Nickles
‡*Packwood
‡*Pressler
*Roth
Santorum
Shelby
*Simpson
Smith

Yeas (cont'd):

+Snowe
*Stevens
Thomas
Thompson
*Thurmond

Noes (48):

Akaka
Baucus
Biden
Bingamn
Boxer
Bradley
Breaux
Bryan
Bumpers
Byrd
Campbell (R) (see note above)
Conrad
Daschle
Dodd
Dorgan
Feingold
Feinstein
Ford
Glenn
Graham
Harkin
Heflin
Hollings
Inouye
‡*Jeffords (R)
Johnston
Kennedy
Kerry (MA)
Kohl
Lautenberg
Leahy
Levin
Lieberman
Mikulski
Moseley-Braun
Moynihan
Murray
Nunn
Pell
Pryor
Reid
Robb
Rockefeller
Sarbanes
Simon
‡*Specter (R)
*Warner (R)
Wellstone

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*Domenici
Faircloth
Frist
*Gorton
Grams
*Grassley
Gregg
Hatch
‡*Hatfield
Helms
Hutchison
+Inhofe
*Kassebaum
Kempthorne
‡*Kerrey (D-Neb.)
Kyl
*Lott
*Lugar
Mack
*McCain
*McConnell
Nickles
‡*Packwood
‡*Pressler
*Roth
Santorum
Shelby
*Simpson
Smith

Yeas (cont'd):

+Snowe
*Stevens
Thomas
Thompson
*Thurmond

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Bradley
Breaux
Bryan
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Byrd
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Feinstein
Ford
Glenn
Graham
Harkin
Heflin
Hollings
Inouye
‡*Jeffords (R)
Johnston
Kennedy
Kerry (MA)
Kohl
Lautenberg
Leahy
Levin
Lieberman
Mikulski
Moseley-Braun
Moynihan
Murray
Nunn
Pell
Pryor
Reid
Robb
Rockefeller
Sarbanes
Simon
‡*Specter (R)
*Warner (R)
Wellstone

Legislative Background - Minimum Wage - 1989

* Last increase (from $3.35/hour to $3.80 on 4/1/90 and $4.25/hour on 4/1/91) passed Congress in 1989 in a bi-partisan agreement following an earlier veto by **President Bush**:

o Senate Vote: 89 - 8
o House Vote: 382- 37

* **President Bush proposed** the increase to $4.25 an hour and refused to accept any increase above that;

* **President Bush had vetoed** a Democratic attempt to raise minimum wage to $4.55 over three years and Congress failed to override the veto - his first successful veto as President;

* **Cong. Goodling** (R-PA) was quoted at the time as stating that Republican lawmakers were "uneasy" about President Bush's position and "don't want to go to the wall a second time." Cong. Goodling introduced his own minimum wage bill that proposed a three year phase to $4.25/hour, a training wage and expansion of the earned-income tax credit. He voted **for final passage** of the minimum wage increase;

* The **Labor Secretary** at the time was **Elizabeth Dole**;

* The Senate and the House were both controlled by Democrats;

* The bill signed by President Bush included a training wage for teenagers between 16 and 19;

* **Sen. Dole** (R-Kan) (voted for final passage)

"I think that many of us feel that this is not an issue where we ought to be standing and holding up anybody's getting a 30- to 40-cents-an-hour- increase, at the same time we are talking about capital gains. I never thought the Republican Party should stand for squeezing every last nickel from the minimum wage."

* Most of the Republican support for the 1989 minimum wage increase was based on two issues:

** support for President Bush's compromise after his veto;
** support for the subminimum wage;

* Republican members raised the issue that increasing the EITC would be a more targeted approach would be an increasing the EITC;

* During the minimum wage debate the Senate passed 97-1 a resolution expressing the sense of the Senate that any minimum wage increase needed to be coupled with: education, training, access to health care and child care and amending the EITC to relate to the percentage of credit to the number of the children in a family.

* Much of the current Senate and House Leadership voted **for** minimum wage increase in 1989 - including **Dole, Lott, Gramm, Gingrich and Kassebaum**. However, **Armey, Delay, Livingston - voted against** (see attached list);

* Key Senate Republicans supporters in 1989 (supported an attempt at a Dem. compromise)

Sen. Cohen (R-Maine)
Sen. Hatfield (R-Ore.)
Sen. Jeffords (R-Vermont)
Sen. Packwood (R-Ore.)
Sen. Pressler (R-SD)
Sen. Specter (R-Penn)

* Key Senate Republicans in Opposition:

Sen. Mack (R-Florida)
Sen. Nickles (R-OK)
Sen. Helms (R-NC)
Sen. Hatch (R-Utah)

* Governor Wilson voted for the minimum wage increase as a Senator in 1989.

* Senate Democrats of concern (voted against Dem. compromise at $4.55 or cloture in 1989):

Sen. Hollings (D-SC)
Sen. Bennett Johnston (D-La)
Sen. Heflin (D-Al)
Sen. Exon (D - NE)

Sen. Campbell (D-Col) (voted to uphold Bush's veto in House)

1989 Minimum Wage Key Votes

Republican

* **Senate** - (voted for Graham-Pryor-Mitchell-Kennedy attempted compromise at $4.55 in 1989)

Sen. Cohen (R-Maine)
Sen. Hatfield (R-Ore)
Sen. Jeffords (R-Vermont)
Sen. Packwood (R-Ore)
Sen. Pressler (R-SD)
Sen. Spector (R-Penn)

* **House** - (voted to override Pres. Bush's veto of $4.55 in 1989)

Conn.

Cong. Shays
Cong. Johnson (Rowland - currently Gov.)

Iowa - Cong. Leach

Maryland - Cong. Morella

New Jersey - Cong. Smith

New York

Cong. Gilman
Cong. Solomon
Cong. Boehlert
Cong. Walsh

Pennsylvania - Cong. McDade (Ridge - currently Gov.)

Democrats

* **Senate** - (Voted against Dem. compromise at $4.55 or cloture in 1989)

Sen. Hollings (D-SC)
Sen. Johnston (D-La)
Sen. Heflin (D-Al)
Sen. Exon (D-NE)

Sen. Campell (D-Col) (voted to uphold Bush's veto in House)

* **House** (voted to uphold Bush's veto in the House)

Louisiana - Cong. Tauzin

Mississippi

Cong. Montgomery
Cong. Parker

South Carolina - Cong. Spratt

Texas

Cong. Chapman
Cong. Hall
Cong. Stenholm

Virginia - Cong. Payne

Senators in the Democratic and Republican Leadership their votes on H.R. 2710 final passage (minimum wage).

SENATE LEADERSHIP

YES

Democrats

Breaux -- Deputy Whip
Byrd -- Ranking on Appropriations
Daschle -- Minority Leader
Ford -- Minority Whip
Harkin -- Ranking on the Appropriations, Labor Subcommittee
Kennedy -- Ranking on the Labor Committee
Mikulski -- Secretary of the Democratic Party
Reid -- Co-Chair of the Democratic Polciy Committee

Republicans
Cochran -- Chair Republican Conference
Dole -- Majority Leader
D'Amato -- Campaign Committee Chair
Lott -- Majority Whip
Kassebaum -- Chairman of Labor Committee
Hatfield -- Chair of Appropriations Committee
Specter -- Chair of the Appropriations Labor Subcommittee

NO

Democrats

None

Republicans

Mack -- Policy Committee
Nickles -- Chair of the Republican Policy Committee

SENATE VOTES ON HR 2710 (Minimum wage -- Final Passage) Members that are still in the Senate for the 104th Congress)

YES

Democrats

Biden
Bingamen
Bradley
Breaux
Bryan
Bumpers
Byrd
Conrad
Daschle
Dodd
Exon
Ford
Glenn
Graham
Harkin
Heflin
Hollings
Inouye
Johnston
Kennedy
Kerrey
Kerry
Kohl
Lautenberg
Leahy
Levin
Lieberman
Mikulski
Moynihan
Nunn
Pell
Pryor
Reid
Robb
Rockefeller
Sarbanes
Shelby
Simon

Additonal Democratic Senator that did not vote or express a position
Baucus

SENATE VOTES ON HR 2710 (Minimum wage -- Final Passage)
Members that are still in the Senate for the 104th Congress)

YES

Republicans

Bond
Burns
Chafee
Coats
Cochran
Cohen
D'Amato
Dole
Domenici
Gorton
Gramm
Grassley
Hatfield
Jeffords
Kassebaum
Lott
Lugar
McCain
McConnell
Murkowski
Packwood
Pressler
Roth
Simpson
Specter
Stevens
Thurmond
Warner

SENATE VOTES ON HR 2710 (Minimum wage -- Final Passage)
Members that are still in the Senate for the 104th Congress)

NO

Democrats (0)

Republicans
Hatch
Helms
Mack
Nickles

HOUSE LEADERSHIP VOTES ON FINAL PASSAGE OF HR 2710

HOUSE

Democrats

YES

Gephardt
Bonior
Clay
Obey

NO

None

Repubilcans

YES

Gingrich
Goodling
Porter

NO

Armey
Delay
Livingston

HOUSE VOTES ON FINAL PASSAGE OF HR 2710 (MINIMUM WAGE) FOR MEMBERS OF THE 104TH CONGRESS

YES

Democrats

A
Ackerman

B
Beilenson
Berman
Bevill
Bonior
Borski
Boucher
Browder
Brown, George
Bryant, John
Burton, Dan

C
Cardin
Chapman
Clay
Clement
Coleman
Collins, Cardiss
Condit
Costello
Coyne

D
Dellums
DeFazio
de la Garza
Dicks
Dingell
Dixon
Durbin

E
Engel
Evans

F

Fazio
Flake
Foglietta
Frank
Frost

G
Gejdenson
Gephardt
Geren
Gibbons
Gonzalez
Gordon

H
Hall, Ralph
Hall, Tony
Hamilton
Hayes
Hefner
Hoyer

J
Jacobs
Johnson, Tim
Johnston, Harry

K
Kanjorski
Kaptur
Kennedy, Joe
Kennelly
Kildee
Kleczka

L
LaFalce
Lantos
Laughlin
Levin
Lewis, John
Lipinski
Lowey

M
Manton
Markey
Martinez
Matsui
McDermott
McNulty
Mineta
Mfume
Mollohan
Montgomery
Murtha

N
Neal, Richard

O
Oberstar
Obey
Ortiz
Owens, Major

P
Pallone
Parker
Payne, Donald
Payne, Lewis
Pelosi
Pickett
Poshard

R
Rahall
Rangel
Richardson
Rose

S
Sabo
Sawyer
Schroeder
Schumer
Sisisky
Skaggs
Skelton
Slaughter
Spratt
Stark
Stenholm
Stokes
Studds

T
Tanner, John
Taylor, Gene
Tauzin
Torres
Torricelli
Towns
Traficant

V
Vento
Visclosky
Volkmer

W
Waxman
Williams, Pat
Wilson
Wise
Wyden

Y

Yates

Additional Democrats that did not vote yes or no

Did not vote or make a position known
Conyers
Moakley

Announced For
Ford, Harold

HOUSE MEMBERS THAT VOTED FOR FINAL PASSAGE OF HR 2710 (minimum wage) that are in the 104th Congress

YES

Republicans

B
Ballenger
Bateman
Bliley
Boehlert
Bereuter
Bilirakis

C
Coble
Clinger

D
Duncan

E
Emerson

F
Fields

G
Gekas
Gillmor
Gilman
Gingrich
Goodling
Gunderson

H
Hastert
Herger
Houghton
Hunter
Hyde

J
Johnson, Nancy

K
Kasich
Kolbe

L
Leach
Lewis, Jerry
Lightfoot

M
McCrery
McDade
Meyers, Jan
Moorhead
Morella
Myers, John

P
Packard
Petri
Porter

Q
Quillen

R
Regula
Roberts, Pat
Rogers
Ros-Lehtinen
Roth
Roukema

S
Saxton
Schaefer
Schiff
Sensenbrenner
Shaw
Shays
Shuster
Skeen
Smith, Chistopher
Smith Lamar
Soloman
Spence
Stearns

T
Thomas, William

U
Upton

V
Vucanvoich

W
Walker
Walsh
Weldon, Curt
Wolf

Y
Young, Don
Young, C.W. "Bill"

Additional Republican members that did not vote yes or no

Did not vote or express an opinion

Molinari

HOUSE VOTES ON FINAL PASSAGE OF HR 2710 (MINIMUM WAGE) FOR ALL MEMBERS OF THE 104TH CONGRESS

NO

Democrats
Miller, George (California)

Republicans

A
Archer
Armey

B
Baker, Richard
Barton
Bunning
Burton

C
Callahan
Crane
Combest
Cox

D
DeLay
Dornan
Drier

F
Fawell

G
Gallegly
Goss

H
Hansen
Hancock
Hefley
Hunter

L
Livingston

M
McCollum

R
Rohrabacher

O
Oxley

P
Paxon

S
Stump

MEMBERS OF THE SENATE THAT WERE IN THE HOUSE AND VOTED ON FINAL PASSAGE OF HR 2710

YES -- Democrats

Boxer
Akaka

YES -- REPUBLICANS

Craig
Snowe
DeWine
Inhofe

Quotations - 1989

Sec. Dole at House Education and Labor Committee hearing 3/14/89 (attached)

* reluctant support
* literacy, basic skills, education and training are more important
* will cost jobs and job opportunities
* modest increase with training wage

Senator Dole - "I think that many of us feel that this is not an issue where we ought to be standing and holding up anybody's getting a 30-to 40- cents-an-hour pay increase, at the same time that we're talking about capital gains. I never thought the Republican Party should stand for squeezing every last nickel from the minimum wage." 1989 CQ Almanac.

Senator Jeffords - "The adjustments in the wage rate are long overdue. Without question, they will help the millions of minimum wage workers. At the same time, I think that they are sufficiently modest so as to not cause substantial disruptions in our economy, including job losses." Senate 11/8/89.

Senator Coats (R-Ind.) - "Madam President, for some time I have supported a sensible, compassionate increase in the minimum wage. To me, that means raising the minimum wage to a level consistent with helping those working Americans and their families whose sole source of income is the minimum wage, while at the same time providing ... a training wage to offset any negative economic impact of a minimum wage increase."

"Today, a person who works full time at the minimum wage of $3.35 earns roughly $7,000 a year - hardly enough to keep a family of three above the poverty line in Indiana." Senate 11/8/89.

Senator Domenici - "But, Madame President, let me point out that while this bill will take an important step to help the working poor in this country, it is limited and we must keep in mind the broader picture of how we can help the working poor." Senate 11/8/89.

Congresswoman Roukema - "I believe it is time we on both sides of, the aisle exercise some intellectual honesty and admit that an increase in the minimum wage is long over due." House 11/1/89.

Congressman Boehlert - "Mr. Chairman I rise in strong support of the measure before us. Quite frankly, I was disappointed when a better measure that we approved earlier was vetoed by the

President...I think in the final analysis, we all end up winners. It is going to be the first time in nearly a decade that the wage earners, who are the lowest paid in our society will have an increase. Who else can say that..." House 11/1/89.

Congressman Gunderson - According to the BNA/DLR 11/2/89 "No one is happy with the compromise here today, said Steve Gunderson (R-Wis). The increase will not raise minimum wage workers above the $12,100 official government poverty level for a family of four, but 'it is a step in the right direction,' he said."

Other

Benjamin Hooks, CEO of the NAACP "The NAACP has long-standing policy positions on the minimum wage. Our 43rd Annual National Convention, meeting in Oklahoma City, in 1952 urged Congress to raise the minimum wage to reflect the increase in the cost-of-living... The minimum wage is not only an economic issue, it is a moral issue. We believe the Congress should raise the minimum wage because it is right to do so." 2/4/88 House Subcommittee on Labor Standards

Given the facts of disemployment and the adverse effects on youth that an excessive increase in the minimum wage would produce, the President's position is as follows: an increase of about 27 percent over three years, that is, 30 cents a year to a ultimate $4.25 an hour and no higher; a meaningful training wage that would apply universally to all new hires, whether or not this is their first job.

The training wage would be available for six months at the $3.35 level of the current minimum wage. Included also are strict enforcement provisions against displacing employees to hire new workers after six months.

Liberalizations of the current tip credit from 40 percent to 50 percent, and small business exemption from $362,500 to $500,000, which could be extended to all businesses, not just retail and service establishments.

The facts as we see them and the concerns they prompt in us, compel us to say we could accept this increase only if the training wage we have proposed is added to it. The facts compel us to say that any more expansive approach at this time would be unacceptable because it would decrease job opportunity.

Legislation outside these parameters would call for a veto, Mr. Chairman. This is as far as the President can go.

I thank you very much for the opportunity to present the President's position. I will be happy now to respond to questions that you may have.

[The prepared statement of Hon. Elizabeth Dole follows:]

STATEMENT OF ELIZABETH HANFORD DOLE
SECRETARY OF LABOR
BEFORE THE
EDUCATION AND LABOR COMMITTEE
UNITED STATES HOUSE OF REPRESENTATIVES

March 14, 1989

Mr. Chairman, Congressman Goodling, members of the Committee, thank you for this opportunity to discuss increasing the minimum wage and to offer the Administration's thoughts and position on proposals to do so.

Mr. Chairman, I know we all agree that many of the most important issues facing us in America over the next decade are to come before this Committee. We agree further, I think, that none is more important than this: how can we best provide the levels of literacy and basic skills, improved education and training, needed to prepare American workers for the jobs that await them?

So on the proposal before us, let me be clear on the President's position at the outset: first, increasing the minimum wage, simply, means a certain loss of jobs and job opportunities. The larger the increase, the larger the job loss, so second, any increase must be modest and third, it must be accompanied by provision for a meaningful training wage for new hires which would offset the disemployment effect, especially for younger workers.

I wish to be clear as well, about one more thing as this discussion begins. It is our belief that improvements in training and education are the far more urgent challenges in employment policy today. In short, it is our belief that the "skills gap" is the real problem. And so it is our desire to resolve this debate about the minimum wage quickly, and move on just as quickly to the pressing challenge of improving skills.

I know you, Mr. Chairman and your colleagues on this committee, agree on the importance of education and training. I hope we can agree on the importance of turning our attention to it while this 101st Congress is still young. We will soon have the report and recommendations of the JTPA advisory committee, which has been examining among other issues the way we target and deliver training to the economically disadvantaged. We have an opportunity this year, in addition, to look at Vocational Education re-authorization and implementation of the new welfare reform law and its job training program. It is very important that these programs and the JTPA be coordinated and that we look at all three together, as parts of a coherent approach to skills provision and preparation for work.

In arriving at our position on the minimum wage, we have looked carefully at the current social context and current economic conditions:

- Since 1982, over 19 million jobs have been created;
- The proportion of working-age Americans with jobs is higher than ever -- at 63.2 percent;
- During the last 7 years, jobs paying over $10 an hour have increased by almost 80 percent -- while jobs paying less than $5 an hour have decreased by 30 percent;
- In just the last 12 months, half the new jobs filled have been in the generally high skilled, high paying managerial, and professional occupations;
- And, as this suggests, jobs which require post-secondary training or education are growing at a much faster rate than those which require no skills.

America's recent record of job creation is a good one. It is a record rooted in growth. It has put millions to work. But we are not pollyannish about this. There is poverty still, and unemployment -- and growth by itself cannot remedy it. But neither, I would add, can a higher minimum wage.

The real remedy, we believe very strongly, in addition to continued growth, is improved education, with an emphasis on the basics in language and math, and quality training programs with a particular emphasis on achievement -- and we are anxious to move forward on this, with you and others in the Congress. We need to work toward improving programs to help workers, especially young people just entering or about to enter the workforce to acquire the skills they'll need to get a job and move up the ladder.

The truth is that growth creates opportunity for those prepared to seize it. Surely, we need as our first priority, to continue growth-oriented economic policies. And as our second, we need to ensure that our policies help prepare more people to seize the opportunities growth creates.

Despite progress over the last 7 years, it is still true that youth unemployment, at about 15 percent is 3 times the overall unemployment rate; for minority youth, at more than 30 percent, it is twice again as bad. An excessive increase in the minimum wage, or even a more modest increase _without_ a training wage, will only make this problem worse.

There's a consensus on this among economists: a minimum wage increase costs jobs and job opportunities -- and that cost is paid primarily by the young, the low-skilled, the disadvantaged. It's not just a theoretical consensus. We have 60 studies at the Labor Department, from economists across the spectrum that make this basic point: If labor costs go up, labor utilization goes down. In plain language, that means fewer people are hired. Ask any small business owner.

A simple, meaningful training wage is essential. It's the only really effective way to offset the job loss. The price of learning on the job is often initially a lower wage. Most of us can remember from our own early experience with a new job how much of the basics we had to learn. Not only skills specific to any new job, but basics about showing up on time, taking no more than ten minutes if we had a ten minute break, showing good faith with co-workers and a good face to customers. Simple things, yes, but not automatic. They have to be learned.

This is the kind of skill training that young people acquire early on that can propel them up the wage scale. Current data support this:

- o Of youth under 25 who started at no more than the minimum wage when this decade began, the vast majority are earning significantly more than the minimum now.

- o Most of these, when asked, report their own sense that the skills they learned in those beginning jobs were a help to them in getting better-paying jobs later on.

Not incidentally, in the last 7 years, while the minimum wage has held constant, the number of teen age black males in the workforce has increased by seventy percent and the overall rate of summer employment for all youths last year set a record.

Without a training wage, we believe these gains are in jeopardy. And without a serious effort to upgrade the quality of education and training, those gains may be over.

Two years ago, the New York Times correctly pointed out that raising, the minimum wage risks pricing working poor people out of the job market. "A far better way to help them," wrote the Times, "would be to subsidize their wages or -- better yet -- help them acquire the skills needed to earn more on their own." The Times went on, "It should not surpass our ingenuity or generosity to help some of them without hurting others." I agree, and want to stress this point.

The fact is, that just raising the minimum, without a lower, new-hire differential, will hurt some. Indeed, it will hurt young people particularly. Put differently, raising the minimum wage does not effectively reduce poverty. This Committee knows that while the last increase was phased in, in the late 1970s, the poverty rate actually started to rise significantly for the first time in the whole post World War II period.

We need to recognize that the poverty population and the minimum wage earners are different people, by and large. We need to be clear about what we are trying to do. If we want to help people out of poverty, then we need to look at literacy and basic skills -- which are the route to the better paying jobs our economy is creating. Raising the minimum wage has little relation either to skills provision, or to the poverty population. Seventy-two percent of minimum wage earners today are single. A full-time job at the current minimum puts a single person without any dependents above the poverty level. Over two thirds of those on minimum wage are part time workers, most of those prefer to work part time. Further, most minimum wage earners are not just single but young -- almost 60 percent are under 25 years old. Indeed 36 percent are teen-agers, almost all of whom live at home with other earners in the family. And they are not in poverty.

Simply put, the demographics have given us a new, exciting and very real opportunity to make a tremendous impact particularly on youth. As the workforce grows more slowly, and the economy continues to grow and create jobs, we'll have more new jobs for fewer new workers -- a combination that adds up to opportunity. What it means is the possibility of a job for every American able to work.

It means the real promise of productive work, and the independence and rewards that go with work. Especially it means that we can keep a promise to our youth, including our minority youth, that if they ready themselves with the skills we know they'll need, then there will be jobs waiting for them to fill.

Without such a focused effort on education and training, the real specter arises that we might find ourselves in the 1990s not simply with employed and unemployed; but with employed and unemployables.

Given the facts of disemployment, and the adverse effects on youth that an excessive increase in the minimum wage would produce, the President's position is as follows:

-- An increase of about 27 percent over three years, that is, 30 cents a year to an ultimate $4.25 an hour <u>and no higher</u>;

-- A meaningful training wage that would apply universally to all new hires, whether or not this is their first job. The training wage would be available for six months at the $3.35 level of the current minimum wage. Included also are strict enforcement provisions against displacing employees to hire new workers after six months.

-- Liberalizations of the current tip credit (from 40 percent to 50 percent) and small business exemption (from $362,500 to $500,000, which should be extended to all businesses, not just retail and service establishments)

The facts as we see them -- and the concerns they prompt in us -- compel us to say we could accept this increase only if the training wage we have proposed is added to it.

And the facts compel us to say that any more expansive approach at this time, would be unacceptable, because it would decrease job opportunities. Legislation outside these parameters would call for a veto. This is as far as the President can go.

Mr. Chairman, I thank you and would be pleased to respond now to any questions.