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[Minimum Wage]

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(I'M NOT EVEN MAKING)
MINIMUM WAGE

please keep
on file

August 20, 1996

Mr. Preston L. Conner
President
National Association of Part-Time
and Temporary Employees
Post Office Box 3805
Shawnee, Kansas 66203

Dear Preston:

Thank you for your kind letter and the materials from your press conference. I know how much work your organization has put into our efforts to enact minimum wage legislation, and I'm grateful for the support.

As always, I appreciate your involvement, and I have shared your letter with members of my staff. Together, we can ensure that all hard-working Americans have the opportunity to provide for themselves and their families.

Sincerely,

BILL CLINTON

BC/TFS/RLM/RSM/jfc (Corres. #3062776)
(8.conner.pl)

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National Association of Part-Time and Temporary Employees

July 16, 1996

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President Bill Clinton
The White House
1600 Pennsylvania Avenue, N.W.
Washington D.C. 20500

RE: Minimum Wage

Dear Mr. President:

On behalf of the National Association of Part-Time and Temporary Employees (NAPTE) I want to commend your efforts to push for a minimum wage increase from \$4.25 to \$5.15 per hour. Nearly six million part-time and temporary workers will receive a pay increase when the bill reaches the White House in "satisfactory" form for a signing.

There is an estimated 22 million part-time workers, 2 million temporaries, and another million independent contractors which sums to 25 million working Americans. At NAPTE we seek to represent their socioeconomic interests through lobbying and member discounts. NAPTE *Tempo*- our national news magazine- seeks to educate contingent workers about career, economic, and technology issues of relevance to them. NAPTE will have a short-term health insurance program soon.

Passage of the minimum wage legislation is not complete. Work remains to ensure that this vital legislation passes this summer. To get an idea of the role that the National Association of Part-Time and Temporary Employees has played in its passage let me outline our contributions:

- Since last summer NAPTE has lobbied to raise the minimum wage. It was discussed in *Tempo* plus details have remained on our internet home page since last September for the public to read anytime of day from anywhere. A number of news reporters and writers have consulted that internet site and contacted us as a result for interviews or information on the minimum wage.
- As the President of the association I have written editorials for consideration to 50 major regional newspapers on the importance of a higher minimum wage. This writing was intended to help sway public opinion.
- Faxed about 40 Republican Senators on the value of a higher minimum wage. This was intended to get cross over votes like in the House.
- Initiated *Blue Tuesday* to prompt Congress to pass the legislation before Labor Day 1996. We were busy putting together a coalition like the Children's March last month.
- Faxed a news release to over 50 news syndicates on July 4th and July 5th on the adverse consequences of the Bond Amendments and how it would not benefit 7.5 million workers.
- Held a press conference on Monday, July 8th, in Kansas City with local television present. Almost 60 percent of the area's market is lives in Missouri- Senator Bond's state.
- Invited to participate at the Senate rally on Tuesday, July 9th, in front of the Hart Senate Building to protest the impact of the Bond Amendments. I was unable to attend.

- On July 9th NAPTE faxed 30 news releases to the Washington Bureaus of the major regional news papers to put pressure on senators.
- Planned a House-sponsored press conference on the minimum wage on Thursday, July 11th, in the Rayburn House Office Building. The press conference was canceled due to Senate passage on Tuesday, July 9th. Representative Sabo was a House sponsor in June.
- Talked with reporters and writers on the need to raise the minimum wage. One interview should have appeared on Sunday, July 7th in Columbia, SC.
- Currently communicating with both House and Senate Democratic leadership committees to find out what needs to be done by NAPTE to move this legislation along in conference for a timely satisfactory passage.

NAPTE understands that passage of this legislation is paramount. NAPTE has consistently been communicating with the media and legislators to move this issue forward.

For your consideration I wanted to go ahead and share with you my prepared comments from NAPTE's press conference on July 8, 1996. The presentation was entitled "Holding American Workers Hostage." NAPTE has been an effective crusader for this issue.

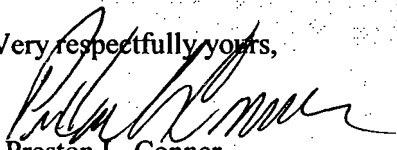
HOW can the National Association of Part-Time and Temporary Employees assist the White House to get beyond the joint conference and get the measure for a suitable signing as soon as possible? Are there any key legislators that you feel we should contact?

The Senate Policy Committee communicated to me the White House's resolve to veto several provisions of the Bond Amendment. Theoretically, any sub-minimum wage is age discrimination. The House version contains a sub-minimum for those under 20 years of age. If a worker is 18 years of age and old enough to vote then they should not be paid a sub-minimum wage. Over 70 percent of minimum wage earners are 20 years of age and eligible to vote.

If there is anything that NAPTE can do for the White House to further the cause of the minimum wage increase for over six million voting part-time and temporary workers please call us at our offices in suburban Kansas City.

Let's complete the passage and signing of this vital legislation as soon as possible.

Very respectfully yours,


Preston L. Conner

President

**National Association of Part-Time and Temporary
Employees**

Kansas City (Shawnee, KS)

Enc. (kit)/plc/kc

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Holding American Workers Hostage

*Preston L. Conner
President*

*National Association of Part-Time and Temporary Employees
Kansas City (Shawnee, KS)*

July 8, 1996

It is time that America's workforce let Congress- particularly Republican leadership- know how they feel about their wages and the assault on their living standards. Let's break the chains that are holding millions of employees hostage. How can this be done ?

Send a message to Congress. A *visual* message.

Today, July 8th, the U.S. Senate is scheduled to resume discussion of the minimum wage. Tomorrow, July 9th, the U.S. Senate will start voting on raising the federal minimum wage.

In the event that Congress- both the Senate and the House- fails to pass a "satisfactory" minimum wage bill by Labor Day 1996 NAPTE encourages all workers- especially those earning a low wage- to show their dissatisfaction on the day after Labor Day 1996- September 3, 1996. That Tuesday all workers will be encouraged to wear blue clothing or blue ribbons to work as a sign of solidarity against Congress for denying a better living wage for millions of working Americans. That day will be designated as **Blue Tuesday**.

Over 80 percent of Americans agree that a minimum wage increase is due. **Blue Tuesday** represents what will be the nation's largest passive protest in history. This visual protest is a direct response to the assault by selected Republican leaders on vulnerable working Americans. Virtually every employee has blue in their wardrobe. NAPTE will mail blue ribbons to all who send self-addressed stamped envelopes. Participating could not get simpler.

Why Blue Tuesday ?

This past weekend as we celebrated our nation's birthday millions of hard working Americans have little to celebrate when they cash their paychecks. Their hard earned dollars buy less than five years ago.

Many of these hard workers hold jobs in less profiled occupations like cooks, janitors, cashiers, childcare workers, and gas station attendants. These are hard jobs and often physically demanding. These are the less visible workers of America. Approximately 10 million earn less than \$5.15 per hour. Almost one in ten working families live in poverty. Recently the Bureau of Labor Statistics reported that "real" wages fell. Tougher times for working Americans as our purchasing power declines.

Approximately 9.7 million workers benefit will benefit from the increase from \$4.25 per hour to the proposed \$5.15 per hour. Two million earn exactly the minimum wage; another 7.7 million earn up to \$5.15 per hour. Fifty-seven percent of minimum wage earners work part-time; 43 percent have full time schedules. Almost 70 percent are 20 years of age or older and they are eligible to vote.

President Clinton introduced the legislation last year to raise the federal minimum wage in two phases of 45 cents per year for a total increase of 90 cents..

Representatives Kennedy and Sabo have been at the vanguard of legislation on the issue in the House. And thanks to their work, and many other Congressman, the U.S. House of Representatives has passed a minimum wage bill earning bipartisan support for the measure.

Today the minimum wage bill is slated for consideration in the Senate with a vote starting tomorrow.

Each party has been allowed one amendment to the bill from the House. The Democratic amendment sponsored by Senator Kennedy is an up-or-down vote. The Republican amendment sponsored by Senator Bond contains several provisions. They include:

- Workers in small businesses with annual revenues below \$500,000 would be exempted from the increase;
- Deny a minimum wage increase- to all workers- regardless of age or experience- for the first six months of their employment;
- Postpones the effective date by an additional six months;
- Denies a minimum wage increase for employees who earn tips
- Prohibits wage increases and overtime pay on work-related travel.
- Deny overtime pay for computer professionals

The Bond provisions taken collectively will virtually nullify any increase for an estimated three-fourths of all low wage earners. With two-thirds of all small businesses having gross revenues below \$500,000; their workers would be exempt from the increase.

By broadening the age and experience to qualify for a legal minimum wage increase to **all** workers it would create a permanent class of sub-minimum wage workers. Aside from young workers a lot of retirees work part-time and may be adversely affected by this proposal. This provision clearly represents an unprecedented denial of wage rights to workers.

By legally withholding an increase to all minimum wage workers for six months it encourages greater churning of low-wage workers- particularly restaurant and retail employees. As many as 42 percent of minimum wage earners would be denied a raise at least once. That translates into 4 million workers.

By delaying the implementation of the bill another six months the purchasing power of the minimum wage continues to erode. Inflation has already eaten 97 percent of the last wage increase, passed in 1989. For workers who only earn \$8500 a year the six month delay translates into a loss of \$858.

The Senate Republican proposal would deny a minimum wage increase to “tipped employees” such as waiters and waitresses. Current law allows the payment of 50% of the regular minimum for such workers, or \$2.13 per hour. The Republican amendment would freeze “tipped employees” at this current level, and deny them the increase they should get to \$2.58 an hour. The result of this assault on restaurant workers means that as many as two million will have to rely on less dependable tips for their income.

And finally employees involved in work-related travel will be denied their fair pay especially those who travel between home and work in employer-provided vehicles.

This is the Republican response to America’s most vulnerable workers. These provisions are clearly mean-spirited.

The President has made it quite clear that he has abundant reasons to veto this legislation particularly if the small business exemption remains as well as the permanent 180 day sub-minimum wage for workers. Additional reasons to veto include the tipped employees exemption, the prolonged delay of implementation, and denial of overtime pay to computer programmers. NAPTE agrees.

Passing the minimum wage increase- while not a living wage- honors work. It is difficult for a single person to live on the minimum wage; impossible to raise a family on the minimum wage. There is no place for age discrimination in the minimum wage. A gallon of gas to travel to work costs the same for everyone.

Special interest groups and the stock market prey upon the economically unprotected. The chief reason this legislation has not passed is because the stockholders and business owners of companies that rely heavily on minimum wage earners for dividends are blocking this necessary legislation. They need to understand that our global economic security depends on a decent standard of living for "all" Americans.

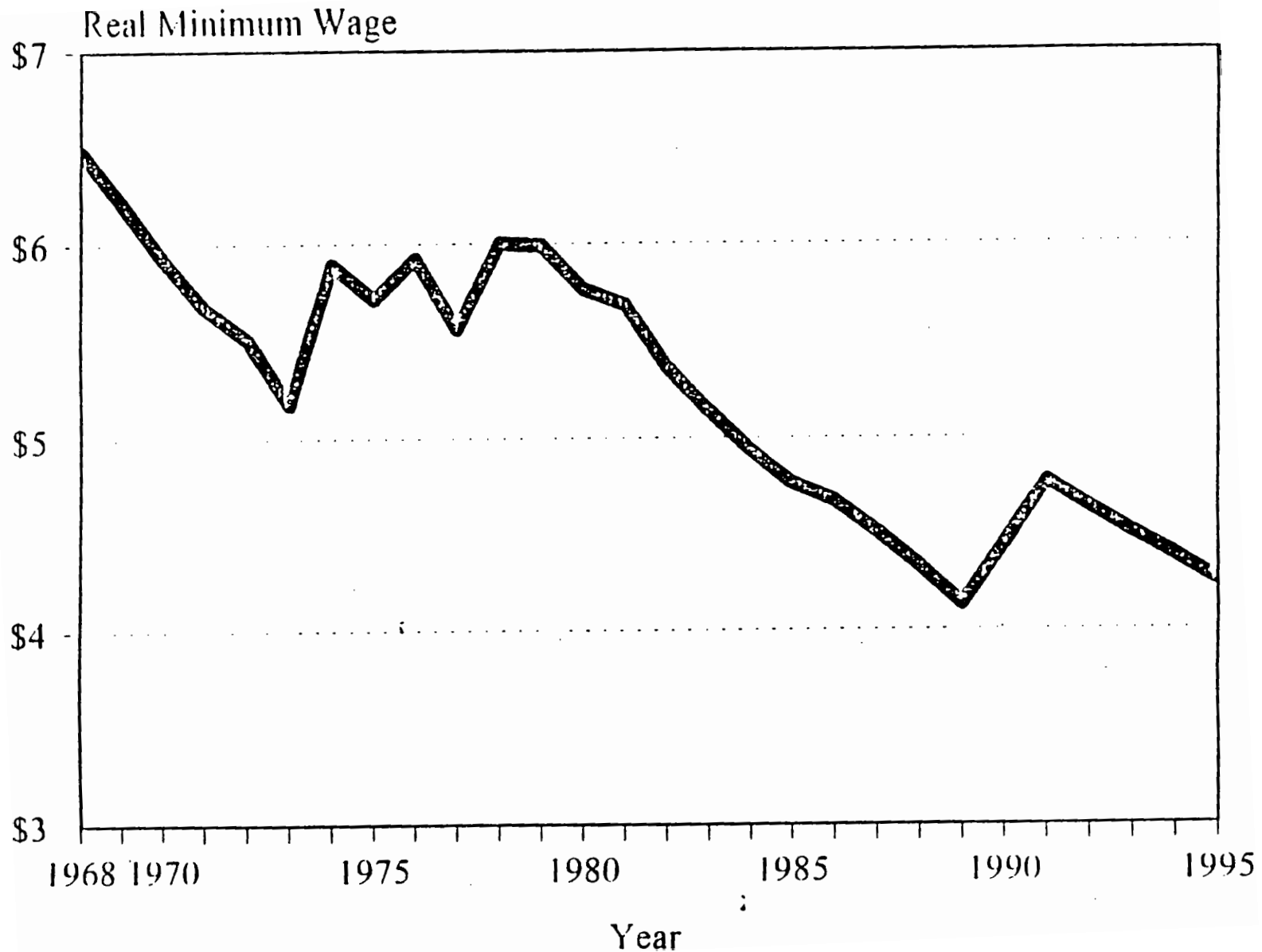
The National Association of Part-Time and Temporary Employees encourages the Republican leadership in the Senate to cease pandering to regressive business interest groups and get to the work of setting a higher standard of living for millions of working Americans today.

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Value of the Minimum Wage, 1968-1995

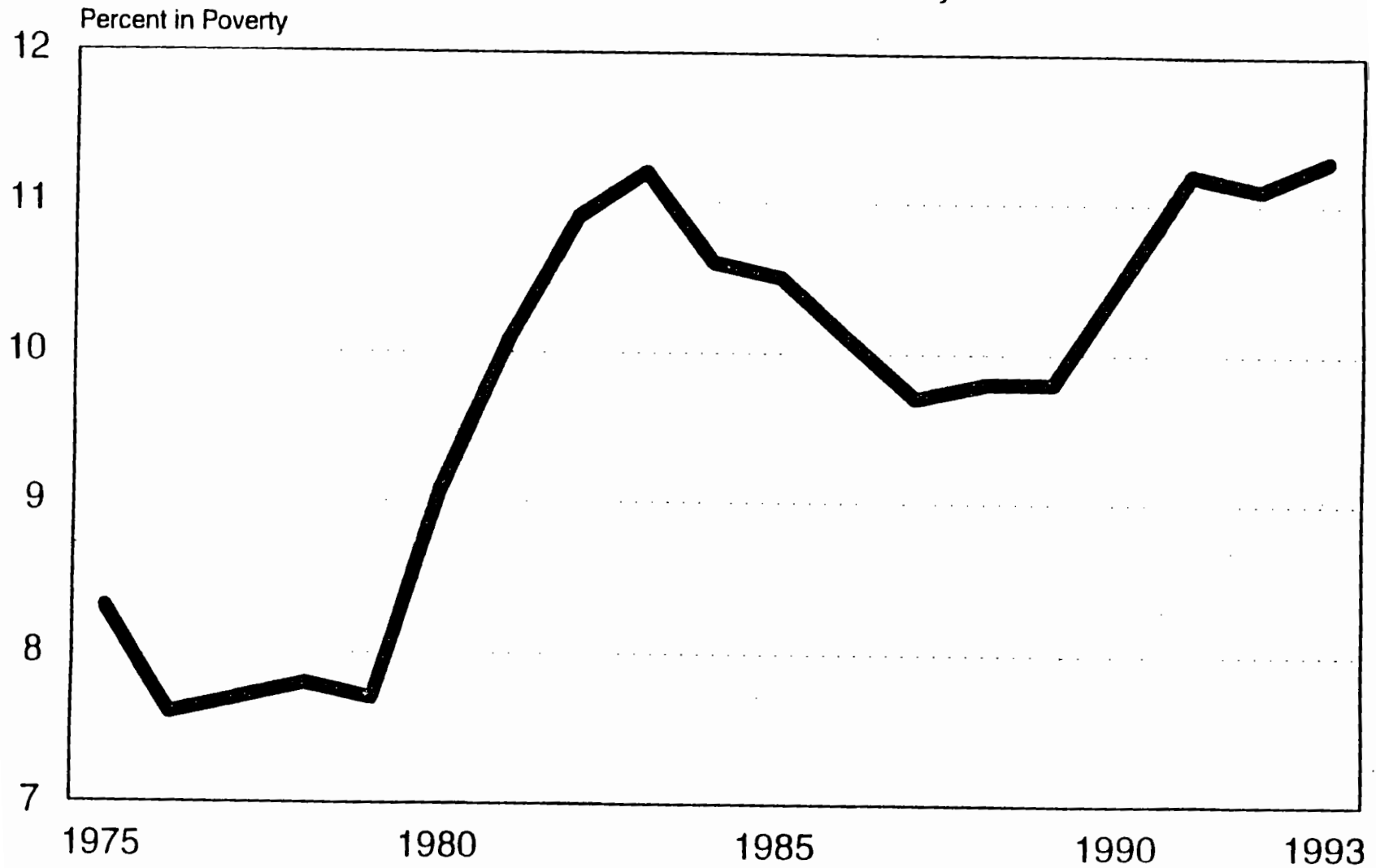
Adjusting for Inflation, in 1995 Dollars

NAPTE 4-4-4



More Working Families are Poor

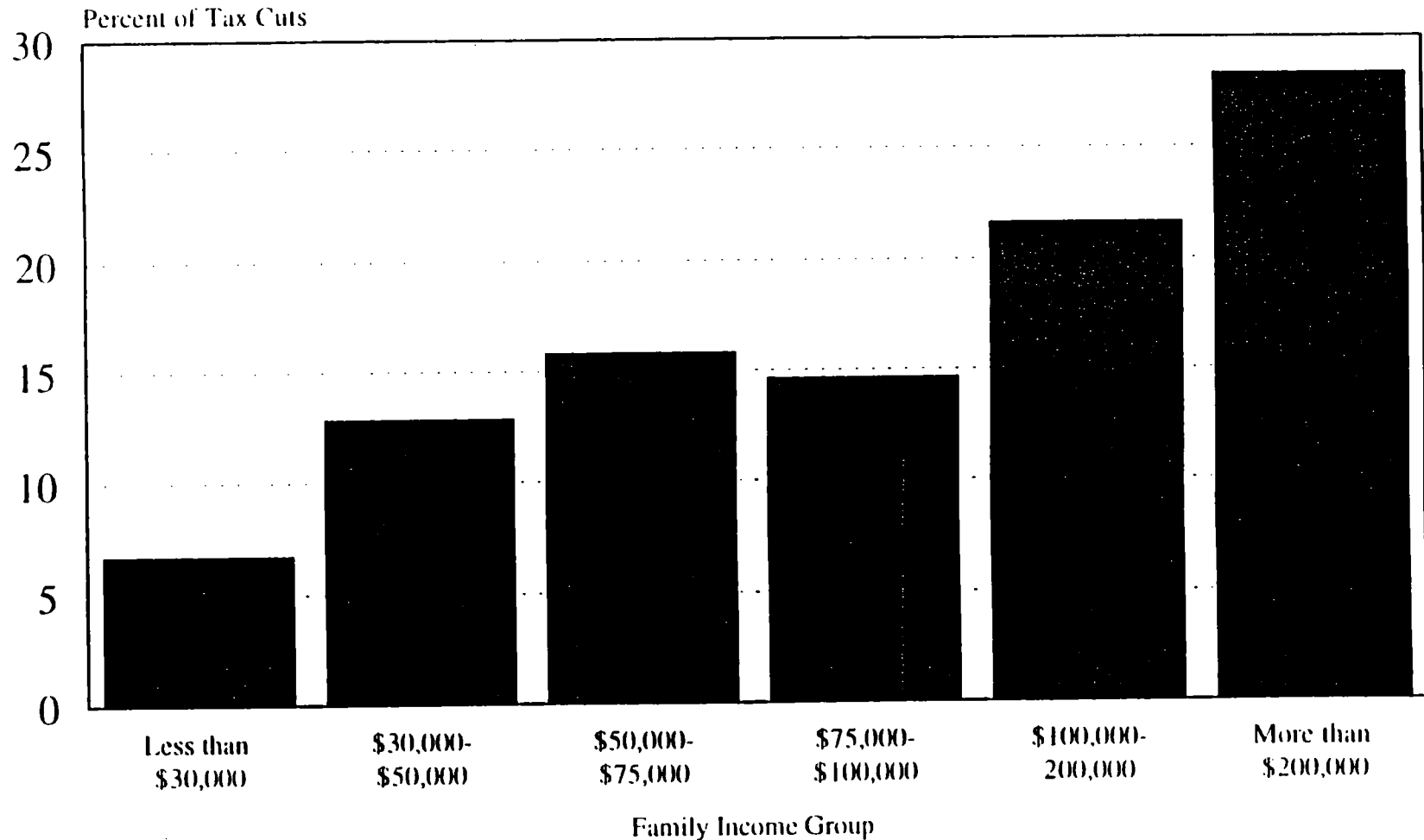
Percentage of Working Families in Poverty: 1975-1993



Source: Bureau of the Census, Current Population Survey. A working family is defined as one with children where someone in the household worked.

Who Gains from the "Contract with America"?

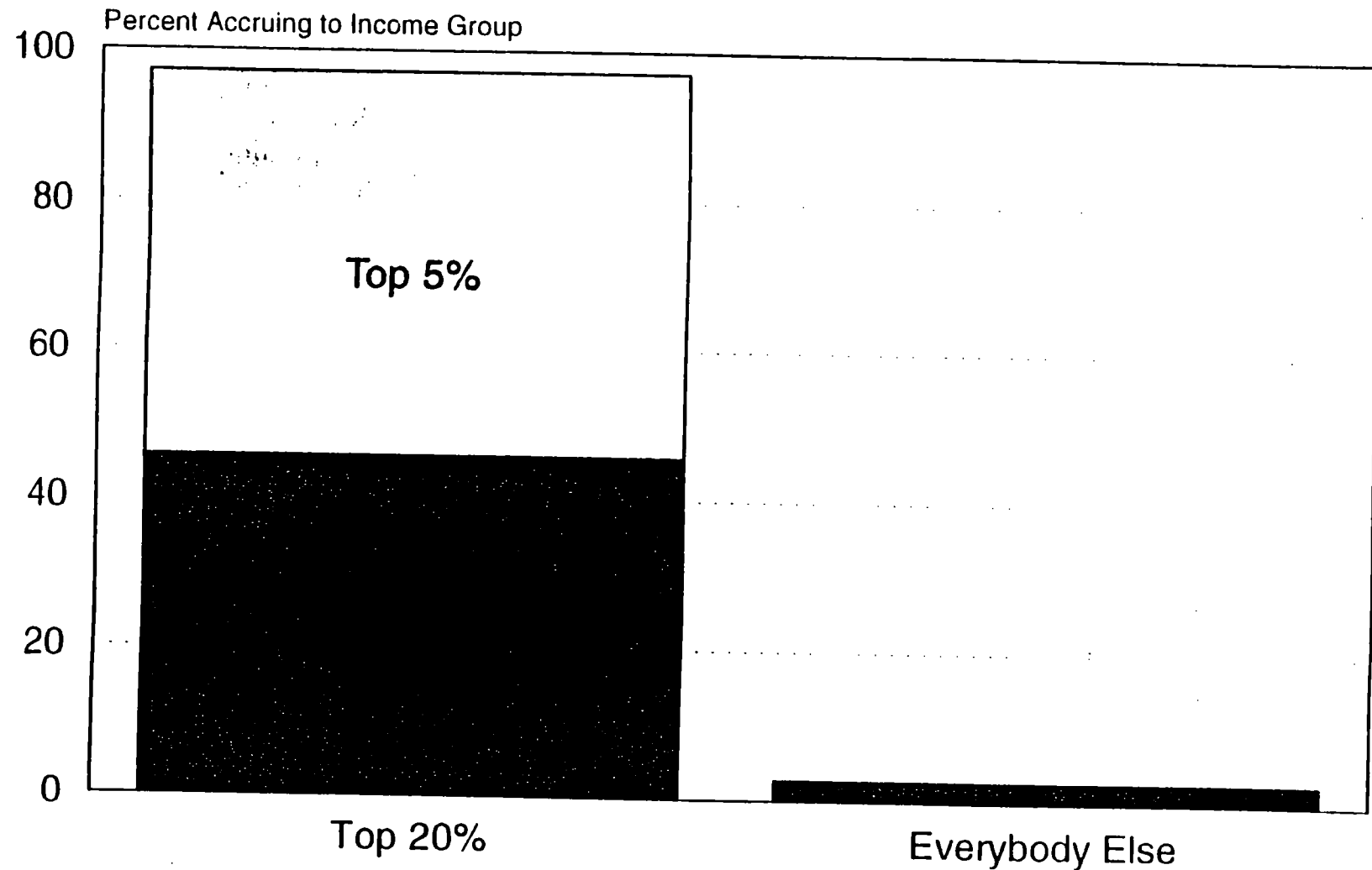
Distribution of Tax Cuts by Family Income Group



Source: Office of Tax Analysis, Department of Treasury.

1979 to 1992 -- Who Got the Growth?

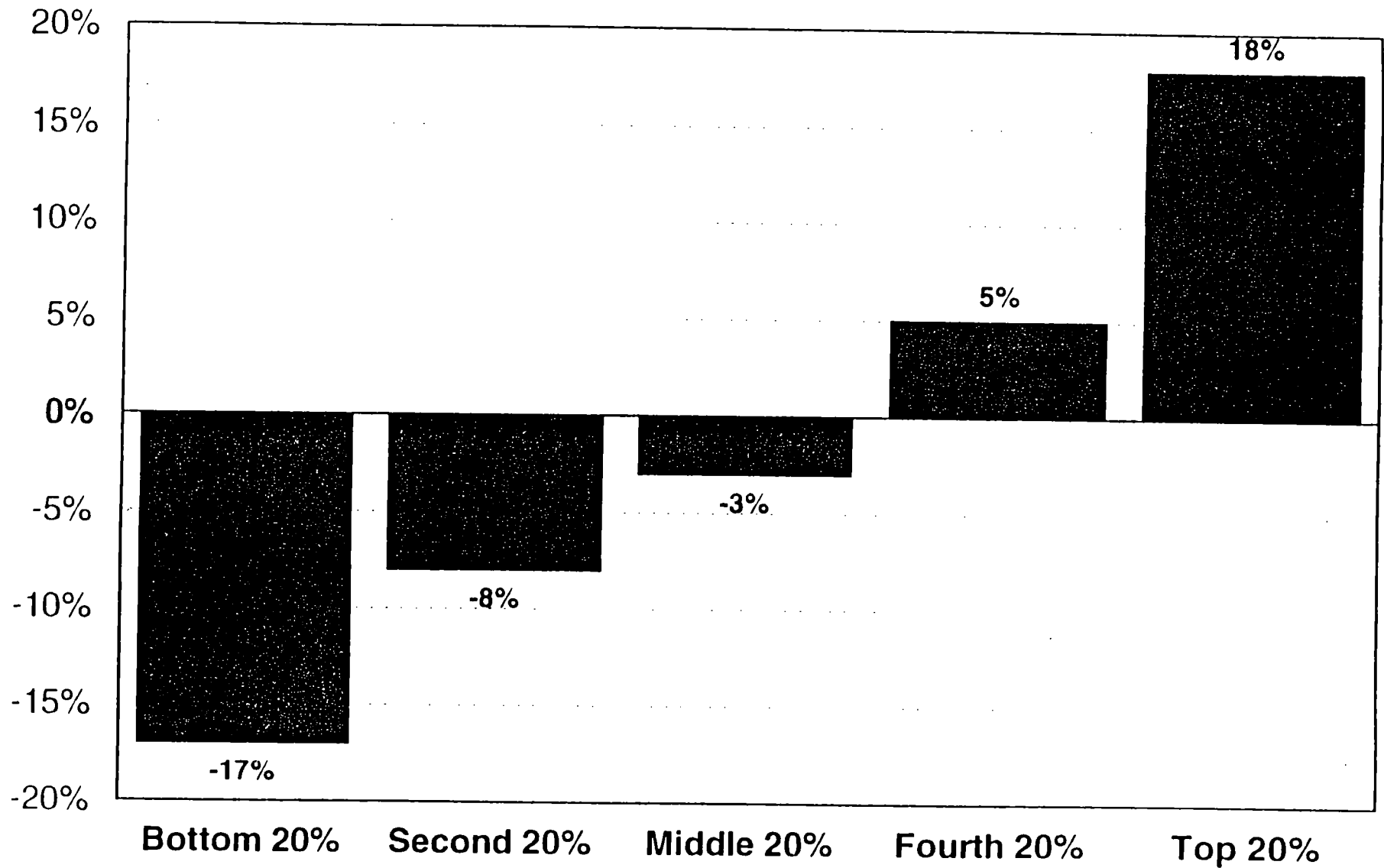
Shares of Average Household Income Growth



Source: Based on data from the Bureau of the Census, Current Population Survey. Household income is in constant 1992 dollars, and adjusted by CPI-U-X1, and population is normalized to a constant level.

1979 to 1993 -- Growing Apart

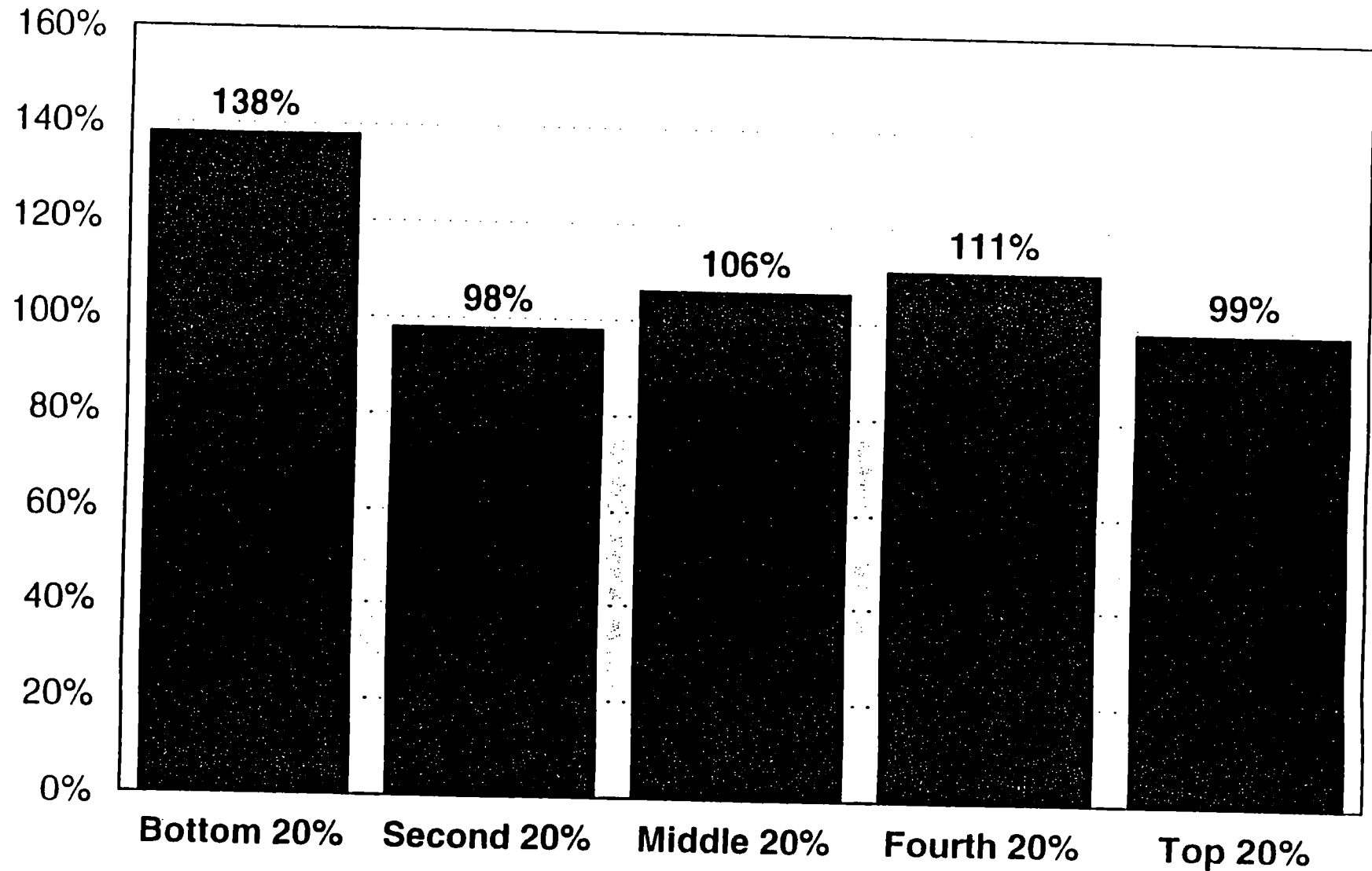
Real Family Income Growth By Quintile



SOURCE: Bureau of the Census, Department of Commerce. All data converted to 1993 dollars.

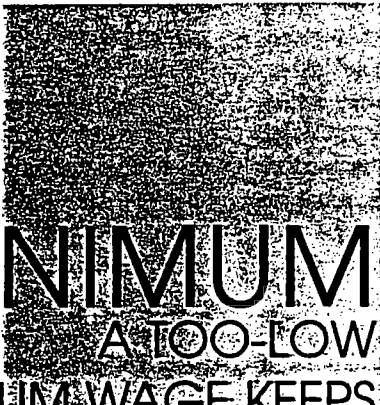
1950 to 1978 -- Growing Together

Real Family Income Growth By Quintile



SOURCE: Bureau of the Census, Department of Commerce. All data converted to 1993 dollars.

Dollars and Sense is a progressive economics magazine published ten times a year. First-year subscriptions cost \$16.95 and may be ordered by writing Dollars and Sense, One Summer St., Somerville, MA 02143.



BARE MINIMUM

A TOO-LOW
MINIMUM WAGE KEEPS
ALL WAGES DOWN

BY JOHN MCDERMOTT

In February, President Clinton proposed raising the legal minimum wage by 90 cents in two steps, to \$5.15 per hour by 1997. This was widely seen as a political ploy, since the Administration stonewalled an increase when it had a congressional majority. Now, of course, a minimum wage rise is doomed by the Republican Congress. Thus we're in for one more of those political tit-for-tats which pass for economic debate in the United States. Does it have to be that way?

The coming quarrel between Clinton and the Congress will be organized around a narrow question: Will a rise in the minimum wage increase unemployment? And, especially, will it increase teen-age unemployment? The evidence argues that's the wrong question. We should instead be talking of the spread of an economy which doesn't pay a liveable wage, forcing the public treasury to subsidize a very large class of working poor. We should be talking about how programs such as food stamps and the Earned Income Tax Credit (a reverse income tax for low earners) use tax dollars to subsidize profits for low-wage employers. Most important, we should be talking about how the

John McDermott is an editor of the journal Socialism and Democracy, and the author of Corporate Society.

excessively low minimum wage of recent years depressed wages and thus helped to create that sub-subsistence economy.

THE MINIMUM WAGE AND UNEMPLOYMENT

Traditional economic theory and its partisans take the position that increasing the minimum wage must cause unemployment because it "artificially" inflates wages. It's a simple argument: Employees normally produce just about enough to offset their own wages. A higher minimum wage means that some workers won't produce enough to justify their higher wages, and will therefore have to be fired. In the jargon of professional

economists, it makes some workers' wages higher than is justified by their "marginal revenue product" (what they contribute to the firm's output).

But a new study by Princeton economists David Card and Alan Krueger plays havoc with this analysis. They show that recent rises in state and federal minimum wages led to increases, not decreases, in the number of workers employed. The Princeton authors call this pattern very, very "robust": it holds up under a wide variety of circumstances, places and times.

There is a striking difference between what traditional economic theory calls for and what actually happens when the minimum wage goes up. In that theory, a minimum wage increase should eliminate jobs—those whose productivity falls below the new, higher productivity standard forced by the wage rise. In fact, however, minimum wage increases expand employment.

In New Jersey, for example, a large increase in the state minimum wage in 1992—an 80 cent rise on a \$4.25 base, or almost 19%—was followed by an increase in minimum wage employment at the higher rate. Meanwhile, in neighboring Pennsylvania, which didn't enact a higher rate, minimum wage employment lagged behind that of New Jersey. Similar patterns emerged when the California minimum wage was boosted in 1988, and when the national minimum rose in 1990 and 1991.

This experience doesn't fit conventional wage theory at all, according to which a minimum wage rise should simply lop off the lower edge of jobs. In fact, however, low-wage workers are not fired but are "swept up" to the new minimum. The rise also has a "ripple" effect—

to filibuster proposed increases (1988) and to sustain presidential vetoes when Congress has managed to pass a big increase (1989). In short, because the federal minimum affects living wages for so many workers, it has become a central economic and political issue.

All this points to a more far-reaching conclusion than the terms of the conventional minimum wage/unemployment debate suggest. I would argue that the very low federal rate of recent years has acted as a wage depressant. What once was intended to push workers' wages up, now seems to press them down.

The sensitivity of so many different wages to the federal minimum shows that employers use the federal rate as a keying wage for their wage and salary structure. When the federal rate goes up, their wages go up across the board. And when the federal rate is stabilized at an artificially low level, it supports the existing, too low wage rates, rates that under-represent workers' real productivity. Thus, the low wage industries, their industrial associations and their supporters in Congress have reversed the effect that minimum wage legislation was originally intended to have. By maintaining the federal minimum so low, the industries have been able to use the minimum to keep wages for vast numbers of other workers down to economically artificial and socially harmful levels.

THE BURDEN OF THE LOW-WAGE ECONOMY

Among the many harmful effects of the present wage structure is that its lower end has to be subsidized by others. If the employer doesn't pay a living wage, someone else has to make up the difference. Low wage workers typically receive subsidies out of the public treasury in the form

of food stamps, welfare, reverse income tax (Earned Income Tax Credit, or EITC), federal and other housing assistance and heating subsidies, Medicaid, school lunch and other programs for children, and so forth. Together, for example, the EITC, in which the IRS pays out money to the working poor, and the food stamp program are now budgeted for \$48 billion per year.

But, like the old minimum wage, these assistance programs were never designed to provide a long-term income source to such large numbers of people. Thus, when the working poor are added to the poor who cannot find jobs, government social service and related budgets become swamped, and the tax system stressed. The results are all too predictable: too little money for too many people, and the ever present hazard of taxpayer revolt which will cut the available funds even further.

It's hard to calculate the entire weight of this burden on the public treasury, but the following elementary arithmetic tells the important story. The poverty-level income for a family of four is now \$14,800 per year. Many of these families have one or more family members working. Card and Krueger point out that 36% of minimum wage earners are their family's sole wage earner, and that on average minimum wage earners account for one-half of their families' income. If a hypothetical

family of four had the equivalent of one and a half wage earners each making the federal minimum (not an unusual circumstance), that would generate under \$13,500 (52 weeks * 60 hours * \$4.25 = \$13,260). Just to reach the poverty line, someone else has to provide them with about \$1,500 per year. At present, that extra \$ 1,500 comes out of the public treasury.

These numbers reflect a socially dysfunctional economy. Thirty million workers and their families are at, below, or just above the poverty line. By realistic estimates there are another 12 to 14 million unemployed (see "The Real Un(der)employment Rate," *Dollars & Sense*, May/June 1995). In total, nearly a third of the working and potentially working population are maintained at or just above poverty levels only by grace of assistance from the public treasury.

Beyond the dollar costs to the treasury, systematic underpayment of the workforce implies under-investment in present and future workers. This under-investment is confirmed, for example, in the Carnegie Foundations report on children,

released in April 1994, which the *New York Times* characterized as painting "... a bleak picture of disintegrating families, persistent poverty, high levels of child abuse, inadequate health care, and child care of such poor quality that it threatens youngsters' intellectual and emotional development."

It is confirmed in Fordham University's Index of Social Health, which revealed last October that a composite measure of the U.S. population's overall health fell from 73.8 in 1970 to only 40.6 in 1992. And it is confirmed in the current Labor Secretary's pre-occupation with an under-trained and under-prepared actual and potential work force.

In short, the lower part of the labor force is not paid enough to maintain itself and its current level of skills, much less expand its productive capacities. Nor can workers afford to bring up and educate their children. When a private sector firm makes dresses or processes chickens, for example, it must pay the full production costs of its raw materials, technology, machinery, energy, buildings and so forth. But too many of these firms in too many industries are not paying the full cost of rearing, educating, and maintaining their own workers. They have a parasitic relationship to society and the rest of the economy. They're a drain on the economy, not an asset, a threat to the society, not a contributor.

A REALISTIC MINIMUM WAGE?

What would be a realistic minimum wage now? If it were pegged to one-half the average factory wage, as it was intended to be in the first place, the federal minimum would be about \$6 per hour. If we were to set it at a family survival level, the inflation in medical, housing and educational costs of recent years would require a rate of \$10 or more per hour. The National Welfare Rights Organization has argued that \$15/hour would more nearly reflect the real costs of living and the rising costs of raising

MINIMUM WAGE WORKERS: A SNAPSHOT

62% of minimum wage workers are female.

31% are people of color.

70% are adults.

36% are their family's sole wage earner.

33% are poor or near-poor.

9% receive food stamps.

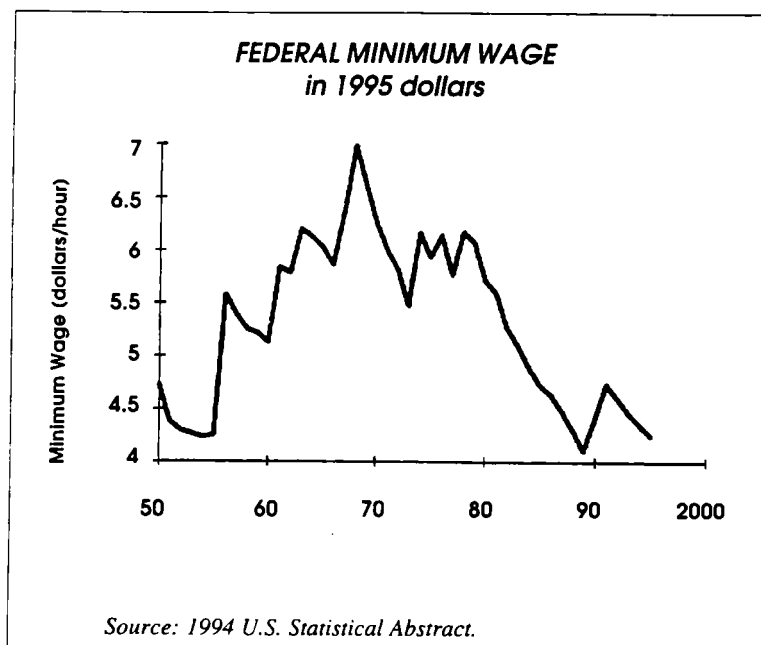
4% receive welfare.

Average weekly earnings: \$114.40

Source: David Card & Alan Krueger, *The New Economics of the Minimum Wage*, 1995. Figures are for 1990.

workers who earn more than the minimum also get raises as employers try to maintain a structure of wage differentials among different groups and kinds of employees. Then too, employers tend to raise the wages of workers who are not even covered by the federal minimum wage, such as those not engaged in interstate commerce.

This evidence argues that current wage levels lie significantly below the level called for by actual worker productivity. In fact there is much evidence that the minimum wage of recent years has been artificially low. In 1989 the Bush administration insisted on a sub-minimum or training wage for teen-age workers. Pretending not to notice that teenagers often have to switch jobs from term to term, the Bushites insisted that employers could pay teen-agers a "training wage" 15% less than the existing minimum for up to 180 days. Lobbyists insisted this was a life or death proposition for the industries affected. But



the provision was so little used that it was dropped without fanfare in 1993.

The fact is that minimum wage employers find it hard to get workers at the regular rate, much less the cut-price Bush insisted on. Many pay premiums to their employees for bringing in new hires. Often too they voluntarily exceed the legal minimum in order to recruit the workers they need. Thus, a McDonald's in a metropolitan area may start workers at \$5.25 or even \$5.75 or more per hour, whereas they stick with the legal minimum in, say, Helm's North Carolina or Gingrich's Georgia.

Card and Krueger seize upon such evidence to argue that conventional wage theory is merely "incomplete." Employers will pay a relatively premium wage so as to recruit all the workers they need and, especially, to stabilize the workforce at a higher level of output performance.

Implicit in this argument, however, is that prior to the minimum wage hikes they were paying less than the output ("marginal revenue product") of their workers justified, and in fact have some leeway in relating their employees' wages to their productivity. This is a crucial point for the current debate since it suggests that much of the wage structure, at least at the lower end, is economically arbitrary. Unfortunately, this very point,

and its social consequences, tends to be muted in current discussions of the wage structure.

THE MINIMUM WAGE AND THE LIVING WAGE

If anything good is to come out of the coming debate over the federal minimum, we have to go beyond the narrow issue that increases "might" increase unemployment. It's good to know that they probably won't. But the increases or decreases in unemployment involved are trivial next to the effects of a Federal Reserve Bank policy now calculated to keep unemployment high and workers' pay low. The headline issue of "teen-age unemployment," then, is a hoax. The real issue about the federal minimum wage concerns its wider impact on the thirty-odd million people in the lower quarter of the workforce. Since this is not well-understood we should step back a moment and look into it.

When the minimum wage was first introduced in 1938 it was intended to be only a *transitional* wage, not a *living* wage. It was part of a package of "floors" intended to tide workers over the ebb and flow of the business cycle or season. Like Unemployment Insurance and welfare, the minimum wage was intended to underwrite the period between decent jobs or during dead seasons. Nobody was intended to live on it (though non-metropolitan, particularly southern workers often had to). The idea was that a minimum wage job would tide you over until you landed a "real job" at a living wage, or got a call-back to your regular job.

Because of this transitional character, the level of the minimum wage didn't much affect the wage structure of (metropolitan) industry. That was a matter, mainly, of unions and the secondary pressures that union settlements would generate on non-union employers.

But nowadays, the federal minimum wage has an entirely different significance. One in four workers is a part-timer or a "temp" or some other variety of so-called "contingent" worker, and the unions are in shock. The federal minimum exerts a powerful effect on the wage structure for such workers.

For example, an increase to \$5.75 per hour would directly affect not only the five million workers who receive the present \$4.25 minimum, but also at least 15 million others whose present wages fall between \$4.25 and \$5.75. Moreover, employers maintain a definite structure of wage differentials among their employees. Thus a "ripple" effect occurs as employers adjust upward the pay of higher-level employees so as to maintain the pay structure.

In other words, such an increase will help out virtually all of the 30-odd million workers who make up the lowest quarter of the workforce. Thus, we have to reconceive the minimum wage: it's no longer a transitional wage but is instead a living wage for millions of workers, year in and year out, and a major influence on the living wage levels for a quarter of the workforce.

This is no longer a peripheral economic issue. Several industries rest on the very low wage workforce. These include restaurants, retailers, and nondurable goods manufacturers, particularly in food processing and the needle trades. The National Restaurant Association and a host of other industrial lobbyists spend large sums to keep the minimum wage low. This pressure and money lies behind the ability of anti-minimum wage forces

children who can function in the modern economy.

Would figures like that exceed the ability of employers to pay? We don't know because employer cost structures are "proprietary information" and thus excluded from public view. But the public has a pressing right to know these things because we are paying the bill for the low-wage economy, directly in the tax system and indirectly in the long-range costs of a workforce whose lower levels receive chronically inadequate investment.

These things suggest the terms of a realistic economic debate over the minimum wage: a living, sustainable wage for every worker? Open up industry's books on wage costs? Should low-wage employers be required to underwrite serious technological and/or commercial training for their workers? And, more basic,

what are the macroeconomic limits that should be imposed on subsidizing the low-wage economy? How do we move on to higher levels of investment in the labor force? Issues like this won't pass muster in the present Congress, but the Administration should be under public pressure to respond to them.

Resources: Myth and Measurement: The New Economics of the Minimum Wage, David Card and Alan Krueger, 1995; *Four Years and Still Falling: The Decline in the Value of the Minimum Wage*, Isaac Shapiro, Center on Budget and Policy Priorities, January 1995; *Who Wins with a Higher Minimum Wage*, Lawrence Mishel, Jared Bernstein, and Edith Rasell, Economic Policy Institute, February 1995.

Mark Shields

Pay the Workers

"An imbalance between rich and poor is the oldest and most fatal ailment of all republics." Almost 2,000 years ago, that distilled wisdom—so timely for 1995 America—was written by the premier Greek biographer of his or any other era, Plutarch.

In 1960, the average pay, after taxes, for chief executives at the largest U.S. corporations was 12 times greater than the average wage of factory workers. By 1974, the CEO's wages and compensation were about 35 times that of the company's average worker.

According to *Business Week*, a respected publication not openly hostile to the free enterprise system, today's Top Boss receives 135 times as much in wages and compensation as does the average Joe or Joanne at the same place of employment.

More important than the Rich getting richer is that working-class American families are actually getting poorer. The American male worker with a high school diploma saw his real income drop by 30 percent between 1973 and 1993.

To those upscale folks who can afford to pay \$50,000 a plate to have dinner with the Republican speaker of the House or \$100,000 a couple for dinner and a chat with the Democratic president, that might not seem like a big problem. But for the guy who came back from Vietnam, went to work every day, paid his taxes, obeyed the law, and raised and loved a family, it means that as his skill and experience increased and presumably made him more valuable to his employer, his employer paid him less. In 1977, the total after-tax income of the bottom 40 percent of American workers was double that of the richest one percent. By 1990, the share of national income going to the richest one percent had more than doubled—to equal that of the bottom 40 percent.

Recalling the words of John Kennedy, "If a free society cannot help the many who are poor, it cannot save the few who are rich." Rep. Martin Olav Sabo, the former speaker of the Minnesota House and ranking Democrat on the House Budget Committee, has come up with an admirable, sensible Midwestern solution.

Because "work is worthwhile and should be rewarded appropriately," Sabo would first raise the minimum wage, now at its second-lowest level of value in its history, to \$6.50 an hour for the more than 4.8 million Americans—69 percent of whom are adults over the age of 20—who work at or below the minimum wage and who can now work 52 weeks a year and still end up earning \$1,000 less than the federally established poverty level for two.

But Sabo, a quiet, wily legislator who "wouldn't tell you if your coat was on fire," has a stick to encourage corporate support for narrowing that income gap between CEOs and workers. His "Income Equity Act" would limit the tax deductibility of executive compensation to 25 times that of the lowest paid full-time worker at the same organization.

So, if the CEO wants to take home \$500,000, the CEO first has to establish that nobody working full-time is making less than \$20,000 a year.

American workers are the most productive in the world. Private business productivity has increased dramatically: There was a 2.3 percent increase in 1994, a 1.5 percent increase in 1993 and a 3.0 percent increase in 1992. Traditionally, higher wages have followed increased productivity. But that is not now the case. Profits are high, but American working-class families who took most of the pain and punishment of the corporate down-sizing have nothing to show for their efforts.

Capitalism has shown itself to be a dynamic economic theory. But it is neither a coherent social policy nor political philosophy.

Uncritical champions of the global economy constantly sermonize to American workers that in order to compete they must increase their productivity. During the decade of the 1980s, overall U.S. productivity increased by 12 percent and wages went up by just 2 percent. America is much more than a market. We are more than our gross national product or survival of the fittest. America is a national community. We are a family who, if we listen to Martin Sabo, will refuse to leave our fellow Americans behind.

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Thursday, June 22, 1995

The US Income Gap, or Chasm

By Martin Olav Sabo

AMID the rhetoric of "revolution" and plans for "renewing American civilization," Republicans in Congress have chosen to ignore the serious social and economic implications of America's growing income polarization.

As the House and Senate budget proposals attempt to redefine the role of government in society, they take us away from fulfilling government's responsibility to address a 20-year trend. Since the 1970s, the United States has undergone a staggering change in income distribution, with almost all the income growth flowing to the top 5 percent of wage earners. At the same time, the real incomes of most working American families have fallen or stagnated.

According to the Census Bureau, family income inequality is at the highest level ever recorded, and the income gulf between rich and poor is growing faster here than in any other industrialized nation. This surge in inequality exacerbates social problems and tears at the fabric of a democratic society.

In 1977, the total after-tax income of the bottom 40 percent was double that of the top 1 percent of all Americans. Twelve years later, the share of national income of the richest 1 percent had more than doubled - equaling that of the bottom 40 percent.

Concern about income inequality is not simply an appeal to "class warfare." The problem is not that the people at the top are getting ahead, the problem is that they are almost the only ones doing so. This is a profound change from the 1950s, '60s, and early '70s when Americans at all income levels shared the benefits of prosperity.

Yes, there are forces outside of government that help drive income inequality - increasing international competition has held down wages, and technological advances have left untrained workers behind. But the Republican-proposed tax breaks for the wealthiest Americans, combined with cuts in

education, health care, child care, and transportation assistance will only escalate this problem. Ironically, as government attempts to move people from welfare to work increasing numbers of full-time workers need government assistance to afford basic necessities like food and shelter. Clearly, if people who work full time can't earn a livable wage, they will continue to call upon government to make up the difference.

A recent study by the Jobs Now Coalition in Minnesota found that despite the state's record low unemployment, Minnesotans seeking "livable-wage jobs" outnumbered job

openings 6 to 1. Fewer than half of the state's jobs pay the \$20,000 a year needed to cover basic necessities for a family of three. The study proposed solutions, including a higher minimum wage, a renewed focus on job training, and going slow on welfare reforms that involve benefit reductions. These are all ideas the new majority in Congress opposes.

The private sector should also have an interest in reversing this 20-year trend. It must decide, as Henry Ford did in the

early part of this century, that workers are "assets" and not simply "costs." Ford knew that success for American businesses depended upon creating a wide base of American consumers for their products. Unfortunately, today's income inequality is slowly eroding that middle-class base upon which our economy - and our democracy - depends.

From the policymakers in Congress to the top levels of corporate America, we all must understand that it is in our common interest to deal with this problem and to ensure that every working American earns enough to afford basic necessities. Until that happens, income inequality will continue to restrain economic growth and thwart efforts to deal with social problems.

■ *Rep. Martin Olav Sabo (D) of Minnesota is the ranking Democrat on the House Budget Committee.*

OPINION/ESSAYS

Today's income inequality is slowly eroding the middle-class base upon which our economy depends.



Employment

Help Wanted, and Education Classified Ads Inside

Star Tribune

Sunday
January 14, 1995

19-95

Work-family issues can overwhelm temps

By Sue Shellenbarger
Wall Street Journal

They make up 25 percent of the work force and outnumber employees of the Fortune 500 combined, but contingent workers are the Rodney Dangerfields of the workplace.

Part-time, temporary and freelance laborers are seeping into all parts of the economy, from janitorial work to management, yet the work-family conflicts that often threaten their performance don't get much respect.

When speakers raised the topic at a work-family conference at Drexel University in Philadelphia, discussion almost died. "The reaction among employers is so strongly, 'Why should we care?'" says one expert.

Yet there is ample evidence that many contingent workers face daunting child-care and family problems, without any of the usual safety nets such as paid sick or personal days, flextime or even a controllable work schedule.

"They are falling through the cracks," says Kathleen Christensen, a professor at City University of New York who, in a new study with Boston University's Center on Work and Family, found that contingent workers are largely excluded from employers' work-family programs.

Consider Veronica Lofton. A single mother who works two part-time jobs — one as a bookkeeper and another as a parking control officer in Oakland, Calif. — Lofton gets no paid time off. (She also attends nursing school at night.)

Even the most commonplace incidents ignite a chain reaction of stress. When her 4-year-old son fell off the monkey bars at day care, she had to leave work to take him to the doctor. That cost her most of a day's pay, and she is having trouble covering her bills. She hopes to make it up by selling Tupperware, her sideline business.

But she already is stretched perilously thin.

When she got the flu, she kept work-

ing to avoid losing more pay, making herself so ill that she had to ask a relative to pick up her son that night. Such stresses, she says, are partly to blame for the recent break-up of her marriage. She was unable "to give much time" to it, she says.

"Every day I would get up and say, 'I have too much on my mind. I can't talk.'"

To be sure, temporary work is itself a solution to work-family problems for many people.

When Terri Beddington, a former sales promotion manager, had to move to Old Greenwich, Conn., to care for her dying father, she was glad to find a temporary job near his home.

"It has really filled a need at this time of my life," she says.

But for a significant number of others, what looks like a lot of flexibility is really none.

When Paolo Pontoniere's schedule as a bartender at a San Francisco hotel was changed to five days a

week from two with just 72 hours' notice, he had to make "tons of telephone calls" to find a sitter for his three children.

Employers "look at the employee as a mechanical being, who has no life or family behind him," he says.

Low status on the job can lead to stress at home. One temporary worker for an AT&T subsidiary has been told by her bosses repeatedly that she doesn't qualify for permanent status, though they say her work is good. She calls her continuing temp status humiliating.

"My husband keeps saying, 'When are they going to hire you?' The tension is always there."

Cheryl Ramage, director of graduate education at Northwestern University's Family Institute, says, "The lack of predictability and consistency" linked to many contingent jobs "is corrosive to family members' sense of well-being. Children show it most acutely," sometimes by acting alienated and out of control, she says, "but adults will also feel it, in the form of impairment of

relationships."

Job stress is more than three times as likely to spill over into the home as family problems are to crop up at work, says the Families & Work Institute in New York City.

When Sue Schillerstrom, who is on call as a part-time medical assistant at a Planned Parenthood clinic in Hayward, Calif., is called in abruptly, "the whole family has to compensate," she says.

Recently, her 14-year-old daughter resented being unexpectedly left in charge of two siblings. She complained, "I really wanted to talk to you after school today," Schillerstrom says. The problem, she says, is she can't plan for her absences.

Why should employers care? If contingent workers "are facing all sorts of personal problems, it is going to show up on the job. Either they won't come to work, or they'll be highly distracted," researcher Christensen says.

A Georgetown University study of contingent workers found that re-

duced productivity from high turnover wiped out the savings from hiring them.

And family turmoil can have long-term costs. For many of the years her three children were teenagers, Lucy Jobe's schedule as a part-time waitress changed every few days, from night shifts to days and back again, while her husband worked rotating shifts. Her pleas for a steadier schedule were rejected.

As a result, family life lacked predictability. Jobe tried hard to compensate, fixing dinner for the children to heat in the microwave and leaving long notes.

But the Jobes believe the unpredictability played a role in the problems experienced by their son, now 19, who joined a gang and had some legal scrapes. They believe, and psychologists say, that children sometimes embrace gang life for its structure and predictability.

"He has mentioned it to me," he said, "I needed you here," Jobe says. "But what can you do? You've got to put food on the table."

Improved interview technique may overcome age bias

I'm 56. I've seen few people, virtually no one my age, managing manufacturing operations or working in a manufacturing support capacity, let alone other middle-wage positions.

I would guess that most people my age are not financially well off or retired, not receiving public assis-

Careers

Joyce Lain Kennedy

nourished in a ditch somewhere.

Seven months ago, I learned for

management planner with a "how to find work" manual attached. My salary requirements are open. My cover letters and resumes seem to generate my fair share of responses from thirtysomething hiring teams who subsequently screen me out. Help?

One of the most liberal

a dummy, either, so aim for a moderate image without sounding like you know it all. Cheerfulness counts: Smile during at least 50 percent of the interview.

William Maugum, one of the nation's most knowledgeable execu-

ture of you to remember," the author explains.

"Before your closing comments, ask the interviewer if his or her assessment of your strengths matches the company's needs." If there seem to be gaps, you have a chance to de-

contributing to the job?

Are there any areas of concern to you in regard to my suitability for the job?

Finally, never leave an interview without determining the next step



TEMP STATS

Prepared by the National Association of Part-Time and Temporary Employees
Shawnee, KS (913) 962-7740

October, 1995

Overview

The temporary services industry grew 361 percent between 1982 and 1994 (1). Today over 2 million workers will be on the payroll of temporary service firms (2). Approximately 17 percent of all new positions created in the United States are temporary, and analysts note that this understates the number of part-time and temporary positions in America (3).

In August, 1995 the Department of Labor released its first official estimate of the temporary labor force- about 5 percent of the total labor market- or six million Americans. **That translates into one in every twenty workers is a temp (4).**

It is now reported that 30 percent of jobs in the United States are contingent: part-time, temporary, or contracted out (5).

Never have so many Americans working part-time or temporary say they would rather have full-time jobs- roughly 6.4 million in 1993 out of 21 million part-timers. The Department of Labor study revealed that only about 6 percent of temporary help workers had employer-provided health insurance (6).

In addition to the growing number of employees on the payrolls of temporary employment firms there has also been an explosion in the number of part-time workers. The Department of Labor reported that in 1993 there were 20,868,000 part-time workers. This year that number increased to 23,288,000 (7). That is an 11.5 percent increase in just two years!

Involuntary part-time work was the fastest growing category of workers between 1970 and 1993 with a reported increase of 178.1 percent. In fact over 75 percent of all part-time work was performed involuntarily with most preferring full-time work (8). The ratio of all part-time work to full time work creation was about 1.5: 1.0. That shows the preference of employers.

The number of employee leasing firms has also skyrocketed. In 1984 the industry was almost non-existent. In 1992 there were 1361 employee leasing firms (9).

Working Hard and Not Making Ends Meet

Part-time work has not resulted in greater prosperity for workers. Part-time workers earn less money per hour than their full-time peers. Temps typically earn 40 percent less than regular full-time workers in terms of pay alone (10).

The Department of Labor estimates that some 2.7 million part-time workers in 1993 earned the minimum wage (11). Sixty-five percent of that group were women (12).

Temps as a group are not paid well. Almost 75 percent earn less than \$8/hour. Almost 30 percent earn less than \$6/hour in 1994 according to industry sources (13). The highest pay goes to professionals who temp; they can earn over \$20 per hour depending on the field (14).

Part-time employment is concentrated in trade and service sectors- the sectors that have grown the most in the last two decades. Since 1990 there has been a big push for part-time workers and temps in manufacturing and professional categories.

Temps are paid more in the northeast and generally less in Florida and the south (15).

Selected Demographics

In the latest report by the National Association of Temporary Service their research showed that men now make up a greater proportion of the temporary workforce in 1994 (28 percent) than in 1989 (20 percent) (16). They also noted that the temporary workforce is aging. In 1989 some 57 percent were under the age of 34; only 48 percent are under the age of 34 in 1994.

The temporary help workforce according to NATS is overwhelming female, white in terms of race, and about half were single. Their research showed the percentage of those with only a high school diploma increased as temps. The reverse happen with those with at least an associate degree- their temporary employment declined from 1989 to 1994 in percentage terms.

Benefits Poor

Health Insurance

The Department of Labor reports that only 6 percent of workers on temporary help employment payrolls receive health insurance (17). A study by the National Association of Temporary Services in 1994 showed 8 percent (18). Most temps who have health insurance qualify through a spouse, parent or educational institution, not the help services firm.

The growing number of contingent workers is contributing significantly to the rise in the number of uninsured for health coverage.

The Employee Benefits Research Institute reported that while 61 percent of all workers had direct employment-based health insurance only 16 percent of part-timers had such coverage. Amazingly the gap widens between large and small firms (19). At companies with fewer than 10 workers only 10 percent of their part-timers and 25 percent of full-timers covered by health insurance. At the other end of the spectrum large companies with over 1000 employees only 23 percent of part-timers had health insurance in comparison to 78 percent of their full-time staff.

Other Benefits and Protections

Part-timers are also 20 percent less likely than full-time workers to get sick leave or paid vacation (20).

Most states exclude part-time workers from qualifying for unemployment compensation. Workers must meet earnings and tenure tests to qualify. The system also further constricts benefits by limiting the scope to those engaged in seeking suitable **full time** work. Part-time workers involuntarily separated from work are left to fend for themselves while it is much easier for full time workers to get benefits. A study in 1988 revealed that while 23 percent of the unemployed were part-time workers they comprised only 13 percent of unemployment insurance claims (21).

To qualify for paid vacation time most employees need to accrue 1000 hours of work in a year. Most temporary help firms require anywhere from 1200 to 1500 hours before qualifying. BLS research revealed that vacation pay is the most common standard benefit (74 %) in 1990 followed by: referral bonus (62 %), job training (55 %), paid holidays (37 %), transport allowance (24 %) , life insurance (21 %) , credit union membership (5 %) and child care allowance (2 %) (22).

A study just four years later by the National Association of Temporary Services showed the following benefits pattern reported by the temps they surveyed: holiday pay (56%), paid vacation days (39%), free skills training (46 %), bonuses (22%), health care (8%), life insurance (4%), sick pay (3 %), and retirement plan (2%) (23).

Pension Poor

A study in 1988 showed that only 16.3 percent of part-time workers were included in an employer's pension plan. On the other hand, 48.5 percent of full time workers were in a pension program (24). It is extremely rare for temps to have any employer-sponsored pension program (25).

The result is pension disparity. Companies use the profits and savings off temps and part-timers to subsidize full-time workers.

Wage studies this year reveal that most workers will earn less than their old position- especially if they were involuntarily laid off. Most perform temporary work for the money. If employers are reducing wages and minimizing benefits while prices increase what happens to the lost wage/benefits gap not paid out ?

Sweet Success

Employers expect to enjoy savings of at least 15 percent or more by using temps (26). In 1992 and 1993 alone 29 temp help firms made *Inc.*'s Top 500 listing (27) . These outsourcing firm's owners are co-reaping the benefits of power with business owners.

More recently the July 1995 issue of *Colorado Business* highlighted the state's 100 leading women-business owners. Six of the elite group owned help service firms and reported collective revenues of over \$47 million (28).

Temp Industry Reports Strong Profits

The National Association of Temporary and Staffing Services reported in July a domestic industry payroll of \$6.5 billion for the first quarter (29). Total revenues were \$9.2 billion. That was a 19.3 percent increase over the same period last year. Total daily employment was also up 18 percent for the same period over 1994.

Outlook

The Department of Labor in 1994 forecasted that personnel supply firms will be among the fastest growing industries to 2005 (30). Another 600,000 workers are expected to be added to the daily payroll of help service firms like temporary help firms or leasing companies in the next nine years.

The Conference Board recently announced that among global companies the use of "contingent" workers is expected to increase. The Conference Board also reported that the number of companies whose workforce consisted of at least 10 percent contingency workers will almost triple to 35 percent, compared with 12 percent in 1990 (31).

Footnotes

- (1) *Human Resources Annual, 1995-1996*, pp.1.1-1.2.
- (2) *Pittsburgh (PA) Post-Gazette*, July 16, 1995.
- (3) *Human Resources Annual, 1995-1996*, p.1.1.
- (4) *Pittsburgh Post-Gazette*, August 20, 1995.
- (5) *Ibid.*
- (6) "Most Temporary Workers Prefer Permanent Jobs," *Omaha World-Herald*, Aug. 27, 1995.
- (7) "Part-Time Employees Create Flexibility," *Personal Journal*, Sept. 1995.
- (8) *Human Resources Annual, 1995-1996*, p.1.2.
- (9) "Jobs with Flexibility," *Kansas City Star*, Feb. 13, 1994.
- (10) Polly Callaghan and Heidi Hartmann, *Contingent Work*, Economic Policy Institute, 1991, p. 11.
- (11) "Both Sides Wield Same Data in Minimum Wage Debate," *Dallas Morning News*, Feb. 19, 1995. p. 8H.
- (12) *Ibid.*, p. 8H.
- (13) "1994 Profile of the Temporary Workforce," *Contemporary Times*, Spring, 1994.
- (14) Bureau of Labor Statistics, U.S. Dept. of Labor, "Occupational Compensation Survey: Temporary Help Supply Services- United States and Selected Metropolitan Areas." Nov. 1994. Dated May, 1995. p. 1.
- (15) *Ibid.*, pp. 2-5.
- (16) "1994 Profile of the Temporary Workforce," *Contemporary Times*, Spring, 1994.
- (17) "Most Temporary Workers Prefer Permanent Jobs," *Omaha World-Herald*, August, 27, 1995. p. G1.
- (18) "1994 Profile of the Temporary Workforce," *Contemporary Times*, Spring, 1994.
- (19) "Part-Time Workforce Grows but Enjoys Few Benefits," *HRFOCUS*, May, 1995, p. 6.

- (20) DuRivage, Virginia., *New Policies for the Part-Time and Contingent Workforce*, Economic Policy Institute, 1992., p. 22.
- (21) *Ibid.*, p. 107.
- (22) Polly Callaghan and Heidi Hartmann, *Contingent Work*, Economic Policy Institute, 1992, p. 22.
- (23) "1994 Profile of the Temporary Workforce," *Contemporary Times*, Spring 1994.
- (24) DuRivage, Virginia. *New Policies for the Part-Time and Contingent Workforce*, Economic Policy Institute, 1992, p. 100.
- (25) *Op. Cit.*.
- (26) "Getting the Most From Temps," *Inc.*, May, 1994. p. 149.
- (27) "Testing Temping," *Inc.*, Dec. 1993. p. 184.
- (28) "Top 100 Women Business-Owners," *Colorado Business*, July, 1995.
- (29) "Temp Industry Swelling," *Pittsburgh (PA) Post-Gazette*, July 16, 1995.
- (30) "DOL Projections Yield Strategic Planning Information," *Contemporary Times*, Spring, 1994. pp. 28-31.
- (31) "Contingent Employment," *HR Executive Review*, The Conference Board, Vol. 3, No. 2, 1995.

THE WELL-BEING INDEX HOW BIG IS THE NET?

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Temps ARE HERE TO STAY

SUMMARY

Estimates of the number of people with temporary work situations vary tremendously, but researchers agree that outsourcing is one of the hottest branches of the labor force. Contingent workers enjoy variety and flexibility, but they usually get lower earnings and benefits. Most would prefer "regular" jobs, but employers aren't hiring. The result is unmet demand for health insurance and other things temps need.

by Jan Larson

The term "temp" brings to mind a replacement receptionist who answers phones and sorts the mail while a salaried employee is on vacation or medical leave. But this is only one of many ways of describing today's contingent work force. The term describes millions of people who, for whatever rea-

son, do not have a sense of permanence about their jobs.

Estimating the size of the nation's contingent work force is like asking a group of scientists when and where the next California earthquake will hit. It all depends. "There is no agreement among scientists about what constitutes a contingent worker or how many there are," says Heidi Hartmann, author of a number of studies on contingent workers and director of the Washington, D.C.-based nonprofit Institute for Women's Policy Research.

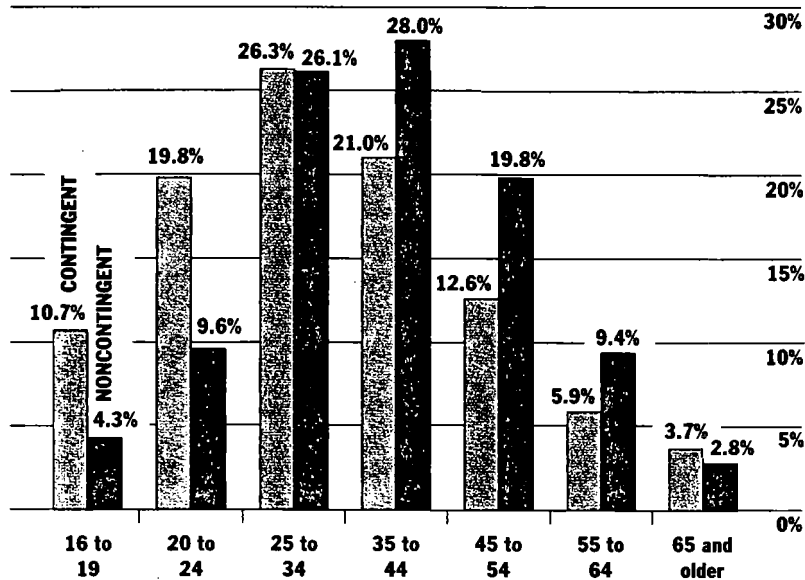
The job may be tough, but researchers

Jan Larson is associate professor of journalism at the University of Wisconsin in Eau Claire and a frequent contributor to American Demographics.

Temp Workers Are Youthful

Almost one in three contingent workers is under age 35.

(percent distribution of contingent* and noncontingent workers, by age, 1995)



* Note: Estimate 3 (broadest BLS definition; see text for specifics)

Source: Bureau of Labor Statistics, Washington, DC

are scrambling to find the answers. They are counting the number of contingent workers, describing their varied life and work situations, and assessing employee attitudes toward contingent work. Managers are eager for this information because the uses of temporary workers, also known as "outsourcing," is one of the hottest trends in business. Two-thirds of surveyed executives of large corporations expect to use more temporary help in the next three years, according to a 1995 study conducted by the staffing service OfficeTeam in Menlo Park, California. The reason is that more managers are using temporary workers as a competitive tool, rather than a simple means of cost control.

Outsourcing such tasks as building maintenance or fleet management is relatively common. But according to a survey by the global accounting firm Arthur Andersen & Company, a growing number of companies are hiring outsiders to take care of central business functions like tax, payroll, and pension management. "Companies

are recognizing the need to focus relentlessly on their core competencies," says Dennis Torkko of Andersen's contract services practice. Contingent workers can take care of non-core but essential business functions, he says. As this trend grows, more business managers will view skilled labor as something they can lease with an option to buy.

ESTIMATES VARY

The word "contingent" is fraught with uncertainty. The term has been used to describe a variety of employment situations, including part-time work, self-employment, employment in the business services industry, and work situations of a tenuous nature. Depending on the definition and data used, contingent work force estimates range from less than 2 percent of the working population to an impressive 16 percent-plus. That's a difference of between 2 million and 19 million workers.

The lowest estimate is published by the Federal Reserve Bank of Chicago, at 1.9

million. The Bureau of Labor Statistics (BLS) publishes three estimates based on the results of a first-time supplement to the bureau's monthly Current Population Survey conducted in February 1995. The lowest number (2.7 million) derives from a narrow definition that includes only wage and salary workers who had been in their jobs one year or less and who anticipated those jobs would last an additional year or less.

The second BLS definition adds self-employed and independent contractors who consider their jobs less than long-term, which bumps up the tally to about 3 percent of workers (3.4 million). The third and broadest BLS estimate includes any worker who considered his or her job temporary, resulting in a total of 5 percent, or 6 million.

Some observers consider the numbers low; they say that the BLS definitions are too narrow. Hartmann's 1995 study of the economic impact of contingent work on women and their families found that in 1990, more than 19 million workers, or 16 percent, held contingent jobs. This number was based on the Census Bureau's 1987 and 1990 Surveys of Income and Program Participation.

The number of contingent workers grew 5 percent between 1987 and 1990, according to Hartmann's study, compared with an overall work force gain of less than 4 percent. One easily identifiable portion of contingent workers, those employed by the personnel-supply services industry, is clearly outpacing other industries. Personnel services employment increased 25 percent between 1990 and 1993, compared with 1 percent for total employment, according to BLS data.

Whatever their numbers, contingent workers are no longer limited to clerical duties. They include pink-, blue-, and white-collar workers, according to Lewis Segal and Daniel Sullivan, senior economists at the Federal Reserve Bank of Chicago. Their research focuses on the personnel-supply industry—the largest employer of contingent workers—and

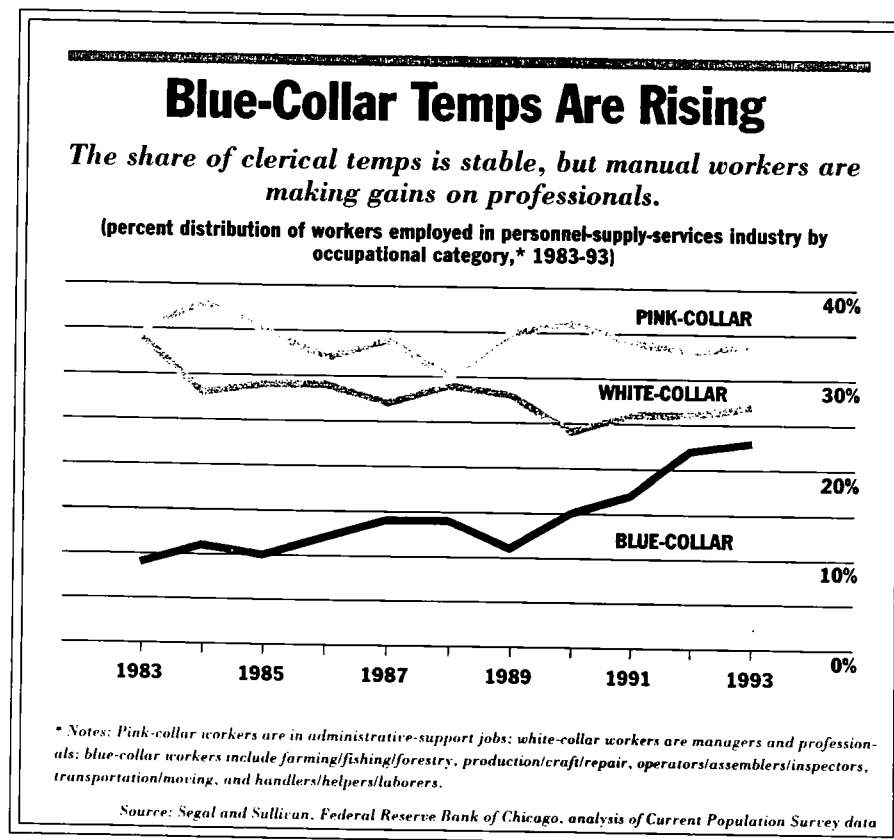
is based on BLS and 1990 census data, which show that approximately 2 million workers are currently employed in the personnel-services industry.

Nationally, manufacturing employment has been declining. But the share of temporary workers who hold blue-collar jobs grew from 9 percent in 1983 to 23 percent in 1993. This indicates that manufacturers have moved away from periodically hiring and laying off workers, and toward filling more of their variable employment needs with contingent workers on a routine basis. The number of white-collar professional temporary workers has also grown. But the faster gains in blue-collar employment mean that white-collar temps have lost share, from 34 percent in 1983 to 27 percent in 1993.

The share of temp workers in "pink-collar" or clerical jobs has remained stable, at about one-third. Women continue to dominate this portion of the industry, but men are entering it at a faster rate and gaining share. In 1993, 38 percent of all personnel-supply service workers were men, up from 25 percent in 1983, according to Segal and Sullivan. Data from the National Association of Temporary and Staffing Services (NATSS) in Alexandria, Virginia, confirm that male participation in the temp work force is growing.

The temporary work force is aging along with the total labor force; 52 percent of contingent workers were aged 35 or older in 1994, up from 43 percent in 1989. Yet they remain much younger than the overall work force. Between 31 and 42 percent of all types of contingent workers were aged 16 to 24 in 1995, according to the BLS estimates, compared with 14 percent of noncontingent workers. And between 12 and 14 percent of contingent workers aged 25 to 64 are not high school graduates, compared with 10 percent of noncontingent workers. The share of temporary workers with a high school diploma or less increased from 18 percent in 1989 to 27 percent in 1994, according to NATSS.

Youth and lack of higher education would



appear to explain part of the wage gap between contingent and noncontingent workers. But contingent workers tend to earn less than their permanent counterparts even after adjusting for age, sex, race, and education, according to Segal and Sullivan's research. Pink-collar temporary workers earn 10 percent less than comparable permanent workers. The wage differential is even greater for blue-collar workers, who earn 34 percent less in contingent jobs than in permanent ones. The exception is among white-collar contingent workers, who earn 2 percent more than noncontingent workers. Highly skilled professionals, executives, and technicians who work as consultants on a project basis can often command fees well in excess of staff salaries.

EARNINGS AND BENEFITS

Contingent workers worry about things that "regular" employees take for granted. Dave Reichard, a contract worker for a technical services firm in Escatawpa, Mississippi, worries about health insurance. His firm offers access to group health in-

surance, but Reichard says it's "pretty expensive." He and his wife have four children, one income, and a monthly insurance tab of \$145. Reichard would like to start his own computer services business, but doesn't know where he'd find afford-

**Contingent workers
worry about things that
"regular" employees
take for granted.**

able insurance. "I have to be concerned with my insurance, because I would be on my own," he says.

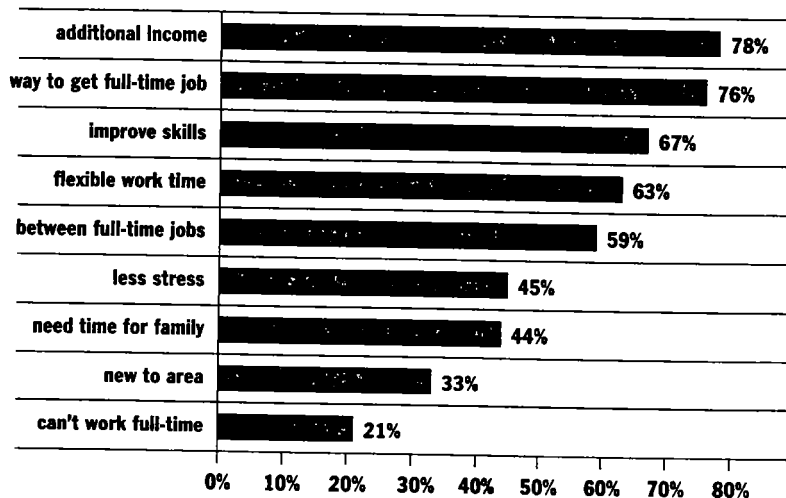
Insurance isn't Reichard's only concern. He's wondering if he'll ever be able to retire. By the time he pays for insurance, rent on his home, and other daily living expenses, there's not much left.

The proportion of contingent workers with health insurance from any source ranges from 57 to 65 percent, according to the BLS, compared with 82 percent of noncontingent workers. And contingent workers who do have health insurance are

Why Be a Temp?

Money is the biggest reason to take temporary work, but getting ahead and flexibility are also important.

(percent of surveyed temporary employees who cited particular reasons as very or somewhat important in their decision to become a temporary employee, 1993)



Source: National Association of Temporary & Staffing Services, Alexandria, VA

much less likely to get it through an employer. This indicates a growing need for affordable private options, says Audrey Freedman, an economist and management consultant based in New York City, who coined the term "contingent work-

Child care is the top concern for women contingent workers.

ers" in the mid-1980s. "Nobody is really specializing in portable benefits that workers can carry from employer to employer. If entirely self-financed, health insurance is portable, but it's also high-priced," says Freedman.

The same problem exists in the area of financial planning. Contingent workers don't have access to standard employer-provided pension plans, so they have to do it themselves. Businesses that can help people plan their retirement will be tapping into a growing market. So will those that help workers plan their work lives.

Child care is the top concern for women

employed as contingent workers, says Hartmann of the Institute for Women's Policy Research. She has found that one in four women contingent workers has young children, compared with 16 percent of women who work full-time for a single employer. One explanation is that contingent workers tend to be younger.

Flexibility is a key advantage for hiring contingent workers, but the workers themselves also need flexibility from those who provide them with services. Pay-by-the-day, drop-in day care can offer a sense of security to parents whose erratic work schedules prevent them from taking out long-term contracts.

What many contingent workers really want is to become noncontingent. For four weeks in 1994, Joyce Hall, a home-health-care worker in Fresno, California, was a contingent worker in the temporary-services industry. When her temporary employer offered to make the position permanent, Hall eagerly made the switch. She increased her earnings and gained health benefits and a 401K plan. "The benefits are really im-

portant, as well as the pay," says Hall.

She is not alone. Over half (54 percent) of NATSS survey respondents say they took temporary work because they were between jobs and needed the money. Fifty-six percent of the personnel-supply workers studied by Segal and Sullivan say they took a temporary job for economic reasons. The BLS estimates that between 56 and 64 percent of contingent workers would prefer a more permanent arrangement.

VARIETY AND FLEXIBILITY

Employers may be reluctant to end contingent arrangements, says consultant Freedman. She insists that the contingent arrangement is the natural evolution of businesses seeking new ways to remain competitive in a demanding environment. But the arrangement may be less attractive to workers. Fewer than one-third of the temporary workers Segal and Sullivan studied were still in temporary positions a year later; more than half had gotten permanent positions.

Some temps like the arrangement. For college students, semi-retirees, and those free of financial worries, contingent work may be the optimal choice. Thirty-one percent of those responding to the 1994 NATSS survey say they like the "diversity and challenge of working on different assignments," and the same share say they work as temps because it gives them "the flexibility and time to pursue non-work interests."

Maureen Briggs lives and works in Honolulu. Although her primary occupation is teaching English as a second language, Briggs has worked as a temporary employee for nearly three years. In 1995, NATSS named her national temporary employee of the year. "Working as a temp fills in the gaps in my teaching schedule," says Briggs, who is a contract instructor for Hawaii Pacific University. Briggs pursued temporary work when she moved to Hawaii to finish her college education.

Previous career experience as a public

relations and retail marketing director in the banking industry has helped Briggs land a number of temporary jobs with law firms and stock brokers. She enjoys the constant change of pace, but has been pleased when firms invite her back for other assignments.

Briggs works as a temp because it fits her lifestyle. She enjoys traveling and doesn't want a full-time job to stand in the way of her teaching career. She has turned down many full-time job offers and the retirement and health benefits they'd provide. "For me, it's a matter of weighting your priorities," she says.

Despite the many pros for both employers and employees, contingent employment as a business strategy may have a less certain future than proponents suggest. While the average annual growth rate in personnel-services employment charted by Segal and Sullivan of the Federal Reserve Bank of Chicago between 1973 and 1994 was 11 percent, it has fluctuated from a decline of 10 percent in 1982 to a high of 30 percent in 1984. "It's a fast-growing part of the work force now," says Segal. "But it's a little risky to say it's going to become the modal type of employment." In fact, Segal suggests that this type of arrangement is a cyclical trend. Currently, it is on an upswing, but it's bound to fluctuate in the future.

William Bridges, author of *JobShift*, sees promise in the "de-jobbing" of America. He sees a society in which people are not tied to restrictive job descriptions but enjoy the freedom to simply get the work done. At the other extreme, the April 1994 issue of *Reason* magazine decries the "myth of a contingent work force" as one invented "to advance the political agenda of unions."

Most Americans probably don't care whether it's called a job, or whether the arrangement benefits employers, unions, or anyone but themselves. As long as it provides them with the wherewithal to keep a roof over their heads, put food on the table, and pay the bills, workers will adapt to their surroundings and do whatever they have to do. But if employers no

Demogram

Philipanne "Pippi" Webb

Age: 29

Hometown: Hyannis, Massachusetts

Education: BA in elementary education

Employment: office work on temporary assignments for Manpower, Inc.; has done temp work almost exclusively for 10 years.



On "the temporary life": "Cape Cod is a lovely but small place, and I've always wanted to see something different. I began while I was getting my degree, then I went to California and continued full-time. I loved it. Every time I got a new assignment, I learned something new. I got to live in San Francisco and Idaho. I made friends everywhere and I still keep in touch with some of them. I'm addicted to change. I see people who are lost in their routines. I could never do that."

Where she's worked: as secretary to a car dealer, secretary for a fire department, receptionist in the loan department of a large bank, bookkeeper for a college bookstore, and catalog-order filler in a basement. "The loan department was in a skyscraper on Van Ness Avenue in San Francisco, and it was with a great group of people. I'll never forget standing at the windows with them, watching the victory parade after the 49ers won the Super Bowl."

"My favorite job was with the fire department. I was in a new town and I didn't know anybody. They took me in immediately, found me an apartment, and really became like a family. Best of all, I met Ernie. Now we're engaged."

Pay and benefits: She didn't earn as much as her colleagues or get health insurance, "but it wasn't a concern because my bills were different than theirs. If I had kids, I would want health insurance and more pay. But I was content."

The limits of temping: "Temp work was perfect for me because I was seeing the world and enjoying being single. I didn't want commitments or responsibilities. But being in a relationship changes things. Health insurance is more of a concern for me now, and you have to work a long time before you're eligible for a day off. Also, I've never seen temporary work as a career. My degree is in elementary education, and I'm getting a teaching certificate for where I live now. In the long run, I'd like to do something that makes the world a better place."

longer provide them with health insurance or a regular schedule, workers have to change their habits when they become consumers. That shift will create opportunities for many businesses.

TAKING IT FURTHER

The Bureau of Labor Statistics published data from its February 1995 supplement to the Current Population Survey in *Contingent and Alternative Employment Arrangements*, Report 900; available by calling (202) 606-6378. Lewis Segal and Daniel Sullivan's analysis of the personnel-supply services

industry appeared in the March/April 1995 issue of *Economic Perspectives*, published by the Federal Reserve Bank of Chicago; single copies are available free by calling (312) 322-5111. For more information about the National Association of Temporary and Staffing Services, contact Bruce Steinberg, NATSS, 119 South Saint Asaph Street, Alexandria, VA 22314-3119; telephone (703) 549-6287. The Institute for Women's Policy Research is at 1400 20th Street, NW, Suite 104, Washington, DC 20036; telephone (202) 785-5100. Audrey Freedman & Associates is at 111 Broadway, New York, NY 10006; telephone (212) 406-2148.

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Today's mobile employee demands flexible information exchange to keep up with the dynamics of the economy. E-mail enables members a way to communicate anywhere, anytime with the proper set up to NAPTE.

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Internet Home Page

In addition to high speed e-mail NAPTE also operates a home page on the Internet. Membership services, industry news, NAPTE publications, public affairs and government issues are some of the current features posted.

NAPTE's World Wide Web address is:

<http://www.napte.org>



NAPTE's offices are located in suburban Kansas City at 5800 Barton, Suite 201, Shawnee, KS 66203 (913) 962-7740

National Association of Part-Time and Temporary

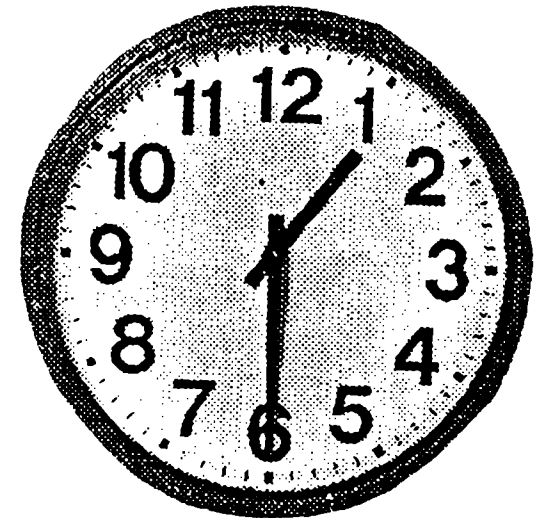
Employees

Membership Services

P.O. Box 3805

Shawnee, KS 66203

Introducing . . .



The
National Association of Part-Time
and
Temporary Employees



Overview

The National Association of Part-Time and Temporary Employees (NAPTE) is a registered nonprofit **voluntary** membership organization dedicated to advancing the economic and social interests of people working on a part-time, contractual, or temporary basis. As a nonpartisan independent association founded in 1994 NAPTE works with pioneers to develop innovative programs.

The "re-engineering" of the workplace and the globalization of business means that universal benefits need to be provided that people can transfer from one job to another or from one city to the next. NAPTE provides these types of benefits.

Some 30 + million people are part of the U.S. "contigent" work force. This labor segment is paid on average 40 percent less than full-timers, usually have no health insurance or other benefits, and are often not eligible for training or advancement. Additionally, workers may not qualify for unemployment compensation depending on state regulations. The same legal protections afforded to full-time workers may not be provided to part-time and temporary work. They should.

"More people forced to turn to temporary work."

- *Minneapolis Star Tribune*

"Experts say temporary workers get no respect."

- *Denver Post*

"All the risks, none of the power; that's contingent work."

- *Chicago Tribune*

Membership Benefits

NAPTE membership provides you with regular information on the issues affecting the part-time, contractual, and temporary employee. Some services can be tailored to each member's specific needs.

- Every other month you will receive NAPTE *Tempo*. Each eight page issue contains articles on career management, technology, health, business, public policy, and more.
- Be part of a "voice" lobbying Congress and state legislatures on issues benefiting part-time and temporary employees. Surveys, reports, and press conferences on wages, health care, unemployment compensation, and retirement concerns will get the attention of lawmakers.
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- Discounts on NAPTE publications.
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Special Interests:

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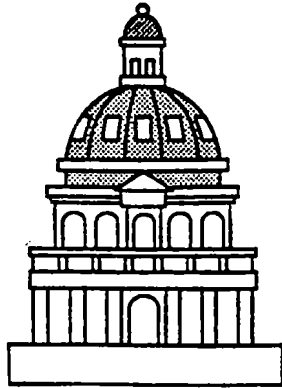
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Legislative Preview '96



Minimum Wage Increase Stalls and Stalls and Stalls

President Clinton once again in January called upon Congress to pass legislation raising the minimum wage from \$4.25 to \$5.25 an hour. The increases will come in 45 cent increments per year.

Representative Ron Dellums (D-CA) has proposed raising the minimum to a true livable standard by prosing the "Living Wages Act for All" last fall.

Research studies indicate that after adjusting for inflation, the minimum wage's real value is 26 percent lower than it was on average in the 1970s. The wage's relative value is slipping to its lowest point in 40 years.

If the minimum wage had been adjusted for inflation it would now be \$5.65.

Traditionally, economists have opposed minimum wage hikes on the grounds that they cost jobs. Last fall a group of 100 economists including 3 Nobel laureates released a statement saying their review of the evidence indicates that the minimum wage increases of the late 1980s and 1990s had a "negligible" effect on employment and inflation. The economists formally endorsed the idea of giving workers a 90-cent raise over two years.

Eleven million workers will enjoy the increase to help them out of poverty. Two-thirds of minimum wage earners are adults-not just teenagers.

Currently at least ten state and local efforts to raise the minimum wage are under way, including a ballot initiative in California and bills in Massachusetts, New York, and North Dakota. Baltimore has become the first U.S. city to require its contractors to pay wages that are higher than the federal minimum wage. Contractors must not pay less than is essentially a "living wage" - a type of minimum wage. Jersey City, New York, and Houston are considering the same.

New York Mayor Rudolph Giuliani opposes the living wage proposal now before the City Council.

A major study completed a couple of years ago revealed that increases in the minimum wage did not result in higher unemployment.

Contrarians argue that the free market should establish pay rates. A higher wage would force many small firms into bankruptcy and give more employers incentive to move jobs overseas or install equipment to reduce labor costs. They claim that the increase will hurt the poor by shrinking job creation.

If Congress refuses to raise the minimum wage and concurrently millions of people on public assistance are forced to work at jobs they cannot support themselves the consequences could be quite serious for society. Crime is inevitable and tax payers will have higher taxes to pay for prison space. In the meantime CEOs redistribute their pay into tax exempt income to avoid any financial responsibility for their documented greed.

During times of high inflation or deep recession, a wage hike could undermine the economy. But in this environment of relative strong employment, high profits and low inflation, the nation can and should make work more worthwhile for the poor and less skilled.

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Bill Would Make Manager-Employee Teams Legal

Senator Nancy Kassebaum (R-Kan.) recently sponsored a conference to encourage support to a bill that would reverse a 1935 law that was passed to prevent companies from setting up unions controlled by management. It prohibits employees and managers at non-unionized firms from meeting to establish "conditions of work."

Unions say that this is another attempt to thwart unions and erode the balance between labor and management. Unions contend that if companies want to form policies, workers should be elected by co-workers and not handpicked by management.

On this issue companies generally tap the expertise of individual workers, not a representative of all workers.

The Equal Opportunity Act of 1995 (H.R. 2128)

Senator Robert Dole (R-Kan.) and Representative Charles Canady (R-FL) have proposed legislation to prohibit the use of racial and gender preferences in federal procurement, federal employment, and the administration of federally conducted programs.

This Act would prohibit the federal government from requiring or encouraging federal contractors to grant race or gender preferences to employees, suppliers, or subcontractors. Preference is defined broadly as "any preferential treatment" including quotas, set-asides, goals, timetables, and other "numerical objectives." The bill directly attacks Executive Order 11246 administered by OFCCP.

Action on this bill is expected later in 1996.

President to Ban Contracts if Illegal Workers Are Used

President Clinton signed an executive order on February 13, 1996 to prohibit companies that knowingly hire illegal immigrants from receiving federal contracts.

Under a 1986 law it is already illegal for companies, including government contractors, to hire ineligible workers, and they can lose existing federal contracts for serious offenses. Now, such companies would be barred for a year from competing for new federal contracts. The White House considers this a powerful deterrent.

This would not apply to businesses that violated only minor technical provisions or hired ineligible employees in good faith based on documents that appeared to be genuine.

Opponents contend that this a paper tiger that lacks teeth.

Reich Warns Workers of Expensive Delays in Employers Transferring 401 (k) Funds

Robert Reich, U.S. Secretary of Labor, in January announced new guidelines which require employers to pay into retirement accounts sooner. Over 400 companies were under investigation. Many firms were using employees money and investing the money until they had to contribute the funds. It resulted in a no-interest loan to some employers and no-interest earned for workers.

Any worker who suspects anything unusual about their 401(k) program should contact the Labor Department's Pension and Welfare Benefits unit at (202) 219-8776.

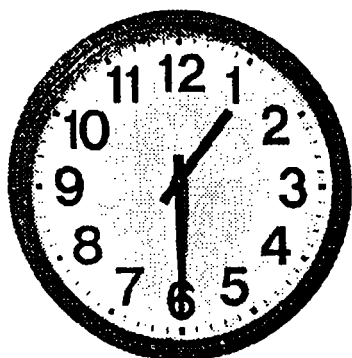
NAPTE members can request a list of the 10 warning signs of 401(k) misuses by writing membership services or calling at (913) 962-7740 / Membership Services.

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NAPTE *Tempo*

September-October 1995

National News Magazine for Today's Part-Time, Contractual, and Temporary Employee
Published by the National Association of Part-Time and Temporary Employees

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NAPTE Announces Hotel Discount Program Effective October 1, 1995
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Cover Story

Working Hard and Falling Farther Behind

This summer when the Department of Labor released its annual report on the working poor it acknowledged what millions of working Americans already knew- their paycheck is shrinking.

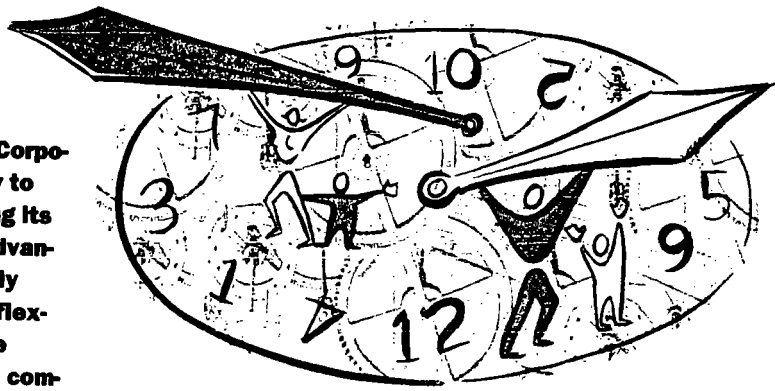
The rate of the working poor has risen every year since 1989 when it was 6.1 percent. The most recent statistics show that it is at 7.5 percent- or 4 million families. Much of this rise may be attributed to "re-engineering." That has created a legion of frustrated laid off full-timers and an explosive growth in contingent workers- temps, independent contractors, part-time, and leased employees due to outsourcing. Even with strong profits many firms are trimming good jobs like Mobil.

The federal report implies that we are evolving into a true two-tier society.

For nearly thirty years between 1950 to 1978 family income rose. Since 1979 the top fifth saw its income rise by 18 percent while the bottom fifth witnessed a decline by 15 percent in real dollars!

The rise in poverty rate is no longer confined to single-parent households. The fastest growing group is two income families. Some households depend on more incomes than that according to *Money*.

WHEN THE CIGNA Corporation did a survey to find out who among its employees took advantage of work/family programs such as flex-time, work-at-home arrangements, and compressed workweeks, it found that men used the programs almost as much as women: 41.1 percent of male employees used one or more programs, compared to 52.5% of women.



40.6 percent of women in the U.S. labor force have children under the age of 18; 17.3 percent have children under the age of 6, according to the Bureau of Labor Statistics.

Newly elected AFL-CIO president John Sweeney has expanded the executive board to add 15 members who are women or people of color, increasing their representation from 17 percent to 27 percent. Sweeney has also created a new post—executive vice president of the AFL-CIO—and named Linda Chavez-Thompson to it.

WORK *notes*

And by the way, two years after the Family and Medical Leave Act (FMLA) took effect, 86 to 95 percent of employers report that the FMLA had “no noticeable effect” on employee turnover, absences, or business productivity, according to a survey by the Family Leave Commission. Of course, only 2 to 4 percent of eligible employees said they had taken leave since the law was enacted in January 1994.

For federal year 1996, the U.S. government will attempt to allocate at least 5 percent of every department’s or agency’s contracts to women-owned businesses. That will be more than double the 1.8 percent of contracts handed out in 1995.

MARGARET REIGEL

Are you a regular part-timer or temporary employee? Check out the new Internet site of the National Association of Part-Time and Temporary Employees—NAPTE Net posts information on legislation, new associations, and programs relevant to the U.S.’s 30 million contingent workers at <http://www.napte.org> or e-mail: NAPTESERV@aol.com or 102624,2200@compuserve.com. ✓

Outlook 96: Working undertime

Hiring strategies are changing the workday, workweek

By CYNTHIA WILSON
Business Writer

Jamie Moynagh has worked eight jobs in six years, including a paid internship that required the Louisville resident to live in Frankfort for four months.

None of the jobs was full-time, and nearly all required her to work evenings, weekends or irregular daytime hours. And there were times when Moynagh, 48, held multiple jobs to make ends meet.

"I didn't have to go to each every day, but there were times when I worked as many as three jobs at once out of necessity," said Moynagh, who is now a part-time case manager for the Center for Women and Families, a shelter for abused women in Louisville. "I had to live. I wanted to go to school and get a degree."

Welcome to the new labor reality. Experts say corporate layoffs and stagnant incomes will push more Americans, even those with higher education, into part-time, temporary, contractual or irregular-hours jobs — increasing their stress and decreasing the time they can devote to their families or personal lives.

Already, fewer than one-third of all American workers 18 and older regularly work a standard workweek, defined as daytime hours Monday through Friday, according to a study by Harriet Presser, a sociologist at the University of Maryland.

James Cash, Moynagh's husband, is a utility worker at General Electric Co. who is on the second shift, 4 p.m. to 12:30 a.m. That means he has to leave for work just before Moynagh arrives home.

When Cash began working for GE, he actually preferred working the third, or graveyard shift, from 10 p.m. to 6 a.m. Now, Cash said, he would like to return to that shift, so he could spend more time with his wife of two years.

A 25-year veteran of the company, Cash may not get his wish. GE has cut the number of its third-shift positions.

Presser said more than half the people in her study who worked non-standard hours in recent years did so because it was a job requirement. She said their ranks likely will increase, since the greatest job growth is expected to come from retail sales and service sectors, which often require employees to work non-traditional hours and days.

Not only are more Americans working odd hours, they're working more jobs. In 1995 the number of Americans working multiple jobs increased 4.2 percent to 7.97 million, or 6 percent of the work force.

"Many Americans are working harder and more hours to achieve the same standard of living they enjoyed just a few years ago," said Preston



James Cash and Jamie Moynagh have work schedules that don't let them see each other as much as they'd like.

Conner, president of the National Association of Part-time and Temporary Employees.

The organization estimates that about 6.5 percent of Kentucky workers and 6.9 percent of Hoosiers hold multiple jobs.

Experts say the current labor trends began in the early 1980s, when companies, facing increased competition, began cutting jobs and adopting new hiring strategies. Employers — notably automakers — also moved more aggressively toward 24-hour operations to get the most from their investments.

By hiring part-time, temporary and contract workers, employers can trim expensive benefits.

The practice has been helped by a decline in the organized labor movement, said Lonnie Golden, a labor economist at Pennsylvania State University.

In 1993, about 21 million Americans, or 19 percent of non-agricultural employees, worked part-time (less than 35 hours a week), according to the U.S. Bureau of Labor Statistics. The figure was about 21.7 percent in Kentucky and about 21.9 percent in Indiana.

While the majority of such workers, especially women, choose to work part-time, the number who are forced into it is increasing.

Rudy Smith, who was laid off from Provident Corp. in August 1994, has not worked a full-time position since. Smith used his severance pay to start an entertainment production company, Ruda Productions.

The business hasn't taken off as Smith had hoped. Now, he's ready to find other work, but he has found that full-time data-processing jobs

are scarce.

"I should probably by now take whatever I can get," Smith said. "Push is beginning to come to shove."

Financial insecurity is but one consequence of America's changing work habits. Parents who work odd or longer hours may be less able to give their children attention and support. Leisure time for family activities diminishes, as does time to pursue other interests, such as continuing education.

But the losses aren't limited just to the employees. Experts say less-committed employers shouldn't expect committed employees.

Employers who use more part-time, temporary and independent contract workers but preach teamwork are sending a mixed message, Golden said. Such employers need to realize that their workers "won't go the extra mile" for them.

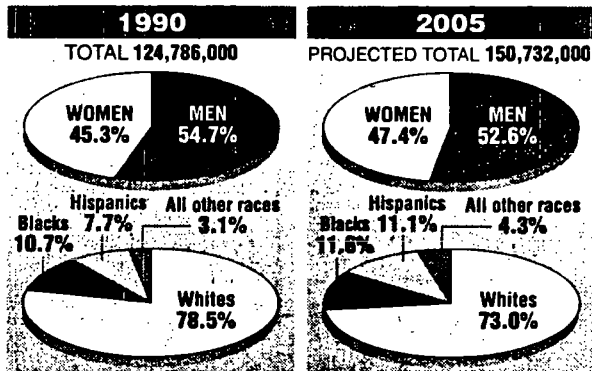
The trend isn't about to change soon. Cynthia Negrey, associate professor of sociology at the University of Louisville, said that despite the relatively healthy economy, employers are uncertain how long it will last. And even if the economy remains robust, increased global competition will make companies reluctant to take on the cost of more full-time workers, Negrey said.

"Back in the 1950s, the U.S. economy dominated internationally," she said. "We didn't have to worry much about global competition. But now it's not only coming from Japan but various developing nations."

"Given recent trends of increasing part-time employment, I don't see anything to suggest that trend will end or reverse," Negrey said.

THE CHANGING FACE OF THE LABOR FORCE

CHART COVERS NON-MILITARY WORK FORCE



RACE	1990	2005
WHITE MEN	43.1%	38.2%
WHITE WOMEN	35.4%	34.8%
BLACK MEN	5.3%	5.7%
BLACK WOMEN	5.4%	5.8%
HISPANIC MEN	4.6%	6.6%
HISPANIC WOMEN	3.1%	4.6%
OTHER-RACE MEN	1.7%	2.2%
OTHER-RACE WOMEN	1.4%	2.1%

Source: Bureau of Labor Statistics

STAFF CHART BY STEVE DURBIN

Versatility pays



STAFF PHOTO BY JAMES WALLACE

Jeseenko Kurbasic, a 34-year-old immigrant from Bosnia, has had four jobs since he moved to Louisville 18 months ago with his wife.

Kurbasic was a well-known painter in his country, but expects it will take a while to attain similar stature here. Meanwhile, he works as a welder at Kentucky Railquip Inc. and as a part-time tennis instructor, which allows him to learn about American culture. It also allows him to help care for his 3-year-old son, Isak, while his wife, Mirzada, completes a child health-care fellowship at the University of Louisville.

Firm made work fit employees' lives

By CYNTHIA WILSON
Business Writer

What's a company to do if it is blessed with talented and hard-working employees — but is losing them to family obligations and personal needs?

Accommodate them.

That's what RPMG Peat Marwick, the world's largest professional services firm, did by offering part-time, flexible time and flexible work schedules to its 16,000 employees.

"These were terrific performers who had established relationships with clients and in the community. We were faced with a choice of not having them at all or just a percentage of their time," recalled Bernie Milano, partner in charge of personnel.

About five years ago, the company informally began to accommo-

date women who wanted to cut back on their work hours to spend more time with their families, Milano said. Then about a year ago, RPMG officials decided to make it a policy, one that allows part-time employees to receive benefits if they work at least 1,000 hours a year and allows full-time workers to set their own hours or work at home.

The company has also changed the way it allows leave. Each worker gets eight national holidays and 20 to 30 days to use as he or she likes, without designating them as vacation, sick or personal days.

Milano said more than half of the company's entry-level positions are filled by women and that women comprise 40 percent of its management team. And while women continue to be the prime beneficiaries of the flexible work program, some men are taking part.

"It was a business imperative to

find a way to make it work," Milano said.

Milano said the policy has resulted in more hires and slightly higher labor costs because the company is providing benefits to more employees. But, he added, "even though it cost us, revenue is up because we have the right people doing the right thing."

Labor experts believe that in the long run, RPMG's policy will benefit the company in other ways.

"In many cases they get an unexpected bonus of higher productivity per hour, and it buys years of loyalty," said Lonnie Golden, a labor economist at Pennsylvania State University.

Preston Conner, president of the National Association of Part-time and Temporary Employees, agrees, adding, "I think it is a much more mature approach to employer-employee relations."

...good news," said Lawrence C. Baker, an economist at Stanford University. It's also a change from the early 1980s, when male doctors earned 13 percent more per hour than their female colleagues, even when everything else was the same.

The biggest factor in men's fatter pay checks is the number of hours they work. Male doctors average 62 hours a week, and they work 47 weeks a year; women put in 51 hours for 46 weeks.

Men also are more likely than women to opt for such high-paying specialties as cardiology and surgery, while women more often go into family medicine, which is traditionally near the bottom of the physician pay scale.

Male doctors also are more apt to be self-employed, either in solo or group practices. These arrangements pay better than staff positions in hospitals or health maintenance organizations, which are more likely to attract women doctors.

"It's hard to know why men and women choose different practice settings and specialties, but that seems to play a big role in the earnings differences," Baker said.

His findings were based on a 1991 survey of 6,053 doctors sponsored by the Robert Wood Johnson Foundation. The study was published in last Thursday's issue of the New England Journal of Medicine.

Baker found some exceptions to the pay equality. For instance, in family practice, female doctors make 13 percent more an hour than their male colleagues, even when such factors as experience, malpractice claims and practice setting are taken into account. On the other hand, in internal medicine subspecialties, women doctors make 26 percent an hour less.

In other areas, such as surgery, radiology and obstetrics, men and women make about the same.

"This is a trend I would have expected," Baker said.

...higher than starting salaries for engineers with only bachelor's degrees.

Engineers with master's degrees are being hired for an average of \$43,000, according to the National Association of Colleges and Employers.

Having a master's degree is an asset that keeps growing, according to Lahey, whose school has a master's program that does not require a thesis and can be completed in a year.

"Master's students learn additional engineering skills that prove invaluable to career growth," Lahey said.

— Chicago Tribune

D.C. Tops a 'Temp' Survey

Though there may be a shortage of full-time jobs in today's job market, there is no shortage of temporary placement offices, one of the fastest-growing industries of the U.S. economy.

In 1995, there were 16,337 temporary-help hiring offices nationwide, according to the National Association of Part-Time and Temporary Employees, based in Shawnee, Kan.

The nonprofit membership association focuses on the interests of temporary employees. And its research shows that if you live in California, you'll have 1,935 different temporary agencies to apply to for work, more than in any other state.

Texas is second with 1,217 offices, and Florida is third with 925. Next comes Ohio, followed by Illinois, New York, Michigan, Pennsylvania, North Carolina and Georgia.

Analyzing the ratio of population to the availability of temp agencies, the association found that the District of Columbia has the highest concentration, with one office for each 6,047 residents.

On the other hand, if you hate the idea of temporary work, you might want to move to North Dakota: It has only 14 temporary-help hiring offices.

— Chicago Tribune

Washington Post
April 14, 1996
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CONSTRUCTION AND
DEVELOPMENT LOANS

Jeff Wood

OPINION/ESSAYS

Flexible, Nontraditional – and Unprotected

By Susan Berkson

I HAVE seen the future work force and it is us: self-employed, project-focused, knowledge-based specialists. But there's a catch – a loophole a mile wide in civil rights and labor laws that leaves us unprotected.

The 25 percent of us who are now self-employed, independent contractors, temporary, seasonal, or contingency workers, fall outside the jurisdiction of most protective legislation. Whether we became part of this nontraditional work force through corporate downsizing or individual initiative, we no longer fit the traditional definition of employee – the definition our system of protective legislation is built on.

So go ahead, harass us. It's allowed.

No one anticipated this, least of all the framers of the 1964 Civil Rights Act. Born of the work of Martin Luther King, Jr. and the struggle for civil rights, the Act was designed to prevent discrimination on the basis of race, color, religion, sex or origin. Title VII of the Act outlaws employment discrimination.

In 1964, most workers were protected. They labored 40 hours a week for a single employer. They worked hard, met deadlines, pleased their employers, got paychecks. Unlike us, they also got benefits, workers' compensation, employer contributions to Social Security and Medicare taxes, unemployment insurance, pension benefits, and, thanks to Title VII and other



JEFF DANZIGER - STAFF

legislation, protection from discrimination and harassment, and equal pay.

Lucky them. They were employees. The courts say we're not.

This is what Caryn Wilde, owner of a secretarial service called Executive Suites on First in Willmar, Minn., has learned the hard way. In 1992 and 1993, Ms. Wilde filed suits in federal and state courts seeking protection under civil rights and human rights legislation, alleging she had been sexually harassed in the workplace.

In January 1993, the US District Court ruled that Wilde was not protected under Title VII of the 1964 Civil Rights Act because she was not an employee within the meaning of the statute.

Wilde appealed the court ruling, but a year later the 8th Circuit Court of Appeals upheld it: "Title VII protects workers who are 'employees,' but does not protect independent contractors."

Who is an employee? Not Wilde, not me, not 35 million other American workers. The "employees" who are protected are those who fit a narrow, hazy definition of "employee."

At the federal level, says IRS Publication 937, "the IRS has identified 20 factors ... to determine whether sufficient control is present to establish an employer-employee

relationship. These factors should be considered *guidelines*."

This is not an exact science, even for the IRS. The main test for the IRS is control: What degree of control does the employer exercise over the employee?

Wilde's home state of Minnesota has no statutory definition of independent contractor. A legislative report found it is common for a working relationship to show some of the characteristics of both employee and independent contractor. "The determination of status," says the report, "depends on a sometimes imprecise weighing of a number of factors."

IMPRECISE as the definitions may be, they were good enough for District Judge John Weyrens, who ruled on Feb. 4 that while Wilde could pursue other claims, including assault and battery, emotional distress, interference with business, refusal to do business, she could not pursue allegations of sexual discrimination under the Minnesota Human Rights Act.

Wilde is not an employee. So under existing state and federal law, she cannot be sexually harassed.

Nontraditional workers like Wilde are the fastest growing and most vulnerable segment of the labor force. These workers

fall into four categories: the self-employed, many of them independent contractors; voluntary part-timers, who work part-time by choice; involuntary part-timers; and temporary workers.

According to former Assistant Secretary of Labor Policy Jack Donahue, most troubling is the "increasing vulnerability of large chunks of the labor force – women, minorities, the underskilled or undereducated with weak labor force attachments, bouncing from one crummy job to another." This sector of the work force is "overwhelmingly young and female," adds Mr. Donahue, and growing at a rate of 4.8 percent a year compared with 1.8 percent annual growth for the overall labor force.

Sen. Howard Metzenbaum (D) of Ohio hopes to introduce legislation that will extend legal protection to these women and everyone else in the flexible labor force.

For Caryn Wilde, though, it's too late. "I don't have a life," says the Minnesota woman, "I have a lawsuit."

Wilde, who has spent over two years in litigation and is \$100,000 in debt, is selling both her business and her home. Her life as owner of Executive Suites on First is over.

Call it what you will: contingent work force, flexible work force, nontraditional work force. It's still a work force, and the things we said were wrong before – harassment and discrimination – are still wrong.

Until the law changes, all that's certain is the fact of an unprotected work force.

■ Susan Berkson is a writer and commentator in Minnetonka, Minn.

Canada Can Play Broader Role in Hemispheric Affairs

Sunday, May 19, 1996

SECTION I

CLIPBOARD

CALENDAR

■ **CAREER DIRECTIONS**, introductory seminar explaining a comprehensive workshop, Monday, 8:30 a.m. to 12:30 p.m., Clarity Career and Life Planning, 1823 Polson St., Boulder. \$10. Registration: 440-7008.

■ **APPLICATIONS**, Cover Letters and Resumes, Tuesday, 8:30-10 a.m., Arapahoe Community College, Resource Center (Room 1130), 2500 W. College Drive, Littleton. \$3; free for ACC students. Registration: 797-5805.

■ **USING THE INTERNET** in Your Job Search, Tuesday, 6:30-8:30 p.m., \$10. Also: Job Search Support Group, four Wednesdays beginning this week, 8:30-10:30 a.m., \$20, m. \$40; optional tests \$20, YWCA of Boulder County, 14th and Mapleton streets, Boulder. Registration: 443-0419.

■ **FINANCIAL SERVICES** Career Night, Tuesday, 6:45-8:30 p.m., Primerica Financial Services, 660 S. Albion St., Third Floor Conference Room. Free. Reservations: 753-0243.

■ **FINANCIAL SERVICES** career seminar, Wednesday, 5:30-6:30 p.m., American Express Financial Advisors, 7979 E. Tufts Parkway, Suite 100. Free. Register by Monday: 689-7464.

■ **WILD WOMAN** Networking Party, Thursday, 5:30 p.m., Iron Horse Restaurant, Louisville. Registration: (800) 404-7465.

■ **SELLING YOURSELF** at Your Next Interview, Thursday, 6-8 p.m., Gove Community School, 14th Avenue and Colorado Boulevard. \$49. Registration: 399-6510.

RESOURCES

■ **4WORK**, a Colorado-based company, is a recruiting and employment service on the World Wide Web at <http://www.4work.com>. The service is free to job seekers. Information: (800) 789-0145; e-mail at recruit@4work.com.

■ **THE NATIONAL** Association of Part-Time and Temporary Em-

Employment Assistance

Colorado Department of
Labor and Employment

Job Services Centers

Aurora.....	695-1660
Brighton.....	659-4250
Denver.....	830-3000
Lakewood.....	937-0760
Longmont.....	449-6637
Broomfield.....	439-8161

Unemployment Insurance

Denver Metro.....	861-5515
Other Areas.....	(800) 388-5515
TDD (Hearing impaired).....	866-6069

ployees, a nonprofit advocacy organization based in Shawnee, Kan., offers member discounts, career assistance and a news magazine for \$20 a year. Information: (913) 962-7740; e-mail: naptserv@aol.com; Internet: <http://www.napte.org>.

■ **CAREER CHOICES INC.** is a nonprofit organization that promotes flexible work options in Colorado. Membership, \$45 annually if employed, \$35 if unemployed, includes the "Choices at Work" quarterly newsletter as well as discounts to monthly seminars, access to networking groups and the "Job Exchange Bulletin" monthly listing of flexible job situations available in a variety of industries. Information: 777-6954.

■ **HELP-WANTED** ads from Sunday newspapers in 54 U.S. cities, updated weekly, are available on microfiche at several metro-area public libraries, including Denver's central branch, Englewood's, Jefferson County's Arvada, Columbine, Evergreen, Lakewood, Standley Lake and Villa branches, and the Bemis and Koelbel libraries in Littleton.

For submissions, call the Business News department at 820-1378, or fax, 820-1334.
Denver Post Staff and Wire Reports

Sticking to principles

When you feel you're being discriminated against or treated unfairly or a colleague is being abused, a client ripped off or even your company's product is not up to par, do you take action?

It's commendable to stick to your principles on the job. The natural and worthy instinct is to stand up and fight for what you believe is right.

At the same time, you have to be aware of what you may be in for.

Idealism and ethics must be encouraged, but it is naive not to think there might be serious cost to you as a result of your well-meaning actions.

"Can you afford your principles?" is the question asked by Marilyn Moats Kennedy, career counselor and managing partner of Career Strategies in Wilmette, Ill. "Calculate your costs and make an informed decision about what you plan to do."

Kennedy says she urges caution because: "I've seen so many people who paid much more than they ever thought they had to. If your Uncle Harry is slated to leave you significant funds (when he dies) and will check out soon, maybe you can just go ahead and speak up."



Carol
Kleiman

New Jobs

need to stay on the payroll. What have to understand is that in this highly charged environment at everything is incendiary."

Despite the volatile job market, Kennedy sees "a whole new generation of younger people coming into the place with strong, ethical convictions. They are the first to stand up and say 'No!'"

A 28-year-old telecommunications sales representative, she says, was told by his boss to lie to a customer about the delivery date of new equipment. The young man refused to quit.

"He did the right thing because

Other she warns kid who the em had no cl on didn't scholarship Mandarin

Kenn doesn't w discourag one from t action, most p can't aff fight.

Schoolteachers to face it

Teachers seeking jobs in elementary and secondary schools need to learn they "will face strong competition" this fall.

That's a findings of a recent study by L. Patrick Scheetz, director of Michigan State University's Collegiate Employment Research Institute and assistant director of career services and placement.

The study of 294 U.S. elementary and secondary school systems, reported in the institute's newsletter, shows there will be only a 2.4 percent increase in hiring of teachers and other professional staff for the school year of 1996-97.

Some of the areas of "high demand": special education, vocational/technical trades, reading, mathematics, science, foreign languages and music. Also, teachers of gifted, minority teachers and dual teachers.

Defining buzzwords

Do you know what the term "sociate" means? Jack Gordon, editor of Training Magazine, defines it, in part, this way: "Employees tended to convey the impression that even the lowliest grunt was an equal and cherished partner in enterprise."

In his article titled, "A Dictionary of Business Buzzwords," Gordon tells it like it is.

Here are some excerpts

***156* NATIONAL SYSTEMS CONTRACTORS ASSOCIATION (NSCA)**
(1123)
10400 Roberts Rd.
Palos Hills, IL 60465
Francis C. Rebedeau, Exec.Dir.
PH: (708)598-9777
FX: (708)598-9799
Status Note: Formerly National Sound and Communications Association

***157* SURFACE MOUNT EQUIPMENT MANUFACTURERS ASSOCIATION (SMEMA)** (1126)
4113 Barberry Dr.
Lafayette Hill, PA 19444
Judith Ginsberg, Exec.Dir.
PH: (610)825-1008
FX: (610)941-6773

***158* TECHNICAL CERAMICS MANUFACTURERS ASSOCIATION (TECMA)**
(1127)
25 N. Broadway
Tarrytown, NY 10591
Richard C. Byrne, Exec.Dir.
PH: (914)332-0040
FX: (914)332-1541

Employee Benefits

***159* CONCERNED ALLIANCE OF RESPONSIBLE EMPLOYERS** (1130)
1725 K St. NW, 3rd Fl.
Washington, DC 20006
Melissa Marks, Contact
PH: (202)872-0885

Employee Ownership

***160* NATIONAL CENTER FOR EMPLOYEE OWNERSHIP (NCEO)** (1142)
1202 Martin Luther King Jr. Way
Oakland, CA 94612
Corey Rosen, Exec.Dir.
PH: (510)272-9461
FX: (510)272-9510

Employment

***161* ACCESS: NETWORKING IN THE PUBLIC INTEREST** (1143)
30 Irving Pl.
New York, NY 10003
James P. Clark, Exec.Dir.
PH: (212)475-1001
FX: (212)475-1199

***162* INDEPENDENT WORKERS ASSOCIATION**
448 Ignacio Blvd., Ste. 214
Novato, CA 94949
Ronald Brill, Pres.
PH: (415)898-1580
Founded: 1988. **Members:** 125. Workers who have independent workstyles or are in transition from 9-5 to independent work. Serves as a mutual support network. Educates the public and legislators on the community and social benefits of independent workers; conducts lectures and public presentations. Represents the interests of independent workers; fights discrimination in the form of government restrictions. **Libraries:** Type: reference; not open to the public. Subjects: changing workstyles.
Publications: Membership Directory, annual • Reports, periodic.
Conventions/Meetings: annual conference • monthly meeting, held locally.

***163* NATIONAL ASSOCIATION OF PART-TIME AND TEMPORARY EMPLOYEES (NAPTE)**
5800 Barton, Ste. 201
PO Box 3805
Shawnee, KS 66203
Preston L. Conner, Pres.
PH: (913)762-7740
Founded: 1994. **Membership Dues:** individual, \$20 (annual). Promote economic interests of persons working on a part-time or temporary through research, advocacy, and member services. Operates placement service. **Libraries:** Type: reference. Holdings: books, periodicals, clip Subjects: economic and labor trends, career development, public po **Publications:** *NAPTE Tempo*, bimonthly. Newsletter. Advertising: accep Also publishes career development materials.

***164* NATIONAL ASSOCIATION OF PROFESSIONAL EMPLOYER ORGANIZATIONS (NAPEO)** (1160)
1735 N. Lynn St., Ste. 950
Arlington, VA 22209-2022
Robert Lederer, Exec.Dir.
PH: (703)524-3636
FX: (703)524-2303
Status Note: Formerly National Staff Leasing Association.

***165* NATIONAL ASSOCIATION OF PUBLIC SECTOR EQUAL OPPORTUNITY OFFICERS (NAPSEO)**

c/o Sharon Ofuani
City of Tallahassee Equal Opportunity
Dept.

300 S. Adams St.
Tallahassee, FL 32301
Sharon Ofuani, Contact
PH: (904)599-8293

Membership Dues: active, \$50 (annual) • associate, \$50 (annual affiliate, \$75 (annual). Equal employment opportunity officers and coord tors, human resources managers, employee relations directors, attorne lawmakers, consultants, community relations specialists, and other associe professionals in the public sector. Promotes the professionalism of e opportunity workers and an understanding of diversity as means for improv the quality of life for all citizens. Serves as a resource for the public private sectors through education and training; lobbies on behalf of e opportunity issues at the local, state, and national levels. Provides recruitm assistance for professional, technical, and executive/managerial positio Acts as a clearinghouse for members on effective problem solving i decision making.

Publications: Newsletter. Covers issues affecting public sector employees all levels. • Book. Covers opportunities featuring results of independ research and papers on equal opportunity and affirmative action.
Conventions/Meetings: annual conference - conference and workshop

***166* NATIONAL HEALTH CAREER ASSOCIATION**

Empire State Bldg.
350 5th Ave., Ste. 3304
New York, NY 10118-0069
Doug Brandt, Exec. Officer
PH: (212)259-9412

Founded: 1992. **Members:** 150. **Membership Dues:** individual, \$6 (annual). **Staff:** 4. **For-Profit.** Conducts research and educational program Offers placement service. **Convention/Meetings:** none. **Libraries:** Typ reference. Holdings: books, periodicals. Subjects: job opportunities. **Publications:** *NHA Today*, quarterly. Price: free. Circulation: 650. Advertising: accepted.

Engines

***167* ENGINE SERVICE ASSOCIATION (ESA)** (1168)
1900 Arch St.
Philadelphia, PA 19103
Patricia A. Lilly, Exec.Dir.
PH: (215)564-3484
FX: (215)564-2175

Min wage file

File

minimum wage

PRESIDENT CLINTON CALLS ON CONGRESS TO RAISE THE MINIMUM WAGE

"[A]mong the greatest heroes in this country are the people who work 40 hours a week and do their best to raise their kids and only make the minimum wage. If we do not raise the minimum wage, this year it will drop to a 40-year low in terms of what it will buy. There is always a lot talk in Washington about family values. It's hard to raise a family on \$4.25 an hour. Let's raise the minimum wage."

President Clinton
Keene, New Hampshire
February 17, 1996

OVERVIEW.

The President has challenged Congress to embrace his proposal to raise the minimum wage and provide the opportunity for Americans to lift themselves and their families out of poverty.

One year ago, the President proposed increasing the minimum wage from \$4.25 to \$5.15 an hour in two equal steps.

If Congress does not act now, the value of the minimum wage will fall to its lowest level in 40 years.

The President's proposal would help lift the lives of the 10 million Americans who earn less than \$5.15. For those people working full-time, this minimum wage increase provides \$1,800 -- enough money for the average American family to buy groceries for seven months. 8,500

KEY POINTS.

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

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

60% are women

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

BETWEEN 10 MILLION AND 13 MILLION WORKERS WOULD BENEFIT FROM THE PRESIDENT'S PROPOSAL TO INCREASE THE MINIMUM WAGE:

An estimated 10 million hourly workers earn between \$4.25 and \$5.14 and would directly benefit from the President's proposal. Research indicates that an increase in the minimum wage to \$5.15 could have a "ripple" effect on the more than 3 million workers who earn within 60 cents of the new minimum wage.

10-
13
million

EMPIRICAL EVIDENCE SHOWS THE PRESIDENT'S PROPOSAL CAN INCREASE WAGES WITHOUT COSTING JOBS:

Nearly two dozen empirical studies have found that moderate increases in the minimum wage do not have a significant impact on employment. These studies include state-specific research that shows that higher state increases in the minimum wage did not result in significant job impacts. As Nobel Laureate Robert Solow stated: "[T]he evidence of job loss is weak. And the fact that the evidence is weak suggests that the impact on jobs is small."

A 90-CENT INCREASE IN THE MINIMUM WAGE WILL LIFT A FAMILY OF FOUR OUT OF POVERTY:

The dramatic extension of the Earned Income Tax Credit helped lift hundreds of thousands of working families out of poverty. Yet, in 1996, even the EITC is not enough to lift above the poverty line a family of four making the minimum wage. With a 90-cent minimum wage increase, food stamps, and the EITC, a family of four with a year-round minimum wage worker would be lifted above the poverty line.

THE LAST MINIMUM WAGE INCREASE -- ALSO 90 CENTS -- GARNERED STRONG BIPARTISAN SUPPORT.

In 1989, the minimum wage was passed by votes of 382 to 37 (135 Republicans) in the House, and 89 to 8 in the Senate (36 Republicans) and was supported by Senator Dole and Rep. Gingrich.

IMPORTANT MINIMUM WAGE FACTS

IMPORTANT DATES:

November 1, 1989: Compromise reached on minimum wage increase
November 10, 1989: President Bush signs minimum wage increase
April 1, 1990: Minimum wage is increased 45 cents from \$3.35 to \$3.80.
April 1, 1991: Minimum wage is increased 45 cents from \$3.80 to \$4.25.
July 17, 1991: Senate votes to increase their pay.
January 1993: Congress takes cost-of-living adjustment, increases pay to \$133,600
February 3, 1995: President Clinton proposes 90-cent increase in the minimum wage.
July 1996: President proposal increases minimum wage by 45 cents to \$4.70
July 1997: President proposal increases minimum wage by 45 cents to \$5.15

IMPORTANT NUMBERS:

- In 1995, 2.0 million hourly-paid workers earned precisely \$4.25 an hour, down from 2.1 million in 1994. (Source: Bureau of Labor Statistics)
- In 1995, 3.7 million hourly-paid workers earned \$4.25 an hour or less, down from 4.1 million in 1994. (Source: Bureau of Labor Statistics)
- In 1995, 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. (Source: Bureau of Labor Statistics)
- 59 percent of hourly workers directly affected by the President's proposal are women. (5.8 million). (Source: Bureau of Labor Statistics)
- 69 percent of hourly workers directly affected by the President's proposal are adults age 20 and over (6.6 million). (Source: Bureau of Labor Statistics)
- Almost two-fifths of all the workers who would benefit from the President's minimum wage (39%) are the sole wage-earners in their household. (Source: Economic Policy Institute.)
- The average minimum wage worker brought home half of his or her family's earnings. (Source: Economic Policy Institute.)
- Within a year, if the minimum wage is not increased, it will fall to its lowest real level in 40 years. (Labor expects the minimum wage to hit its 40-year low in January 1997.)

- The real value of the minimum wage is now 29 percent lower than it was in 1979.
- The real value of the minimum wage has fallen nearly 50 cents since its last increase in April of 1991.
- Nearly half (47%) of all workers who earn the minimum wage are part of families that are in the bottom 20 percent of the wage distribution -- that's families that earn less than \$360 a week. (Source: Economic Policy Institute)
- Only one in 14 workers earning between \$4.25 and \$5.15 per hour is a teenaged student from a family with above-average earnings. (Source: Economic Policy Institute)

THE MINIMUM WAGE AND MEMBERS OF CONGRESS:

- A Member of Congress earned more during the government shutdowns than a minimum wage worker earns all year long.
- In the last 15 years, the real value of congressional pay has increased 27 percent, while the real value of the minimum wage has dropped by the same amount (27 percent).
- For someone working full-time, the real value of the minimum wage has declined \$3,000 since 1981, while the real value of congressional pay has increased by \$28,000.
- A Member of Congress earned more before January 24, 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.

- It takes 16 work days for a Member of Congress to earn more than a full-time minimum wage worker earns all year long.

WHAT A \$1800 WOULD MEAN TO AN AVERAGE FAMILY?

The President's proposal to increase the minimum wage would provide \$1,800 to a worker who works full-time, year round. That's enough money for the average family to pay for:

- Over seven months of groceries;
- Basic housing costs for almost four months (rent or mortgage);
- One year of health care costs, including insurance premiums, prescription drugs, and out-of-pocket costs;
- Nine months worth of utility bills;
- More than a full-year's tuition at a 2-year college; or
- Three months worth of total transportation costs, including gasoline, maintenance, and public transportation.

MINIMUM WAGE AND POVERTY:

- About 20 percent of all minimum wage workers are in poverty.
- A recent, preliminary analysis by the Economic Policy Institute and the Department of Health and Human Services suggests that 300,000 people would be lifted out of poverty if the minimum wage were raised to \$5.15 per hour. This figure includes 100,000 children who are currently living in poverty.

THE MINIMUM WAGE HAS TRADITIONALLY HAD BIPARTISAN SUPPORT

- Presidents Eisenhower, Nixon, and Bush all signed minimum wage increases. In fact, with the exception of Presidents Reagan and Ford, every Democratic President and every Republican President since the Great Depression has raised the minimum wage during their term in office.
- In 1989, the minimum wage increase passed the House by a vote of 382 to 37 (with 135 Republicans voting for the bill), and 89 to 8 in the Senate (with the support of 36 Republicans). For example, the following prominent Republicans voted for the bill:

Senators:

Thad Cochran -- Conference Chairman
Al D'Amato -- Chairman of Dole '96
Bob Dole -- Majority Leader
Pete Domenici
Phil Gramm
Nancy Kassebaum -- Chair of Labor Committee
Trent Lott -- Majority Whip
William Roth
Alan Simpson
Strom Thurmond -- President Pro Tempore

Representatives:

Newt Gingrich -- Speaker
John Kasich
Bill Goodling -- Chair of Labor Committee
Jim Saxton -- Biggest Opponent of Increase
Nancy Johnson
Jim Leach
Pat Roberts
Cass Ballenger

PROMINENT REPUBLICANS WHO VOTED AGAINST MINIMUM WAGE INCREASE IN 1989: Armev, Delay, Livingston, Hatch, Helms, Mack, and Nickles.

- **Senator Bob Dole**, on a minimum wage increase in 1989: "[T]his 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." [Source: *Congressional Quarterly Almanac 1989*]

DOES THE MINIMUM WAGE COST JOBS?

- Nearly a dozen empirical studies have found that moderate increases in the minimum wage do not have a significant impact on employment. These studies include state-specific research that shows that higher state increases in the minimum wage did not result in significant job impacts.
- An extension of the time-series studies that had previously been used to claim that raising the minimum wage decreases employment, no longer finds a significant impact.
- As Nobel Laureate Robert Solow stated: "[T]he evidence of job loss is weak. And the fact that the evidence is weak suggests that the impact on jobs is small."

MINIMUM WAGE AND INFLATION

- An independent study by WEFA concluded that the President's proposal to increase the minimum wage would raise the overall price level by less than one-tenth of one percent per year. In other words, groceries for a working family during an entire year that would have cost \$3,000 would then cost \$3,003.

SENATOR DOLE AND THE MINIMUM WAGE: WHAT A DIFFERENCE 7 YEARS MAKES

Senator Dole Blocks Vote On Minimum Wage Increase. Tuesday, Senator Robert Dole -- in his first official act as the Republican presidential nominee -- blocked a vote to increase the minimum wage and provide a pay raise for 10 million hard-working Americans. As Congress continues to delay, the real value of the minimum wage continues to fall toward its lowest level in 40 years.

President's Proposal Restores Lost Value Since Last Increase. President Clinton's proposal to raise the minimum wage is the same one supported by Senator Dole in 1989 -- a 90-cent increase in two equal steps over two years.

- Since the last increase five years ago, the real value of the minimum wage has fallen nearly 50 cents. *The first half of the President's proposal simply restores the minimum wage to its value from the last increase.*

Five Years Is Too Long Without A Raise. With the five-year anniversary of the last minimum wage increase next Monday, now is the time for Senator Dole to put politics aside, raise the minimum wage, and help lift the lives of 10 million workers.

- Seventy percent of these workers are adults and many are trying to raise their children on \$4.25 an hour.
- The average minimum wage worker brings home half of his or her family's earnings and four out of 10 minimum wage workers are the sole breadwinner in their household.
- For someone who works full-time at the minimum wage, President Clinton's proposal would provide an additional \$1,800 in earnings -- that's enough money for the average American family to buy groceries for seven months.

Since Senator Bob Dole Came To Washington 36 Years Ago, The Real Value Of Congressional Pay Is Up And The Minimum Wage Is Down. Since 1960 -- the year Senator Bob Dole was elected to Congress -- the real value of congressional pay has increased by over \$24,000, an increase of 22 percent. During the same period, the real value of the minimum wage has declined by nearly 60 cents, a fall of 13 percent.

RAISING THE MINIMUM WAGE: THEN & NOW

- 1989:** Congress passes a 90-cent increase in the minimum wage -- in two equal steps over two years -- with overwhelming, bipartisan support.
- NOW:** President Clinton proposes to increase the minimum wage by 90-cents, in two equal steps over two years.

1989: **Senator Bob Dole** votes for a 90-cent increase in the minimum wage.

NOW: **Senator Bob Dole** calls current 90-cent minimum wage increase "very controversial" and said "there are going to be a lot of young people who lose their jobs, and a lot of them will be black teenagers." [Source: Elizabeth Shogren, "Dole Gains Upper Hand, Avoids Vote on Raising Minimum Wage," *Los Angeles Times*, March 27, 1996; and Adam Clymer, "Dole Blocks Move To Vote On A Rise For Minimum Wage," *The New York Times*, March 27, 1996..]

1989: **Senator Bob Dole:** "[S]ome Democrats would rather score a penny's worth of political points instead of giving working men and women the healthy 90-cent (an hour) increase President Bush has been trying to give them." [Source: Robert Green, "House Fails To Override Bush's Veto Of Minimum Wage Hike," *The Reuter Business Report*, June 14, 1989.]

NOW: **Senator Bob Dole** will not allow a vote on President Clinton's proposal to give working men and women a healthy 90-cent an hour pay increase "today, not tomorrow, and not next week." [Source: Adam Clymer, "Dole Blocks Move To Vote On A Rise For Minimum Wage," *The New York Times*, March 27, 1996.]

1989: **Senator Bob Dole:** "[T]his 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." [Source: *Congressional Quarterly Almanac 1989*]

NOW: **Senator Bob Dole** is talking about a capital gains tax cut. He voted for a \$77 billion capital gains tax cut over ten years, 75 percent of which would have gone to people with six-figure salaries. Yet, Senator Dole is "standing and holding up" 10 million workers earning less \$5.15 an hour from getting a pay raise.

1989: **Senator Bob Dole:** "I never thought the Republican Party should stand for squeezing every last nickel from the minimum wage." [Source: *Congressional Quarterly Almanac 1989*]

NOW: **Senator Bob Dole** "blocks move to vote on a rise for minimum wage" as the last nickel is squeezed from the real value of the minimum wage and it approaches a 40-year low. [Source: Adam Clymer, "Dole Blocks Move To Vote On A Rise For Minimum Wage," *The New York Times*, March 27, 1996.]

1989: The real value of the minimum wage was at its lowest level since 1955. So **Senator Bob Dole** voted to increase the minimum wage.

NOW: If it is not increased, the real value of the minimum wage will hit at its lowest level since 1955. And **Senator Bob Dole** blocked a vote to increase the minimum wage.

1989: The majority of studies showed that a modest minimum wage increase -- like a 90-cent raise -- would cost jobs. And **Senator Bob Dole** still voted for a minimum wage increase.

NOW: The majority of recent studies show that a modest minimum wage increase -- like a 90-cent raise -- would not cost jobs. And **Senator Bob Dole** blocked a vote to increase the minimum wage.

- In fact, in the fall of 1995, 101 economists -- including 3 Nobel Prize winners -- signed a statement of support for a minimum wage increase that said: "[T]he 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."

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.

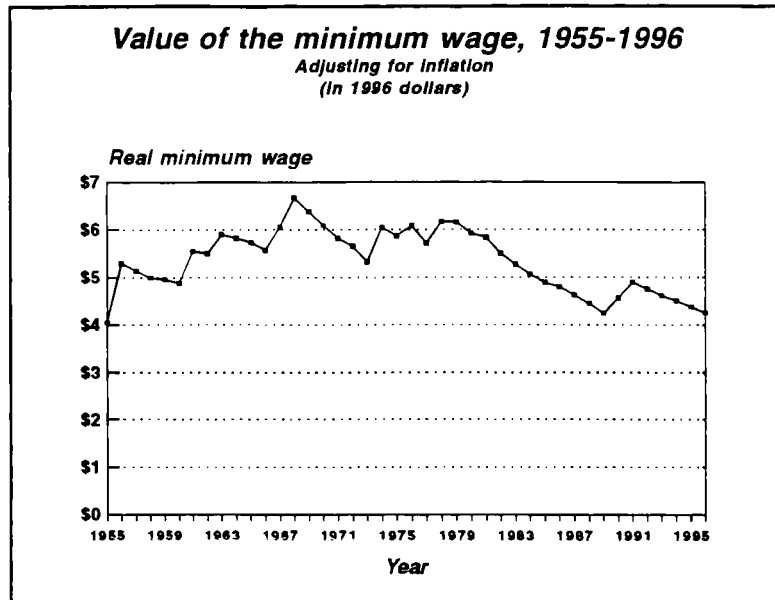
In addition, the economic evidence for a minimum wage increase is, if anything, stronger today than it was in 1989. First, as has been widely documented, the trends of increasing wage and income inequality — and of wage erosion for low-wage workers — have continued.

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.

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.

"It's Time To Raise The Minimum Wage"

Treasury Secretary Robert E. Rubin
Commerce Secretary Ronald Brown
Labor Secretary Robert B. Reich
Council of Economic Advisers Joseph E. Stiglitz
National Economic Adviser Laura D'Andrea Tyson

As President Clinton has said, rewarding work is a fundamental American value. The President's economic growth strategy has stressed deficit reduction; opening markets; and education, training, and technology. All of these policies are about ensuring that we are rewarding work, increasing opportunity, and raising wages and living standards for millions of working families in pursuit of the American dream.

The President's growth agenda has already helped our economy reduce unemployment from over 7 percent to 5.5 percent, cut the deficit nearly in half, and spur the creation of 8.4 million additional jobs. And after a decade-long decline, real hourly earnings have now finally started to rise.

This nation still has further to go to ensure that we reward work and raise wages. As President Clinton has said, this is a record to build on, not sit on. The issue of stagnant wages is a 20-year problem. While it won't be solved overnight, it also cannot be ignored.

One action that we all agree we can take right now -- today -- is to insist that the minimum wage be a living wage. Every member of the President's economic team believes this step will increase wages without destroying jobs.

The President has proposed a 90-cent increase in the minimum wage from \$4.25 to \$5.15, spread over two years. That's the exact same plan that won overwhelming bipartisan support when Congress voted to raise the minimum wage in 1989. Indeed, it would take the first 45 cents of the new increase to restore the buying power the minimum wage has lost since the last increase -- five years ago today. And if we do not act this year, the minimum wage will fall to a 40-year low in terms of purchasing power.

Of the ten million workers who would benefit from President Clinton's minimum wage increase, 69 percent are adults, age 20 or over. The average minimum wage worker brings home half of the family's earnings. And, according to the Bureau of Labor Statistics, 59 percent are women -- many of whom are also shouldering most of the burden at home. A minimum wage increase can make a real difference for a working family. For a full-time minimum wage worker, it means an additional \$1,800 in earnings -- enough to buy seven months of groceries.

Opponents of a minimum wage increase often assert that it will wipe out jobs. But the weight of the evidence supports the conclusion that a moderate minimum wage increase -- like the President's proposal -- would not have a statistically significant impact on job levels. One-hundred-and-one economists -- including 3 Nobel Laureates -- signed a letter supporting

the President's proposal to raise the minimum wage and affirming that it would not have a significant effect on employment.

We must ensure that we continue to grow the economy and provide everyone the opportunity to share in the growth. We have an obligation to ensure that people who work hard can get ahead -- instead of falling through the cracks or onto welfare. Raising the incomes of America's lowest-paid workers is an important part of meeting this challenge. This is a basic issue about the kind of society we would like to be. President Clinton expanded the Earned Income Tax Credit in 1993 and is pushing for a minimum wage increase in order to ensure that every citizen who puts in a full day's work earns enough to stay out of poverty. If we value work and we value families, we ought to raise the value of the minimum wage.

Date: 03/28/96 Time: 18:37
SWith AM-Minimum Wage

The 55-45 vote Thursday by which the Senate failed to invoke cloture, or choke off debate, on a proposal to raise the minimum wage. Although more votes were cast for cloture than against it, 60 votes were required for approval.

On this vote, a ``yes'' vote was a vote for cloture and a ``no'' vote was a vote against.

Voting ``yes'' were 47 Democrats and 8 Republicans.

Voting ``no'' were 0 Democrats and 45 Republicans.

DEMOCRATS YES=

Akaka, Hawaii; Baucus, Mont.; Biden, Del.; Bingaman, N.M.; Boxer, Calif.; Bradley, N.J.; Breaux, La.; Bryan, Nev.; Bumpers, Ark.; Byrd, W.Va.; Conrad, N.D.; Daschle, S.D.; Dodd, Conn.; Dorgan, N.D.; Exon, Neb.; Feingold, Wis.; Feinstein, Calif.; Ford, Ky.; Glenn, Ohio; Graham, Fla.; Harkin, Iowa; Heflin, Ala.; Hollings, S.C.; Inouye, Hawaii; Johnston, La.; Kennedy, Mass.; Kerrey, Neb.; Kerry, Mass.; Kohl, Wis.; Lautenberg, N.J.; Leahy, Vt.; Levin, Mich.; Lieberman, Conn.; Mikulski, Md.; Moseley-Braun, Ill.; Moynihan, N.Y.; Murray, Wash.; Nunn, Ga.; Pell, R.I.; Pryor, Ark.; Reid, Nev.; Robb, Va.; Rockefeller, W.Va.; Sarbanes, Md.; Simon, Ill.; Wellstone, Minn.; Wyden, Ore.

DEMOCRATS NO=

None.

REPUBLICANS YES=

Cohen, Maine; D'Amato, N.Y.; Hatfield, Ore.; Jeffords, Vt.; Roth, Del.; Santorum, Pa.; Snowe, Maine; Specter, Pa.

REPUBLICANS NO=

Abraham, Mich.; Ashcroft, Mo.; Bennett, Utah; Bond, Mo.; Brown, Colo.; Burns, Mont.; Campbell, Colo.; Chafee, R.I.; Coats, Ind.; Cochran, Miss.; Coverdell, Ga.; Craig, Idaho; DeWine, Ohio; Dole, Kan.; Domenici, N.M.; Faircloth, N.C.; Frist, Tenn.; Gorton, Wash.; Gramm, Texas; Grams, Minn.; Grassley, Iowa; Gregg, N.H.; Hatch, Utah; Helms, N.C.; Hutchison, Texas; Inhofe, Okla.; Kassebaum, Kan.; Kempthorne, Idaho; Kyl, Ariz.; Lott, Miss.; Lugar, Ind.; Mack, Fla.; McCain, Ariz.; McConnell, Ky.; Murkowski, Alaska; Nickles, Okla.; Pressler, S.D.; Shelby, Ala.; Simpson, Wyo.; Smith, N.H.; Stevens, Alaska; Thomas, Wyo.; Thompson, Tenn.; Thurmond, S.C.; Warner, Va.

APNP-03-28-96 1842EST

**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**

	<u>Number of Workers Who Would Get A Raise</u>	<u>Percent of Hourly Workers Who Would Get A Raise</u>
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.

What's a Minimum Wage Job Worth?

Up to a Living Wage

By ROBERT E. RUBIN, RONALD BROWN,
ROBERT B. REICH, JOSEPH E. STIGLITZ,
AND LAURA D'ANDREA TYSON

As President Clinton has said, rewarding work is a fundamental American value. The president's economic growth strategy has stressed deficit reduction; opening markets; and education, training, and technology. All are ways to ensure we are rewarding work, increasing opportunity, and raising living standards for millions of working families.

The president's growth agenda has already helped our economy reduce unemployment to 5.5% from more than 7%, cut the deficit nearly in half, and spur the creation of 8.4 million additional jobs. After a decade-long decline, real hourly earnings have now finally started to rise. And in 1993 we put in place a working family tax cut for 15 million of America's hardest pressed households.

The nation still has further to go to ensure that we reward work and raise wages. As the president has said, this is a record to build on, not sit on. Stagnant wages are a 20-year problem that won't be solved overnight. Addressing this long-term challenge will require a persistent and comprehensive economic growth agenda.

One action we can take right now is to insist that the minimum wage be a living wage. Every member of the president's economic team believes this step will increase wages without costing jobs. The president has proposed a 90-cent increase in the minimum wage, to \$5.15 from \$4.25, spread over two years. That's the exact same plan that won overwhelming bipartisan support when Congress voted to raise the minimum wage in 1989. Indeed, the first 45 cents of the new increase would not even restore the buying power the minimum wage has lost since the last increase—five years ago today. And if we do not act this year, it will fall to a 40-year low in terms of purchasing power.

Of the 10 million workers who would benefit from Mr. Clinton's minimum wage increase, 69% are age 20 and older. The average minimum wage worker brings home half of the family's earnings. And, according to the Bureau of Labor Statistics, 59% are women—many of whom are shouldering most of the burden at home. A mini-

mum wage increase can make a real difference. For a full-time minimum wage worker, it means an additional \$1,800 in earnings—enough to buy seven months of groceries or several months of child care.

Opponents of a minimum wage increase often assert that it will wipe out jobs. But the weight of the evidence supports the conclusion that a moderate minimum wage increase—like President Clinton's proposal—would not have a statistically significant impact on job levels. One hundred and one economists—including Nobel Laureates Lawrence Klein, James Tobin and Kenneth Arrow—signed a letter supporting the president's proposal and affirming that it would not have a significant effect on employment.

We must ensure that we continue to grow the economy and provide everyone the opportunity to share in the growth. We have an obligation to ensure that people who work hard can get ahead—instead of letting them fall through the cracks or onto welfare. Raising the incomes of America's lowest-paid workers is an important part of meeting this challenge. But there is a greater issue here—an issue of values and the kind of society we would like to be. President Clinton expanded the Earned Income Tax Credit in 1993 and is pushing for a minimum wage increase in order to ensure that no parent who works full time should have to raise his or her child in poverty.

If we value work and we value families, we ought to raise the value of the minimum wage. America cannot afford to leave anyone behind. The time has come for Congress to act.

Mr. Rubin is Treasury secretary, Mr. Brown is commerce secretary, Mr. Reich is labor secretary, Mr. Stiglitz is chairman of the Council of Economic Advisers, and Ms. Tyson is national economic adviser.

The First Rung on the Ladder

By DEE DEE STANBACK

I know there's a lot of talk in Washington these days about raising the minimum wage to \$5.15 an hour. Politicians say no one can live or support a family on today's minimum wage. They constantly criticize these jobs as dead ends. Or they worry that we're becoming a nation of hamburger flippers. As someone who's been there, I have one word of advice for those who would raise the minimum wage: Don't.

At least listen to my story.

In 1979, I was a single mother with two children, just barely surviving on welfare.



M.E. COHEN

I had dropped out of school in the 10th grade when I first became pregnant. The monthly AFDC check was enough to pay the rent with just a little left over for food, clothes, and other necessities.

Today, I'm a manager at The Angus Barn, one of the largest and most popular restaurants in North Carolina. I help supervise nearly 200 employees. My family has a good roof over its head, medical and dental insurance, everything we need. One of my children has plans to go to college next year; the other one is an honor roll student. I'm very proud of my family, my career, and the turn my life has taken.

What made the difference for me? A minimum wage job.

I was scared to death when I went to interview for that dishwasher's position at The Angus Barn. I had never been on a job interview before. The general manager didn't think I could handle the work. He had never hired a woman to be a dishwasher. Besides, I had no education, no experience, no training, and few skills. But I was lucky enough to have the determination and drive to convince him to give me a chance.

Just getting the job in the first place was more important to me than the salary level. That dishwashing job at \$3.25 an hour was

the first rung on the ladder of opportunity for me. And once I got my hands on that ladder, I never let go. About a year later, I moved up to a cook's position. After that, I started waitressing. With every new job, I acquired new skills and became a more valuable worker. Every time a new position opened up, I applied for it and I got it. I think I've held just about every job there is to hold in a restaurant. And I plan on climbing even higher.

Those first few jobs may not have paid much. But they taught me the skills everyone needs to get ahead: personal responsibility, a commitment to excellence, the self-esteem that comes from supporting your family, the pride you feel by providing a good role model for your children. That's a lot more than you learn on welfare.

But raising the minimum wage will destroy the kind of entry-level jobs that gave me, and millions of welfare mothers like me, a chance. The people who will get hurt the most are the people with the fewest skills, the least experience, and the most limited education—those who enter the job market with the least to offer, but the most to gain.

Don't think for a minute that my story is unique. There are plenty of Dee Dee Stanbacks out there, desperate to move from welfare to work. We have a new program right here in North Carolina sponsored by the North Carolina Restaurant Association called Project Good Start—to help them get that chance. Local restaurants are offering jobs to welfare recipients so they can get started on the same path that's been so good to me and my family. Project Good Start is already operating in 10 other states, with plans to go nationwide.

Where would I be without that first minimum wage job? Maybe I would still be stuck on welfare. I like to think that with my drive and determination, I would have made it anyway. But the journey would have been a lot harder and a lot longer if I hadn't been able to reach that first rung on the ladder. Some members of Congress may think that a minimum wage job isn't much. Don't say that around my family.

Ms. Stanback is a manager of The Angus Barn in Raleigh, N.C.

Military Readiness Borrows From the Future

A big, dusty Abrams tank pokes its nose over the hill behind us, cuts sharply right with turret swiveling toward the enemy and then left again for a charge downhill, firing on the run. But it doesn't make it. Halfway down, it grinds to a halt and an amber light on its turret starts flashing. It has been "killed" by a weapon we can't even see, positioned on some distant ridge. Its crew climbs out to join the other victims of dead armored vehicles that litter the battlefield.

This simulated battle was played out a few days ago at the U.S. Army's National Training Center at Fort Irwin, California. Our group, from the New York Council on

Global View

By George Melloan

Foreign Relations, stood on a windy, cold desert hilltop to watch, shivering despite the GI helmets and parkas the army had thoughtfully provided us. The attacking force, an armored brigade from Fort Carson, Colorado, lost to "Opfor," the resident opposing force at Fort Irwin, in the usual outcome. In warfare, it pays to know the territory.

But as noted by the NTC commander, Brigadier General William S. Wallace, the officers and men of the visiting units also get a payoff, from finding out what they would be up against in attacking an experienced and well-positioned enemy. One officer is said to have reported back from Desert Storm that fighting Saddam's army was a "piece of cake" compared to tackling Opfor.

The learning experience at Fort Irwin employs an elaborate "electronic battlefield. Everything important that happens when 4,000-men tank brigades attack the more lightly manned defensive positions is

recorded. All weapons fire laser beams that register hits when they strike sensors on men and equipment. The amber lights go on to signify who is *hors de combat*. And all of the data on how the opposing forces maneuvered and fared is fed into an elaborate audio-visual system for later discussion by the combatants in NTC briefing rooms. Commanders are allowed to invent unorthodox tactics, just in case there is another Bonaparte out there, but when such ploys fail, they can expect a suggestion from General Wallace that they stick to army doctrine next time.

From the NTC, our group traveled to the Marine Corps Air Ground Combat Center at Twentynine Palms, CA, to watch a live fire demonstration combining 155mm howitzers, dragon missiles and Harrier fighters. Thence to San Diego, to visit the U.S. Navy and finally to Nellis AFB at Las Vegas for a briefing on air combat training, such as the famous "Red Flag" dog-fight exercises. Air Force Colonel Michael M. "Mike" Dunn, a Council military fellow, conducted this four-day whirlwind tour.

My conclusions were several. The U.S. military is still impressive despite a \$50 billion, 17% cut in its budget since 1990. Its rapidly shrinking forces are busier than at the height of the Cold War with tasks ranging from relief efforts in Rwanda to peacekeeping in Bosnia to standing guard in Macedonia against further Serbian aggression or showing the flag off Taiwan to discourage any rash moves by Beijing. But demands like these on its declining budget and efforts to maintain readiness are borrowing from the future. Equipment procurement has been chopped by 10% in three years. Timetables for acquiring the weapons of the future—or weapons of any kind—are being stretched further into the 21st century. Such potentially crucial projects as a defensive system that could protect the U.S. from ICBMs launched in the

future by some rogue power have been sidetracked.

The building of a technologically advanced military force showed its worth in the light casualties suffered in the short work coalition forces made of Saddam's huge army in Desert Storm. Would-be aggressors threatening U.S. vital interests who are inclined to take the U.S. military lightly are making a big mistake.

But high-tech war demands high quality troops and intense training. That's expensive. Captain Charles Salzman of the

Such potentially crucial projects as a defensive system that could protect the U.S. from ICBMs launched in the future by some rogue power have been sidetracked.

missile cruiser USS Chancellorsville at San Diego, showed off the elaborate array of electronic equipment on his ship. "It takes us a year and half to train a missile technician," he told me. Once trained, these people are qualified for good civilian jobs, so the Navy offers them a \$20,000 reenlistment bonus in its efforts to hang onto them.

Col. Dunn says it takes two years to train people to service the F-15 and its weapons systems. The Air Force has turned to extracting faulty electronic "black boxes" from forward deployed aircraft and shipping them back to the States for repair, usually by civilians, because it is too expensive to service them in the field.

Meanwhile the equipment is getting older and production pipelines for new

planes and ships are being shut down. Both the F-15 and F-16, the Air Force's front line fighters and attack planes, are 1970s airplanes. The average age of the F-15C fleet is 12.8 years, Col. Dunn says. The average plane has reached the halfway point of its service life of 8,000 hours, which of course means that some planes in the fleet are nearing the end of that life. When the next advanced fighter, the F-22, becomes operational in 2005—barring further stretchouts—the Air Force will be operating with 40-year-old technology.

One reason the military has been skeptical of "peacekeeping missions" is, of course, the budget strain. "That mission in Bosnia comes right out of our training budget," says Brigadier General Jan C. Huly, assistant commander of the First Marine Division, as he briefs our group in the field. He also complains of aging equipment, such as the dated Super Stallion helicopter that hauled us out to the firing range.

Col. Dunn notes that in the budget squeeze of the 1970s, the military emphasized equipment purchases and neglected operations, maintenance and training. Morale and readiness suffered. But in the military reform of the mid-1980s, known as the Goldwater-Nickles Act, power shifted from the Joint Chiefs of Staff to field commanders, mainly to shorten the chain of command. Field commanders want readiness here and now. Hence the shift in emphasis from weapons projects to training, operations and maintenance.

Today's problem is thus obvious. The U.S. military is still strong, with an impressive bunch of fighting men and women. It is on the whole making rational choices for the times we live in and missions to be conducted. But will it still be the best in the world in the year 2005? That question is worth pondering.

file
Minimum Wage

THE WASHINGTON POST
TUESDAY, APRIL 2, 1996

The Washington Post

AN INDEPENDENT NEWSPAPER

The Minimum Wage

THE PURCHASING power of the minimum wage is about to fall to its lowest level in 40 years. The last time Congress voted to increase it was in 1989. It is time—you could argue well past time—to do so again.

President Clinton has proposed to raise the minimum 45 cents in each of the next two years, to \$5.15 an hour. That's a one-fifth increase, and no such step is ever cost-free. It would have a broad effect on wages, not just those at the minimum but those in the zones immediately above, and it would add to the pressures on smaller businesses particularly to cut costs in order to survive. But the president is proposing to restore the wage, not break new ground. In real terms, it would remain well below the levels that obtained from the 1960s through the early 1980s, and would be only a dime above the level to which George Bush agreed, and Bob Dole and Newt Gingrich voted for, in 1989.

Senate Democrats tried twice last week to attach the increase to unrelated legislation. The parliamentary situation was such that they needed 60 votes and failed to get them. But it became clear in the process that a majority of senators would likely support the proposal. Republican opponents said the Democratic sponsors were playing politics and seeking to embarrass Mr. Dole. No doubt that's so. The right way to depoliticize the issue is to pass the increase and be done with it.

The opponents make two traditional arguments. The first is that employers will hire fewer people if they have to pay the higher wage, so the increase will end up costing its intended beneficiaries jobs. If this were not so temperate an increase so long delayed, that might be true, and it would be a danger. But most of the evidence, including studies of the effects of the 1989 increase, which was of comparable size, suggests that any job loss would be minimal.

The second argument is that an increase in the minimum wage is an inefficient way of helping

people in need, because a lot of people working at or near the minimum aren't needy. They are teenagers or other second earners in families that are fairly well off. But that argument, too, is greatly overstated. The vast majority—perhaps three-fourths—of those whose wages would be directly affected by the president's proposal are either over 25 or not in school, and in that sense "adult." There are perhaps 10 million of these workers, their average age is over 30, more than half are women, and as a group they are responsible for more than half their families' earnings. The teenagers among them produce about a fourth of their families' earnings.

Nor are these families typically well off. Most of them are found precisely where you would expect to find them—at the lower end of the income scale. It is true that an increase in the minimum won't all go to lower-income families. But most of it will, and it will help those families a lot.

This society increasingly is one in which incomes are unequal. In the lower reaches of the economy particularly, they have lagged. The decline in recent years in the value of the minimum wage is not the only reason for this, but it is surely one. A person working full-time year-round at the minimum used to be able to support a family of average size at pretty close to the poverty line. At the present wage, that's no longer possible. If the wage is increased as proposed, it will become more nearly so again.

We claim as a society to value work. We want people on welfare to quit the dole and take up jobs, and so they should if they can. But the jobs then need to pay enough to sustain them. That ought not be too much to ask of a country and economy as prosperous as this. We say again, there are costs associated with the step. The benefits outweigh them. The increase that the president has proposed is right. Both parties ought to support it; they ought to do it now.

Philip Adler

Preventing Polio: Don't Tamper With Success

A new way of doing polio immunization is being considered by two important medical bodies. If the change is adopted, it could reverse the incredible progress made over the past three decades in eliminating polio and sharply increase the number of children who are not adequately protected against polio and other serious childhood diseases.

The polio immunization schedule under consideration by the U.S. Centers for Disease Control and Prevention (CDC) and the American Academy of Pediatrics (AAP) would include a greater reliance on inactivated polio vaccine and a reduced reliance on oral polio vaccine. As a practicing pediatrician with personal and professional experience with this horrible disease, I am compelled to speak out against such an ill-advised course of action.

The dispute over how best to immunize our children against polio reflects a conflict between the "killed-virus" inactivated vaccine developed by Dr. Jonas Salk and the "live-virus" oral vaccine formulated by Dr. Albert Sabin. Today the oral vaccine is the preferred agent for polio immunization in the United States, because it has proven to be highly effective. The inactivated vaccine is reserved solely for immuno-compromised patients, such as children infected with HIV. Through an immunization program using the oral vaccine, polio has been eliminated in 145 countries, including the entire Western Hemisphere.

In the United States, there has not been a case of naturally acquired polio since 1979.

Despite this established record of achievement, the CDC and AAP are actively considering a shift away from the oral vaccine. The CDC's Advisory Committee on Immunization Practices voted at its meeting last October to draft a new polio immunization policy that would include a greater reliance on the inactivated vaccine. Although the committee did not reach a decision on the details of the new schedule, it is likely that it will include two doses of inactivated vaccine (at two months and four months of age) and two of oral (at six to 12 months of age and 12 to 18 months). The precise schedule and timetable for implementing it will be considered at the committee's June meeting. The Committee on Infectious Diseases of the AAP is expected to consider the issue in May.

Proponents of using the "killed-virus" vaccine maintain that eight to 10 cases of paralytic polio are caused by the "live-virus" type every year. They also frequently cite the case of a child born recently with an immune deficiency who developed paralytic polio following immunization with the oral vaccine.

Such cases, though extraordinarily rare, are undeniably tragic. Nevertheless, the CDC and the AAP must move cautiously before making a policy change that could produce profound and devastating consequences for our children. Caution is warranted for several reasons.

First, there is no scientific evidence that a mixed schedule would decrease the rare occurrences of "vaccine-associated paralytic polio." Only one country, Denmark, has any real experience using a protocol combining the killed- and live-virus vaccines, and its small, homogeneous population does not allow for a valid comparison with the United States. Moreover, Denmark does not use the same schedule now being proposed for the United States.

Second, the combined schedule would have a devastating impact on immunization compliance. As it is, the current immunization schedule requires that a child receive approximately 12 inoculations by age 2. In the absence of new combination products (which appear to be several years away from availability in the United States), using the inactive vaccine would force physicians to give as many as four shots during some visits. Because doctors and parents resist having more than two shots per pediatric visit, additional visits might be necessary. Not surprisingly, many parents have trouble complying with the visits required in the current pediatric schedule. Adding visits would likely result in reduced compliance and a decrease in the number of children fully immunized.

Another concern involves public confidence in childhood immunizations. The CDC and the AAP must consider carefully the impact that a new and untried protocol, and even discussions about the

perceived need for such a protocol, can have on parental support for polio immunization generally. Sadly, public confidence in childhood immunizations is easily disrupted. I remember how unfounded reports of adverse reactions to the whole-cell pertussis vaccine for whooping cough dissuaded many parents from allowing their children to receive this important immunization during the past decade; as a result, the incidence of pertussis cases increased.

Reckless discussion about polio vaccine safety could produce the same result, especially because most of today's parents are ignorant of polio's ravages. Ironically, because the oral vaccine has proven so successful, most of this generation's parents know little or nothing about the disease, and therefore may be less committed to immunizing against it.

As a practicing pediatrician who has used this vaccine for more than 30 years, and who has seen polio disappear from the American landscape of infectious diseases, I do not believe the reintroduction of the killed-virus vaccine is justified. The oral vaccine has been the recognized vaccine worldwide for preventing polio. It has proven itself. The CDC and AAP should adopt no change to the existing polio immunization protocol unless the risks associated with such a change are properly analyzed and assessed.

The writer is a pediatrician in Tampa, Fla.

4-3-96

The Nation

Minimum Wage, Maximum Debate

By STEVEN GREENHOUSE

ALTHOUGH many Republicans are loath to admit it, there is an undeniable logic to Democratic proposals to raise the \$4.25-an-hour minimum wage.

That logic goes like this: If a plant is thirsty, water it; if a tire is losing air, fill it; if the pay of low-wage workers keeps them mired in poverty, then simply raise it — if necessary, by legislation.

For President Clinton and the many Democrats pushing for a higher minimum wage, such a step would be one way to narrow the growing income gap between Americans on the bottom rungs and those on the top. The Democratic plan to raise the wage to \$3.15 over two years would also be a tidy way to stop the incomes of low-wage workers from falling further behind inflation.

In an election year, there's a lot of political logic at work, too. With three-fourths of Americans supporting an increase in the minimum wage, and with the wage gap growing as a public issue, the Democrats see a higher minimum wage as a political slam-dunk.

In large measure that explains why Democrats pushed the issue onto center stage in Congress last week and why Mr. Clinton made it the subject of his weekly radio address yesterday. Depicting their party as the friend of Joe and Jane Lunchpail, the Democrats said that raising the minimum

to \$3.15 would increase the wages of approximately 4 million workers now earning \$4.25 an hour, and of another 6 million earning between \$4.26 and \$5.14 an hour.

As the Administration's chief cheerleader on the issue, Robert B. Reich, the Secretary of Labor, has repeatedly pointed out that the \$2,500 that a full-time minimum-wage worker earns each year is so far below the poverty line that the worker would most likely need welfare and food stamps to support a family. With the poverty line set at \$15,600 for a family of four, one full-time worker would need to make \$7.80 an hour to climb above that line. Mr. Reich also notes that because of the corrosive effects of inflation, the minimum wage — which was last increased five years ago tomorrow — is 31 percent below where it was in 1979 and will soon be at its lowest point in 40 years.

Lifting All Boats

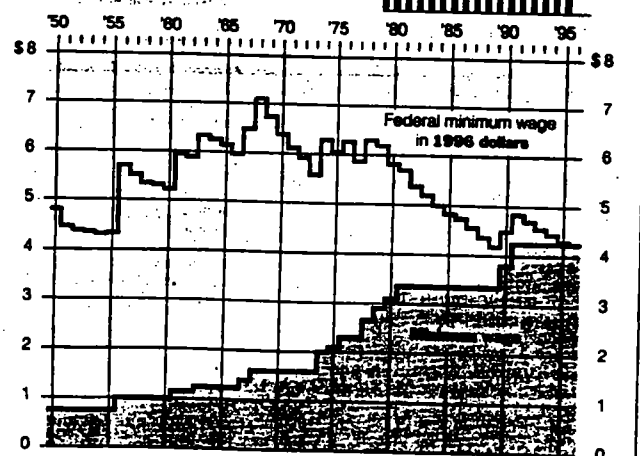
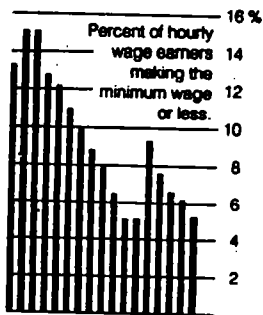
"Some people want us to believe that the typical minimum-wage worker is a teenager flipping hamburgers," Mr. Reich said. "That's simply not the case. Most minimum-wage workers are over 20 years old, and 40 percent of them are the sole breadwinners in their family."

Democrats look to a higher minimum wage as a way for a rising tide of economic growth to lift all boats, not just the yachts.

For many Republicans, the Democratic drive to lift the minimum wage is equal parts junk economics and cheap politics.

Inflation's Squeeze On the Lowest Paid

Congress established the first minimum wage, of 25 cents an hour, during the Depression as part of the Fair Labor Standards Act of 1938. The value of the minimum wage, as measured in 1996 dollars, has fallen 31 percent since 1979. As buying power has fallen, so has the percentage of hourly employees working for the minimum or less.



Source: Bureau of Labor Statistics

The New York Times



\$4.50 AN HOUR A stock worker at a drug store on West 42d Street in Manhattan.

Photographs by Philip Greenberg for

Eager to show that they too are concerned about the poor, Republicans argue that lifting the minimum wage will result in layoffs for tens of thousands of low-wage workers because many of those jobs would be eliminated or shifted overseas.

In Senate debate last week, Senator Bob Dole, the all-but-annointed Republican candidate for President, said: "There are going to be a lot of young people who lose their jobs. Many are black teenagers, and many are young people whose parents live below the poverty line."

Senator Don Nickles, Republican of Oklahoma, said a higher minimum wage would cause many employers to hire fewer unskilled workers once they became more expensive to employ. "Instead of helping people get on the economic ladder, the Democrats are pulling the economic ladder up and not enabling people to get on."

Senator Dole may have won last week's legislative battle by maneuvering to prevent the Senate from voting on a higher minimum wage, but the Democrats say President Clinton is winning the public relations war by showing his concern for the beleaguered American worker.

Just Politics

Geoffrey Garin, a Democratic pollster, said, "People believe that somebody who works a 40-hour week ought to make a wage they can live on, and the fact that Republicans oppose that notion is incredibly damaging to them to voters."

Supporters of a higher minimum received some unexpected new moral ammunition last week when a study found that chief executives' pay, with stock options included, soared 11 percent last year, the highest jump in a decade, putting their median pay at \$3 million.

Republicans insist that Mr. Clinton's push for a higher minimum wage is not quite the high-minded enterprise the Democrats suggest. "They know it has no chance of passing," Senator Nickles said. "They're just trying to score political points."

Nonetheless, Senator Alfonse M. D'Amato of New York and a handful of other Republican Senators, perhaps sensing which way the political winds are blowing, last week announced their support for a higher minimum wage.

Some minimum-wage workers say it is patronizing for Republicans to assert that a higher minimum wage would wallop the poor. Lawrence Ware, a \$4.25-an-hour temporary employee with the New York City Human Resources Administration, took issue with the Republicans, saying: "It makes me feel like they prefer the cliché, 'The rich get richer and the poor get poorer.' They don't really care much about poor people."

Like many low-wage workers, Mr. Ware said he doubted that a higher minimum would cost him his job. The Clinton Administration



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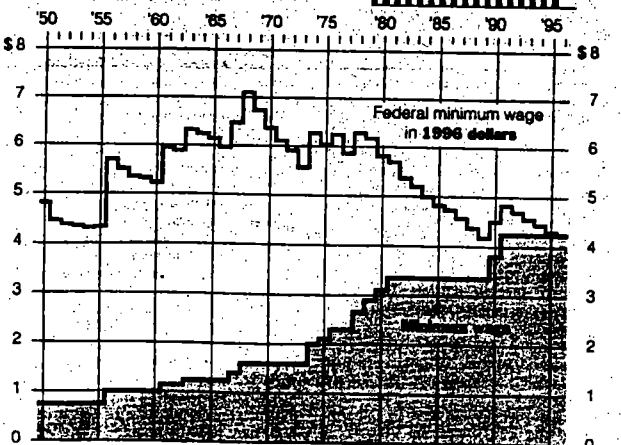
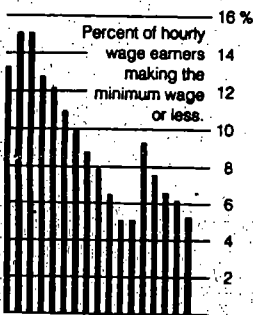
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Feb 1 minimum wage

**PRESIDENT CLINTON HAS ALWAYS SUPPORTED
THE MINIMUM WAGE AS A WAY TO MAKE WORK PAY**

April 2, 1996

**CLAIMS THAT PRESIDENT CLINTON OPPOSED A MINIMUM WAGE
INCREASE ARE JUST NOT TRUE.**

- President Clinton has always supported the Minimum Wage -- and he has NEVER opposed a minimum wage increase. President Clinton has always supported increasing the minimum wage -- from the campaign in 1992 to the present. He specifically proposed a 90-cent increase 14 months ago.
- Republican Members point to a 10-word *Time* magazine quote from 1995 that alludes to President Clinton's opposition to the minimum wage in 1993. But, President Clinton didn't say any such thing. The statement *Time* refers to does not appear in any transcript, tape, or speech text.
- For four years now President Bill Clinton has fought for several provisions that would raise the standard of living of hard-working families, including: increasing the minimum wage, expanding the Earned Income Tax Credit, and providing health care coverage for working families.
- President Clinton initially focused his legislative agenda on raising workers' incomes and increasing economic security through expansion of the Earned Income Tax Credit and health care reform, but he has always supported a Minimum Wage increase. Together with his EITC expansion, the President's minimum wage increase would ensure that no parents would have to raise their children in poverty.

file
minimum wage

PRESIDENT CLINTON HAS ALWAYS SUPPORTED
A MINIMUM WAGE INCREASE AS A WAY TO MAKE WORK PAY

SUPPORTED MINIMUM WAGE HIKES AS GOVERNOR. As Governor of Arkansas, Bill Clinton supported two increases in the state minimum wage. And he changed state minimum wage law to cover more workers.

1992: CANDIDATE CLINTON CALLS FOR EXPANDING EITC AND RAISE MINIMUM WAGE TO MAKE WORK PAY. In 1992, President Clinton proposed expanding the Earned Income Tax Credit and raising the minimum wage to keep pace with inflation in order to ensure that no parent who was willing to work full-time would have to raise their children in poverty.

- **In *Putting People First*,** Presidential Candidate Clinton and Vice-President Candidate Gore proposed to "increase the minimum wage to keep pace with inflation." (p. 127)
- **In the Clinton/Gore Welfare Information packet,** Candidate Clinton and Vice-President Candidate Gore proposed to make the minimum wage a fair wage, and index it to inflation because "working people shouldn't have to lose purchasing power just because of inflation." [Clinton/Gore Welfare Information Packet, September 9, 1992]
- **On October 30, 1992,** the *Star Tribune* wrote that Candidate Clinton wants to "increase the minimum wage to keep pace with inflation and expand the earned income tax credit to guarantee no full-time workers lives in poverty." [Star Tribune, October 30, 1992]

AUGUST 1993: PRESIDENT CLINTON EXPANDS EITC AS FIRST STEP TO MAKE WORK PAY. In 1993, President Clinton took the first necessary step to achieving the goal of ensuring that anyone who worked full-time didn't have to bring up their children in poverty: he expanded the Earned Income Tax Credit to provide a tax break for 15 million of our most hard-pressed households.

- **In April of 1993, *The Washington Post* wrote that:** "Mr. Clinton's goal is ambitious: to make sure that in households with children where at least one person works full-time, the family won't fall below the poverty line. Under current law, the maximum EITC benefit for a family with two or more children was scheduled to rise to \$ 2,000 next year; Mr. Clinton would boost the maximum to \$3,370 by 1995. He would also raise the benefits for families with one child and establish a small new credit for workers without children....*On top of this, Mr. Clinton would try to boost the earnings of the working poor by hiking the minimum wage.*" [The Washington Post, April 20, 1993 -- emphasis added]

IN 1994 PRESIDENT CLINTON FOUGHT FOR UNIVERSAL HEALTH CARE -- WHICH WOULD HAVE BEEN THE EQUIVALENT OF A MINIMUM WAGE INCREASE FOR MILLIONS OF LOW-WAGE WORKERS. NONETHELESS, HE STILL MAINTAINED HIS SUPPORT FOR A MINIMUM WAGE INCREASE.

- JUNE OF 1994, *THE WASHINGTON POST* WROTE THAT: "From health-care reform to *a higher minimum wage* to more training opportunities to increased earned-income tax credits to mandatory fringe benefits, the Clinton administration wants to increase dramatically the income security of the more than 6 million American adults whom it classifies as the 'working poor.'" [The Washington Post, June 26, 1994 -- emphasis added]

1995: PRESIDENT CLINTON PROPOSES MINIMUM WAGE INCREASE TO FULFILL COMMITMENT TO MAKE WORK PAY. On February 3, 1995, President Clinton put forward his proposal to increase the minimum wage from \$4.25 to \$5.15 over two years in two equal steps. This proposal would directly benefit 10 million American workers.

- **In his 1995 State of the Union, President Clinton called for Congress to raise the minimum wage:** "The goal of building the middle class and shrinking the underclass is also why I believe that you should raise the minimum wage. It rewards work. Two and a half million Americans -- 2.5 million Americans, often women with children, are working out there today for \$4.25 an hour. In terms of real buying power, by next year that minimum wage will be at a 40-year low. That's not my idea of how the new economy ought to work.

Now, I've studied the arguments and the evidence for and against a minimum wage increase. I believe the weight of the evidence is that a modest increase does not cost jobs, and may even lure people back into the job market. But the most important thing is, you can't make a living on \$4.25 an hour. Especially if you have children, even with the working families tax cut we passed last year. In the past, the minimum wage has been a bipartisan issue, and I think it should be again. So I want to challenge you to have honest hearings on this; to get together; to find a way to make the minimum wage a living wage.

Members of Congress have been here less than a month, but by the end of the week, 28 days into the new year, every member of Congress will have earned as much in congressional salary as a minimum wage worker makes all year long." [State of the Union Address to the Nation, January 25, 1995]

- **On February 3, 1995, President Clinton proposed raising the minimum wage from \$4.25 to \$5.15:** "Our job is to create enough opportunity for people to earn a living if they'll exercise the responsibility to work. That's why we fought so hard to expand the earned income tax credit - a working family tax cut for 15 million families - in 1993; precisely why we're calling on Congress today to raise the minimum wage 90 cents to \$5.15 per hour.

The only way to grow the middle class and shrink the underclass is to make work pay. And in terms of real buying power, the minimum wage will be at a 40-year low next year if we do not raise it above \$4.25 an hour. If we're serious- let me say this, too, emphatically- if we are serious about welfare reform, then we have a clear obligation to make work attractive and to reward people who are willing to work hard...

If in 1990, because the minimum wage had not been raised in such a long time, a Republican president and a Democratic Congress could raise the minimum wage, surely in 1995 - facing the prospect that work, full-time work, could be at a 40-year low in buying power unless we act - a Congress with a Republican majority and a Democratic president can do the same for the American people." [Announcement by President Bill Clinton of Minimum Wage Increase, February 3, 1995]

- **JUNE, 1995. At town hall meeting with Speaker Gingrich, the President reiterated his support for a minimum wage increase:** "The reason that I am for it is that I believe that -- first of all, I know that a significant percentage of people on the minimum wage are women workers raising their kids on their own. And I just believe that we shouldn't allow -- if we don't raise the minimum wage this year, then next year, after you adjust for inflation, it will be at a 40-year low...

And I believe, if you go back to when they did it when -- the last time it was done was, when, '89 or something, I think, on balance, we did fine as a result of doing it. And I think we should do it again. [Remarks by President Clinton, Speaker Gingrich at Senior Center in Claremont, N.H., June 11, 1995]

- **In May 1995, President Clinton calls for minimum wage increase:** "I believe it is especially important to women that we raise the minimum wage this year. Women represent three out of five minimum wage workers, but only half the work force. I have done everything I could to create a climate in which people are encouraged to be successful parents and successful workers. I believe that. That's what the Earned Income Tax Credit was all about in 1993... But it isn't enough. If we do not raise the minimum wage this year, next year it will be in real dollar terms, the lowest it has been in 40 years. Now that is not my idea of what the 21st century American economy is all about. [Remarks at Women's Bureau Reception, May 19, 1995]

- **On Labor Day 1995, President Clinton tells California that the minimum wage should be raised:** "I also think we ought to raise the minimum wage. Let me tell you, if we don't raise the minimum wage this year, on January the 1st of next year, our minimum wage in terms of what the money will buy will be at a 40-year low. I want a high-wage, high-growth, high-opportunity, not a hard-work, low-wage 21st century. And I think you do, too. And that's what we ought to do." [Remarks at the Dedication of California State University at Monterey Bay in Monterey, California, September 4, 1995]

1996 PRESIDENT REITERATES HIS CALL FOR AN INCREASE IN THE MINIMUM WAGE

- **Speech to Keene State College, New Hampshire.** "[A]mong the greatest heroes in this country are the people who work 40 hours a week and do their best to raise their kids and only make the minimum wage. If we do not raise the minimum wage, this year it will drop to a 40-year low in terms of what it will buy. There is always a lot talk in Washington about family values. It's hard to raise a family on \$4.25 an hour. Let's raise the minimum wage." [President Clinton, Keene, New Hampshire, February 17, 1996]
- **1996 State of the Union Address.** "More and more Americans are working hard without a raise. Congress sets the minimum wage. Within a year, the minimum wage will fall to a 40-year low in purchasing power. Four dollars and 25 cents an hour is no longer a minimum wage, but millions of Americans and their children are trying to live on it. I challenge you to raise their minimum wage." [President Clinton, State of the Union Address to Congress, January 23, 1996]

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*file
minimum wage*

April 22, 1996

Alan B. Krueger
*Bendheim Professor of
Economics and Public Affairs*

MEMORANDUM FOR SECRETARY ROBERT REICH, CHIEF OF STAFF LEON PANETTA, NEC DIRECTOR LAURA TYSON, CEA CHAIRMAN JOSEPH STIGLITZ, GEORGE STEPHANOPOLOUS, AND GENE SPERLING

FROM: ALAN KRUEGER *Alan Krueger*

SUBJECT: MINIMUM WAGE OPTIONS

As the minimum wage debate moves forward, I thought you might be interested in the following observations.

o Newt Gingrich mentioned that he would tie a minimum wage increase to a youth training wage. President Bush also insisted on a youth training wage in 1989. As a result, Congress passed a youth training wage that allowed a subminimum wage 15 percent below the minimum wage for teenagers for up to 6 months. The youth training wage expired after 3 years, and was not renewed. A Labor Dept. study and several others (including one by Larry Katz and me) found that employers rarely used the subminimum wage. I think the main reason they rarely used it is that they didn't want to pay teenagers and adults a different wage for doing the same work. Employers also complained that the training wage created more red tape. The training wage expired after 3 years, and there was hardly any pressure to renew it.

o Although unions dislike the subminimum wage, since it was hardly used, I would see little harm in accepting a training wage similar to the one passed in 1989. I also would recommend considering that the provision be accepted on a trial basis that expires after 3 years unless Congress then chooses to make it permanent.

o The timing of the minimum wage increase is crucial. For the last increase, a deal to increase the minimum wage was reached in November of 1989. The minimum wage increased 5 months later, on April 1, 1990. The lead time gave employers some time to adapt to the higher wage. A 5 month lead time now would mean the minimum wage would increase effective early October.

o Another, perhaps more important reason, to increase the minimum wage after the summer (e.g., after September 1) is that the summer jobs programs has not been funded, and is likely to be cut back. Without the summer jobs program, many inner city kids will lack job opportunities. Indeed, the minimum wage increase could logically be tied to full funding of the summer jobs program.

o I have heard some discussion about trying to restrict coverage of the minimum wage. There are two important issues here. First, if coverage is tightened, some workers will be exempted from the minimum wage even though they are currently protected by it. This will mean that those workers are susceptible to a wage cut. Second, enforcement of the Fair Labor Standards Act will be even harder if workers are exempt from the minimum wage.

o Instead of adjusting coverage in any deal, I think it makes more sense to consider the tipped minimum wage. Currently, the minimum wage for workers who are paid tips is half the minimum wage, or \$2.13 per hour. Employees count their tips toward meeting the \$4.25 minimum wage. If employees' combined tips and \$2.13 hourly wage do not exceed \$4.25, their employer makes up the difference. If the minimum wage increases to \$5.15, say, the tipped minimum could stay at \$2.13. Tipped workers will still make at least \$5.15 per hour because employers would have to make up any shortfall after tips. I suspect that most restaurants would prefer this provision to likely changes in coverage.

*tipped
min
keep up*

o A novel initiative would be a health insurance offset. Specifically, if minimum wage employers provide health insurance (which they rarely do), the pro-rated hourly cost of that health insurance could be counted towards meeting the minimum wage. For example, if health insurance costs \$1 per hour, and the company pays \$4.50 per hour, then the "full wage" would equal \$5.50 per hour, and the firm would exceed the \$5.15 minimum wage. This new offset would serve two purposes. First, it would encourage more employers to provide health insurance, in keeping with the President's priorities. Second, it would recognize that total compensation is relevant for workers, not just wages. Moreover, I suspect that most minimum wage employers that provide health insurance would increase their workers wages to the new minimum anyway, so in practice this provision would not lower wages. And it would have the advantage of being a New Democrat approach.

good

o If indexing the minimum wage becomes an issue, there are two critical issues to consider. First, what is the minimum wage indexed to? If it is indexed to the CPI, then it may rise too high relative to wages, if real wages of low-wage workers continue to fall. An alternative approach would be to index the minimum wage to the wage of the worker who falls in the 25th percentile of the wage distribution. The second, issue is political. If the minimum wage is indexed, then the issue of raising the minimum wage will not arise again in the future. And it will be locked in at a relatively low level.

o I see that Joe Stiglitz has taken some heat for statements on the minimum wage in his 1993 text book. I liked Joe's letter to the WSJ. Another possible response is that John Taylor's economics text book (Taylor was a member of George Bush's CEA) states that the effect of a minimum wage on employment is controversial. Also, the 20 House Republicans who support a minimum wage increase released a "Fact Sheet" stating that "raising the hourly [minimum wage] rate has a marginal, and possibly a beneficial, impact on employment."

"THE MINIMUM WAGE FOR FAMILIES ACT"

LEGISLATIVE DESCRIPTION AND SUMMARY

This proposal will fundamentally redesign the EITC, and rename it the "Working Families Support Credit".

RATIONALE

It has become difficult in recent years to support a family on a minimum-wage salary. There is agreement among both Republicans and Democrats that we need to provide assistance to the "working poor", but there is significant disagreement on the best way to accomplish this goal.

The administration has proposed an increase in the minimum wage as the solution to this problem. While such an increase would provide some relief to the working poor, it would also have much more far reaching effects, including placing large economic constraints on the private sector, a loss of entry-level positions, and an inflationary ripple effect on wages. A minimum wage increase would also affect those persons who arguably are not in need of this assistance, such as teenagers working during their summer vacation.

Our proposal would accomplish the goal of providing assistance to those who are truly in need -- working families -- while at the same time avoiding the additional problems associated with a minimum wage increase.

BACKGROUND

The Earned Income Tax Credit (EITC), which was created in 1974, provides a refundable tax credit to lower-income working families with children and currently to some adult childless workers. The EITC has expanded greatly since its creation as a result of both Congressional and Presidential initiatives, including efforts by the Reagan, Bush and Clinton administrations.

RECIPIENTS

Under current law, there are an estimated 18.2 million tax units eligible for EITC. 12.7 million of these tax units are families with children, of whom roughly 5.3 million have one child and 7.4 million have two or more children. The remaining 5.5 million eligible tax units are childless workers ages 25 through 64.

PROPOSAL

This EITC reform proposal, which builds upon the reforms in the Republican Balanced Budget Act of 1995, will redesign and reform the current EITC program in an effort to return the program to its original purpose of serving low-income working families. The proposal will address the following:

- Convert large annual "lump sum" EITC payments into equal monthly payments so as to more practically supplement family income
- Deny credit to undocumented workers
- Eliminate credit for childless adults
- Increase the support credit for parents
- Rename Earned Income Tax Credit the "Working Families Support Credit"

With the savings generated from these reforms, we will significantly increase the amount of credit recipients of the Working Families Support Credit would receive.

If you believe that those people who are in need of wage assistance are America's working families, as opposed to teenagers employer during their summer vacation, please join us in support of The Minimum Wage Increase for Families Act.

If you would like to cosponsor this legislation or if you have additional questions, please contact Chuck Seyfarth with Representative Hutchinson at 5-4301.

The Minimum Wage for Families Act

A proposal to create a three tiered minimum wage to lift incomes of poor families with children. The three wage rates are :

Individuals	\$4.25 an hour
Families with 1 child	\$7.00 an hour
Families with 2 or more children	\$8.00 an hour

How does it work ?

Employers would be able to hire as many job applicants as possible at the current starting wage of \$4.25. The Federal government would provide families with children a monthly cash payment to bring these families up to the \$7 or \$8 level as outlined above. The payments would be administered through the Internal Revenue Service.

How much would it cost ?

This proposal is expected to be scored by the Joint Tax Committee to save at least \$15 billion over 6 years. Much needed reforms of the poorly designed Earned Income Tax Credit will provide significant savings that will be used to increase assistance to those families that actually have to raise children. Any additional savings generated from reforms of the EITC program will be used to finance the \$500 per child tax credit available to all low-income and middle class families.

How does it fit with the Republican Tax Cut proposal ?

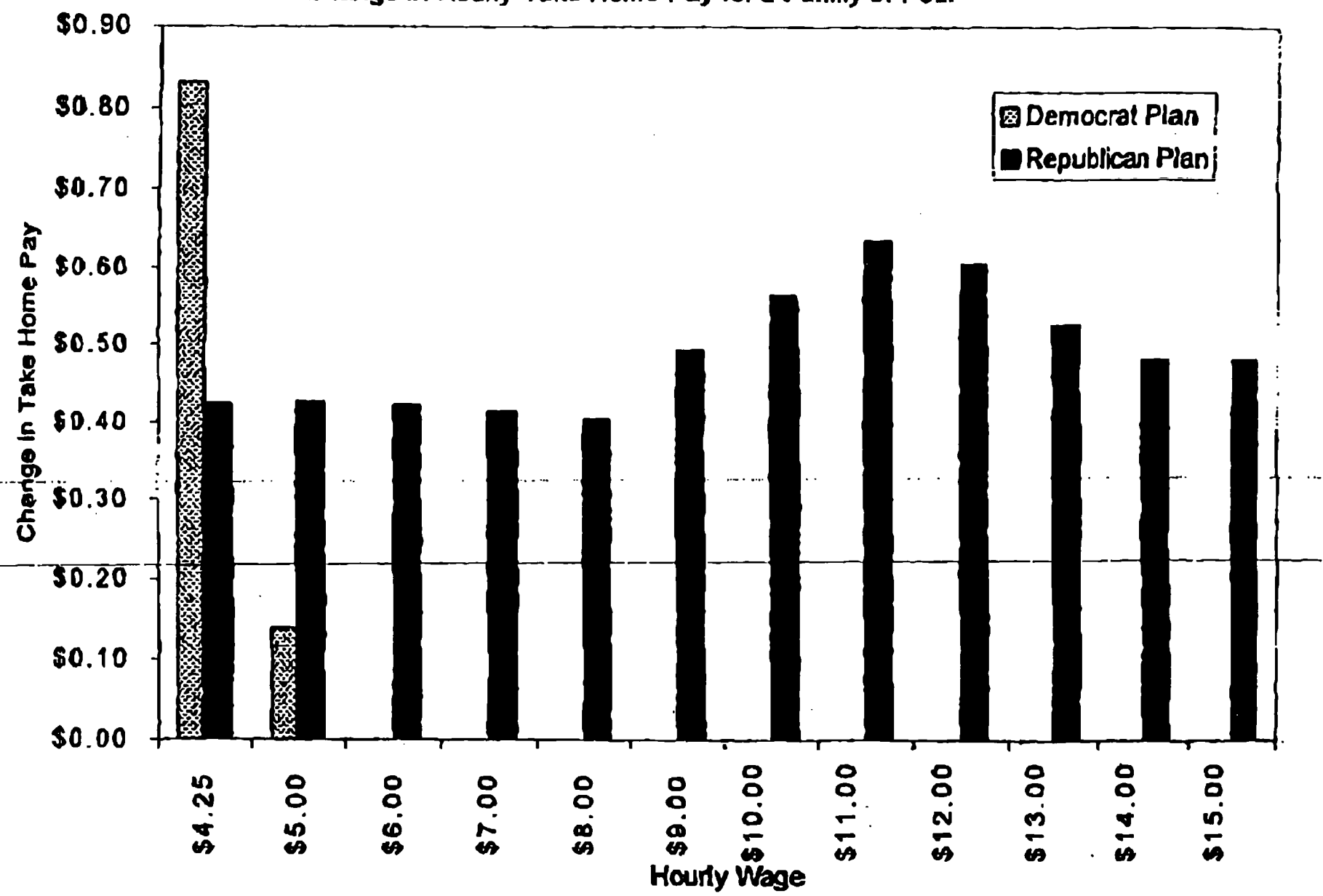
The Minimum Wage for Families Act can be easily integrated into the \$500 per child tax credit proposal. When combined, all families, whether they earn \$4.25 or more an hour, will see their take home pay increase because of this proposal.

How does it complement the Republican Welfare Reform proposal ?

Under the Republican welfare reform proposal, as many as 7 million able-bodied adults on public assistance will be asked to work. Small business can not create 7 million jobs for these often poorly educated individuals at the same time that Democrats want to increase the cost for hiring these workers.

It's Take Home Pay, Stupid

Change in Hourly Take Home Pay for a Family of Four



file
minimum wage

RESPONSE TO REPUBLICAN PROPOSAL

"Emotional appeals about working families trying to get by on \$4.25 an hour are hard to resist. Fortunately, such families don't really exist." Tom Delay (Dear Colleague Letter, April 23, 1996)

I am pleased that recently moderate Republicans have joined me and many of their Democratic members of Congress in recognizing that you can't raise a family on \$4.25 an hour, and that we can't say we care about the values of family and rewarding work unless we are willing to raise the minimum wage and not let it fall to a 40 year low.

Unfortunately, this has not stopped the inexhaustible efforts of some in the Republican party to oppose a minimum wage increase. As part of this effort, Majority Leader Armey and other Republicans are calling for amazingly bureaucratic, unworkable proposal that would deny the benefits of a minimum wage increase to many,

For millions of adult workers making near the minimum wage: this is not even a good news bad news story: it is a bad news, worse news story: the bad news is you don't get the minimum wage and the worse news is that you get a tax increase as well.

- **Entitlement to Special Interest Lobby (restaurant lobby) who is leading the charge against the minimum wage increase:** Clearly an entitlement to employers so that they never have to pay more than \$4.25 an hour to their employers -- and the government will pick up the difference.
- **Lose-Lose for Over 4 Million Adult Workers:** Over 4 million Adult workers near the minimum wage who are between the age of 25-65 would explicitly lose a tax cut they get to partially offset their payroll taxes.
- **Would Deny an Existing Tax Credit to million of other working families making around \$20,000 a year:** The current EITC provides tax relief to families making up to \$28,000. This would take away an existing tax credit to possibly millions of families with children who are making around \$20,000.
- **Bureaucratic and inappropriate Expansion of the IRS:** The plan seems to call for a vast, experimental expansion of the IRS in monitoring the economy. It seems to require the IRS to monitory hourly pay for millions of employers, week by week, month-by month, and then write out millions of new checks each month, in an untested bureaucratic expansion.
- **Possible Deficit Buster:** Even while the plan will clearly raise taxes on millions of adult workers, some budget experts are predicting that it could lead to a dramatic new entitlement that would shift costs to the government sector and increase the deficit.

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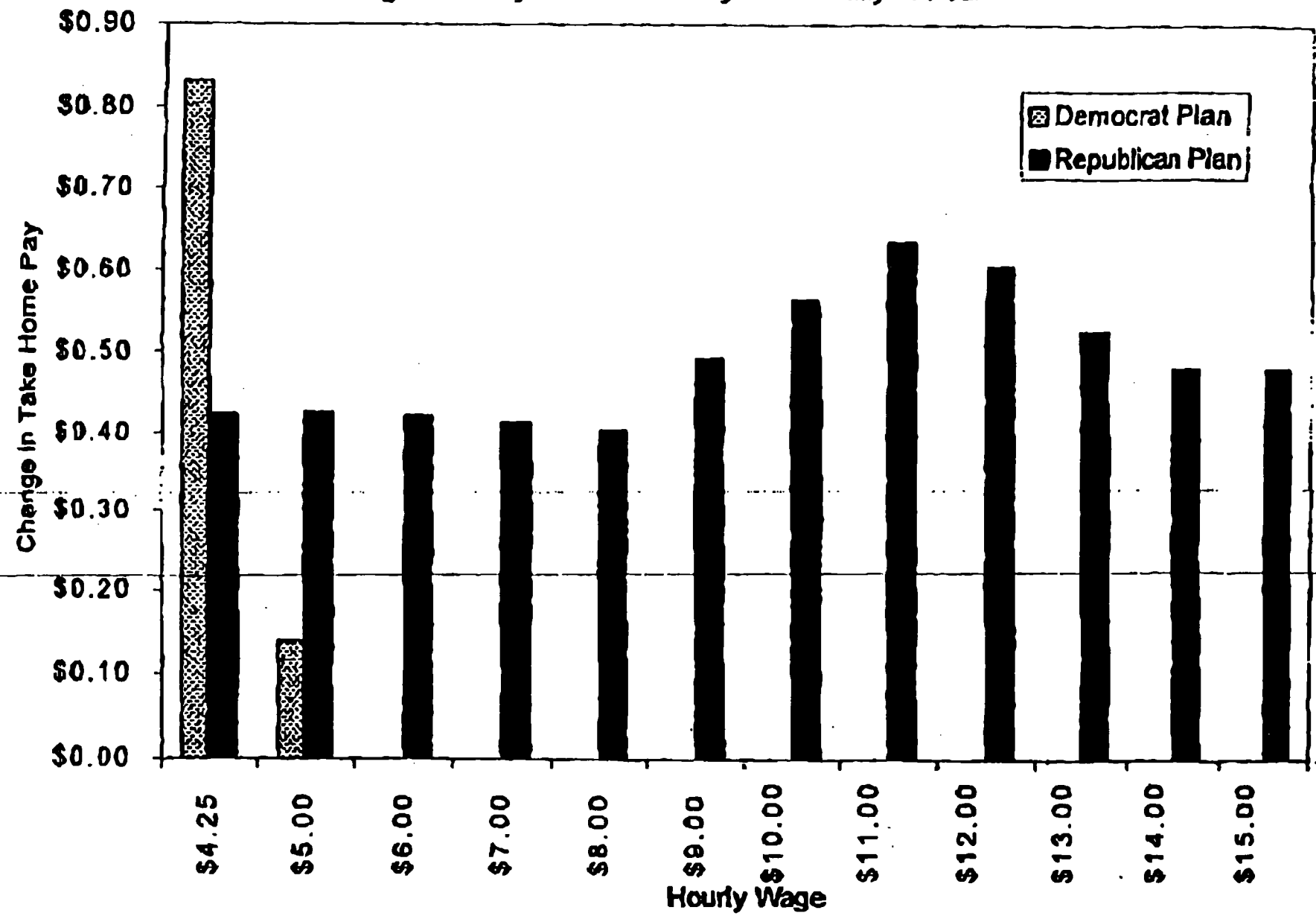
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It's Take Home Pay, Stupid

Change in Hourly Take Home Pay for a Family of Four



804

15:31

84/22/96

Economic Policy Institute

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

MEMORANDUM

TO: Mike Wessel
VIA: Fax No. 225-7414
FROM: Jeff Faux *Jeff Faux / kw*
DATE: April 23, 1996
COPY: John Schmitt

We've looked at "The Minimum Wage for Families Act."

If these are conservatives, they are hoisting themselves by their own petard. It's big government at its most intrusive.

Among other things, it:

- (1) sets up a huge bureaucratic task for the IRS to monitor the labor market. It would have to check millions of workers and employers for hours, wages, multiple jobs, number of children, etc.
- (2) writes 12.7 million checks monthly. (Talk about entitlements!)
- (3) government mandates different pay for same job.
- (4) provides an incentive for low-wage workers to have more children.

Call John Schmitt here for elaboration.

APR 23 '96 12:04

One Hundred Fourth Congress
U.S. House of Representatives
Office of the Majority Whip
April 23, 1996

If You Believe
No One Can Afford to Raise a Family on \$4.25 an Hour
You'll Be Glad to Know
No One Actually Has To

Dear Colleague:

Supporters of raising the minimum wage argue the no one can afford to raise a family on \$4.25 an hour. That may be true. However, their argument conveniently ignores the fact that no one actually has to. As the table below shows, any parent who is earning the minimum wage is eligible for Food Stamps and the Earned Income Tax Credit. *(They may also be eligible for other government programs such as Medicaid.)*

Once these two benefits are added to the minimum wage, a single parent with one child has a total income of \$5.76 an hour, while a married couple with two children has a total income of \$7.47 an hour. *(These amounts could be even higher depending on child care and housing expenses.)*

	Minimum Wage	Food Stamp	Earned Income Tax Credit	Total	Hourly Total
Single Parent					
One Child	\$8,840	\$2,152	\$996	\$11,988	\$5.76
Two Children	\$8,840	\$3,536	\$2,142	\$14,518	\$6.98
Married Couple					
One Child	\$8,840	\$2,152	\$2,142	\$13,134	\$6.31
Two Children	\$8,840	\$3,536	\$3,159	\$15,535	\$7.47

*Minimum Amounts
Source: Congressional Research Service

Emotional appeals about working families trying to get by on \$4.25 an hour are hard to resist. Fortunately, such families don't really exist.

Sincerely,


Tom DeLay

DRAFT FOR DPC WEEKENDER

Republicans Attempt to Avoid Raising the Minimum Wage

The Hutchinson-Ballenger Proposal

Reps. Tim Hutchinson and Cass Ballenger have made a proposal which they claim is an increase in the minimum wage combined with an expansion of the Earned Income Tax Credit (EITC). It is neither. It is simply an attempt to distract attention from their failure to raise the wages of low-income families.

What the Republican proposal would do:

1. Cut the EITC by \$15 billion over six years. Although the description of the proposal is vague, it sounds as if the Republicans are bringing back their failed attempt to cut the EITC. This includes eliminating the credit entirely for childless families with incomes of less than \$9520.
2. Create a new three-tiered Federal payment to low-wage workers:

For workers in families without children	\$0
For workers in families with one child	up to \$2.75 per hour
For workers in families with two or more children	up to \$3.75 per hour

The amount of the Federal payment would depend on what the employer pays.

3. The Federal minimum wage would *remain at \$4.25 per hour*.

The sponsors indicate that they intend for this program to be integrated into the \$500 per child tax credit proposal which was in the vetoed Republican budget bill.

This proposal is **not an increase in the minimum wage. It is a subsidy to employers who do not pay their workers a livable wage.** This creates a wage subsidy that varies with family size; why should a childless worker be paid \$4.25 per hour when a worker with children who is doing the same job be paid up to \$8.00?

The key economic question is what incentives are created. This proposal has incentives to:

1. Employers to cut the wages of workers who make less than \$7.00 (for workers with one child) or \$8.00 (for workers with two or more children) and let the Federal government pick up the cost.
2. Increase fraud in the EITC rather than reduce it. Under this proposal, a minimum wage worker in a family with no children who receives the EITC would get no Federal payment and would lose his entire EITC. However, he can gain \$5500 from this program if he claims to have a child, or \$7500 for two non-existent children.

The Republican sponsors claim that this would save \$15 billion over six years, but do not indicate how. This is the same amount that the last Republican budget in January proposed

DRAFT

to cut from the EITC, so the sponsors have obviously failed to include the costs of the new Federal subsidy to employers.

TIM HUTCHINSON
3rd DISTRICT ARKANSAS

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**A MINIMUM WAGE INCREASE DOES LITTLE
FOR WORKING FAMILIES**

"It (raising the minimum wage) is the wrong way
to raise the incomes of low-wage earners."

-- Bill Clinton

Time, Feb 6, 1995

Dear Republican Colleague,

The rhetoric surrounding a minimum wage increase has been heated in recent weeks. Unfortunately, President Clinton's proposal to raise the minimum wage would do very little for those who are truly in need of wage assistance -- America's working families.

Dozens of studies indicate that the increase proposed by the president would place large economic constraints on the private sector, create a loss of entry-level positions, and produce an inflationary ripple effect on wages. Obviously, none of these reactions would be beneficial to hard-working Americans trying to raise a family.

We will be introducing legislation which would accomplish the goal of helping America's working families, while avoiding the economic pitfalls associated with a minimum wage increase. "The Minimum Wage for Families Act" would fundamentally redesign the Earned Income Tax Credit (EITC) by:

- * converting the large annual lump sum EITC payments into monthly payments so as to more practically supplement family income
- * denying credit to undocumented workers
- * eliminating credit for childless adults
- * increasing the support credit for parents
- * renaming the EITC the Working Families Support Credit

With the savings generated from these reforms, we will significantly increase the amount of credit recipients of the Working Families Support Credit would receive.

If you believe that those people who are in need of wage assistance are America's working families, as opposed to teenagers employed during their summer vacation, please join us in support of this proposal.

If you would like to cosponsor this legislation or if you have additional questions, please contact Chuck Seyfarth with Representative Hutchinson at 5-4301.

T. Hutchinson
TIM HUTCHINSON
Member of Congress

Cass Ballenger
CASS BALLENGER
Member of Congress

Gene Sperling

6-2878

*From
Chris
Walker*

4.25 to 5.15

4 million at 4.25
and the 8 who are between
4.25 and 5.15

% of workers at min wage
or less - about 6%

fulltime min wage \$8,500
a year

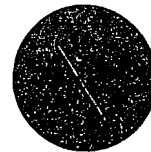
compare to poverty line \$15,600
for a family of 4 -

This would require \$7.80 per
hour for fulltime worker

Min wage now 31¢ below 1979
and headed to lowest pt in
40 years

most min w workers are
over 20 and 40% are
the sole breadwinners

New study - CEO pay
with stock options Ted
by 31% last year -
highest 1m or more -
modern CEO pay = \$5 million



THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

April 21, 1996

STATEMENT BY THE NATIONAL ECONOMIC ADVISER
LAURA D'ANDREA TYSON ON THE MINIMUM WAGE

The bipartisan minimum wage train has left the station and rather than slow it down with political gimmicks and controversial amendments. Majority Leader Dole should immediately schedule a clean, fair vote on raising the minimum wage. For the millions of hard-pressed American families who would benefit from President Clinton's proposal to increase the minimum wage, the time for a clean vote on the minimum wage is now. Every day Majority Leader Dole delays a clean vote on the minimum wage with inside-the-beltway political games, the real value of the minimum wage moves closer and closer to a 40-year low.

President Clinton has always supported raising the minimum wage -- from the campaign in 1992 to the present -- and it is sad and unfortunate that Majority Leader Dole would depart from the clear factual record by suggesting otherwise. For four years, President Clinton has fought for the most hard-pressed working families by expanding the Earned Income Tax Credit, and trying to increase the minimum wage and expand health care coverage for working families. Together with his EITC expansion, President Clinton's minimum wage increase would ensure that no parent who is willing to work full-time would have to raise their children in poverty.

file —
minimum wage

-30-30-30-

PRESIDENT CLINTON HAS ALWAYS SUPPORTED THE MINIMUM WAGE AS A WAY TO MAKE WORK PAY

April 2, 1996

CLAIMS THAT PRESIDENT CLINTON OPPOSED A MINIMUM WAGE INCREASE ARE JUST NOT TRUE.

- President Clinton has always supported the Minimum Wage -- and he has NEVER opposed a minimum wage increase. President Clinton has always supported increasing the minimum wage -- from the campaign in 1992 to the present. He specifically proposed a 90-cent increase 14 months ago.
- Republican Members point to a 10-word *Time* magazine quote from 1995 that alludes to President Clinton's opposition to the minimum wage in 1993. But, President Clinton didn't say any such thing. The statement *Time* refers to does not appear in any transcript, tape, or speech text.
- For four years now President Bill Clinton has fought for several provisions that would raise the standard of living of hard-working families, including: increasing the minimum wage, expanding the Earned Income Tax Credit, and providing health care coverage for working families.
- President Clinton initially focused his legislative agenda on raising workers' incomes and increasing economic security through expansion of the Earned Income Tax Credit and health care reform, but he has always supported a Minimum Wage increase. Together with his EITC expansion, President Clinton's minimum wage increase would ensure that no parent who is willing to work full-time would have to raise their children in poverty.

**PRESIDENT CLINTON HAS ALWAYS SUPPORTED
A MINIMUM WAGE INCREASE AS A WAY TO MAKE WORK PAY**

SUPPORTED MINIMUM WAGE HIKES AS GOVERNOR. As Governor of Arkansas, Bill Clinton supported two increases in the state minimum wage. And he changed state minimum wage law to cover more workers.

1992: CANDIDATE CLINTON CALLS FOR EXPANDING EITC AND RAISE MINIMUM WAGE TO MAKE WORK PAY. In 1992, President Clinton proposed expanding the Earned Income Tax Credit and raising the minimum wage to keep pace with inflation in order to ensure that no parent who was willing to work full-time would have to raise their children in poverty.

- **In *Putting People First*,** Presidential Candidate Clinton and Vice-President Candidate Gore proposed to "increase the minimum wage to keep pace with inflation." (p. 127)
- **In the Clinton/Gore Welfare Information packet,** Candidate Clinton and Vice-President Candidate Gore proposed to make the minimum wage a fair wage, and index it to inflation because "working people shouldn't have to lose purchasing power just because of inflation." [Clinton/Gore Welfare Information Packet. September 9, 1992]
- **On October 30, 1992,** the *Star Tribune* wrote that Candidate Clinton wants to "increase the minimum wage to keep pace with inflation and expand the earned income tax credit to guarantee no full-time workers lives in poverty." [Star Tribune. October 30, 1992]

AUGUST 1993: PRESIDENT CLINTON EXPANDS EITC AS FIRST STEP TO MAKE WORK PAY. In 1993, President Clinton took the first necessary step to achieving the goal of ensuring that anyone who worked full-time didn't have to bring up their children in poverty: he expanded the Earned Income Tax Credit to provide a tax break for 15 million of our most hard-pressed households.

- **In April of 1993,** *The Washington Post* wrote that: "Mr. Clinton's goal is ambitious: to make sure that in households with children where at least one person works full-time, the family won't fall below the poverty line. Under current law, the maximum EITC benefit for a family with two or more children was scheduled to rise to \$ 2,000 next year; Mr. Clinton would boost the maximum to \$3,370 by 1995. He would also raise the benefits for families with one child and establish a small new credit for workers without children....*On top of this, Mr. Clinton would try to boost the earnings of the working poor by hiking the minimum wage.*" [The Washington Post, April 20, 1993 – emphasis added]

IN 1994 PRESIDENT CLINTON FOUGHT FOR UNIVERSAL HEALTH CARE -- WHICH WOULD HAVE BEEN THE EQUIVALENT OF A MINIMUM WAGE INCREASE FOR MILLIONS OF LOW-WAGE WORKERS. NONETHELESS, HE STILL MAINTAINED HIS SUPPORT FOR A MINIMUM WAGE INCREASE.

- JUNE OF 1994, *THE WASHINGTON POST* WROTE THAT: "From health-care reform to *a higher minimum wage* to more training opportunities to increased earned-income tax credits to mandatory fringe benefits, the Clinton administration wants to increase dramatically the income security of the more than 6 million American adults whom it classifies as the 'working poor.'" [The Washington Post, June 26, 1994 -- emphasis added]

1995: PRESIDENT CLINTON PROPOSES MINIMUM WAGE INCREASE TO FULFILL COMMITMENT TO MAKE WORK PAY. On February 3, 1995, President Clinton put forward his proposal to increase the minimum wage from \$4.25 to \$5.15 over two years in two equal steps. This proposal would directly benefit 10 million American workers.

- In his 1995 State of the Union, President Clinton called for Congress to raise the minimum wage: "The goal of building the middle class and shrinking the underclass is also why I believe that you should raise the minimum wage. It rewards work. Two and a half million Americans -- 2.5 million Americans, often women with children, are working out there today for \$4.25 an hour. In terms of real buying power, by next year that minimum wage will be at a 40-year low. That's not my idea of how the new economy ought to work.

Now, I've studied the arguments and the evidence for and against a minimum wage increase. I believe the weight of the evidence is that a modest increase does not cost jobs, and may even lure people back into the job market. But the most important thing is, you can't make a living on \$4.25 an hour. Especially if you have children, even with the working families tax cut we passed last year. In the past, the minimum wage has been a bipartisan issue, and I think it should be again. So I want to challenge you to have honest hearings on this; to get together; to find a way to make the minimum wage a living wage.

Members of Congress have been here less than a month, but by the end of the week, 28 days into the new year, every member of Congress will have earned as much in congressional salary as a minimum wage worker makes all year long." [State of the Union Address to the Nation, January 25, 1995]

- On February 3, 1995, President Clinton proposed raising the minimum wage from \$4.25 to \$5.15: "Our job is to create enough opportunity for people to earn a living if they'll exercise the responsibility to work. That's why we fought so hard to expand the earned income tax credit - a working family tax cut for 15 million families - in 1993; precisely why we're calling on Congress today to raise the minimum wage 90 cents to \$5.15 per hour.

The only way to grow the middle class and shrink the underclass is to make work pay. And in terms of real buying power, the minimum wage will be at a 40-year low next year if we do not raise it above \$4.25 an hour. If we're serious- let me say this, too, emphatically- if we are serious about welfare reform, then we have a clear obligation to make work attractive and to reward people who are willing to work hard...

If in 1990, because the minimum wage had not been raised in such a long time, a Republican president and a Democratic Congress could raise the minimum wage, surely in 1995 - facing the prospect that work, full-time work, could be at a 40-year low in buying power unless we act - a Congress with a Republican majority and a Democratic president can do the same for the American people." [Announcement by President Bill Clinton of Minimum Wage Increase, February 3, 1995]

- JUNE, 1995. At town hall meeting with Speaker Gingrich, the President reiterated his support for a minimum wage increase: "The reason that I am for it is that I believe that -- first of all, I know that a significant percentage of people on the minimum wage are women workers raising their kids on their own. And I just believe that we shouldn't allow -- if we don't raise the minimum wage this year, then next year, after you adjust for inflation, it will be at a 40-year low...

And I believe, if you go back to when they did it when -- the last time it was done was, when, '89 or something, I think, on balance, we did fine as a result of doing it. And I think we should do it again. [Remarks by President Clinton, Speaker Gingrich at Senior Center in Claremont, N.H., June 11, 1995]

- In May 1995, President Clinton calls for minimum wage increase: "I believe it is especially important to women that we raise the minimum wage this year. Women represent three out of five minimum wage workers, but only half the work force. I have done everything I could to create a climate in which people are encouraged to be successful parents and successful workers. I believe that. That's what the Earned Income Tax Credit was all about in 1993... But it isn't enough. If we do not raise the minimum wage this year, next year it will be in real dollar terms, the lowest it has been in 40 years. Now that is not my idea of what the 21st century American economy is all about. [Remarks at Women's Bureau Reception, May 19, 1995]

- **On Labor Day 1995, President Clinton tells California that the minimum wage should be raised:** "I also think we ought to raise the minimum wage. Let me tell you, if we don't raise the minimum wage this year, on January the 1st of next year, our minimum wage in terms of what the money will buy will be at a 40-year low. I want a high-wage, high-growth, high-opportunity, not a hard-work, low-wage 21st century. And I think you do, too. And that's what we ought to do." [Remarks at the Dedication of California State University at Monterey Bay in Monterey, California, September 4, 1995]

1996 PRESIDENT REITERATES HIS CALL FOR AN INCREASE IN THE MINIMUM WAGE

- **Speech to Keene State College, New Hampshire.** "[A]mong the greatest heroes in this country are the people who work 40 hours a week and do their best to raise their kids and only make the minimum wage. If we do not raise the minimum wage, this year it will drop to a 40-year low in terms of what it will buy. There is always a lot talk in Washington about family values. It's hard to raise a family on \$4.25 an hour. Let's raise the minimum wage." [President Clinton, Keene, New Hampshire, February 17, 1996]
- **1996 State of the Union Address.** "More and more Americans are working hard without a raise. Congress sets the minimum wage. Within a year, the minimum wage will fall to a 40-year low in purchasing power. Four dollars and 25 cents an hour is no longer a minimum wage, but millions of Americans and their children are trying to live on it. I challenge you to raise their minimum wage." [President Clinton, State of the Union Address to Congress, January 23, 1996]



EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20500

THE CHAIRMAN

April 12, 1996

To The Editor:

I normally welcome broad dissemination of my writing. But your selective quotations in "Stiglitz v. Clinton" (April 12) are grossly misleading. Both as an academic and as a policy-maker, I have stressed the importance of basing economic policies on careful analysis, and on avoiding a foolish consistency when the evidence shifts. As a famous economic adviser to the British government once said, "When circumstances change, I change my view. What do you do?" The evidence on the minimum wage is an example of changing circumstances.

Economic research on the minimum wage continues (fortunately!) to progress. More insightful theories and new empirical studies -- none of them, I may add, done at the request of the Labor Department -- have improved our understanding, and the academic consensus on the effects of the minimum wage has shifted somewhat. For example, one hundred and one leading economists -- including Nobel Prize-winners Kenneth Arrow, Lawrence Klein, and James Tobin -- signed a letter last year supporting President Clinton's proposed increase in the minimum wage from \$4.25 to \$5.15 per hour. They concluded that the "overall effects on the labor market, affected workers, and the economy would be positive." These economists are distinguished and disinterested academics. Do you also impugn their motives?

Your editorial is misleading for another reason. My textbook stresses that the effects of the minimum wage depend crucially on the level at which it is set and on the structure of the labor market. Throughout much of the postwar era, the minimum wage hovered around half the average wage. But the minimum wage is now just over a third of the average wage. And in a passage of the textbook that somehow must have skirted your attention, I argued that moderate increases in a relatively low minimum wage should have little effect on unemployment (page 131). The op-ed I co-authored two weeks ago noted that the minimum wage is close to its 40-year low in real terms, and concluded that a moderate increase would not have a significant effect on job levels. No big metamorphosis in opinion there.

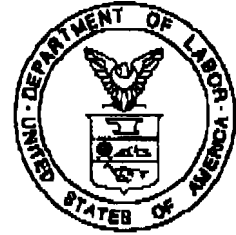
In summary, Professor Stiglitz and Chairman Stiglitz are not in conflict. We both agree that a moderate increase in the minimum wage from its current low level would not significantly affect employment. Both Stiglitzes also object to your gratuitous and invidious comparisons of "style," but we concur that our academic style pales in comparison to the poetry of your editorial pages. By the law of comparative advantage, perhaps you should stick to style and we will stick to economics.

Yours sincerely,

Joseph E. Stiglitz

Mr. Robert Bartley
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Office of the Secretary
200 Constitution Avenue, N.W., Room S-2018
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FAX COVER SHEET

DATE: July 2, 1996
TO: Laura Tyson
TEL #: 456-5808
FAX #: 456-6687
FROM: Secretary Reich
CONTACT: Ann Delory
OF PAGES (INC. COVER): 8

Message: FYI!

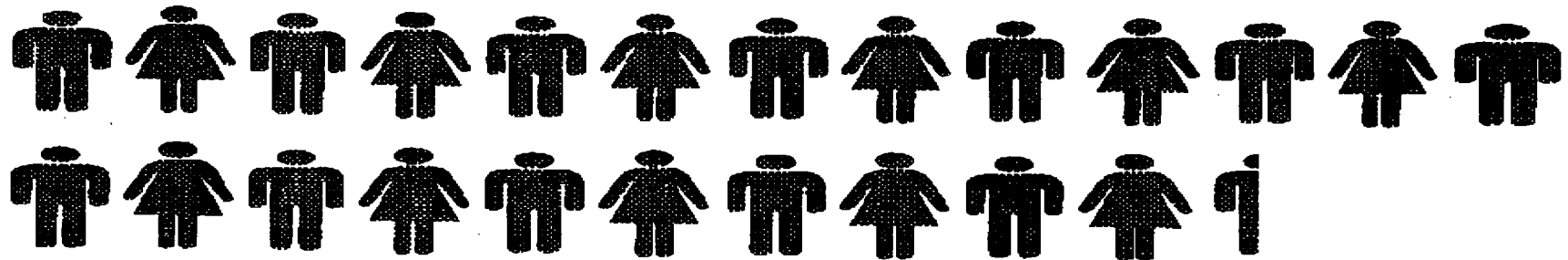
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Minimum Wage Increase: Who Benefits?

U.S. Department of Labor

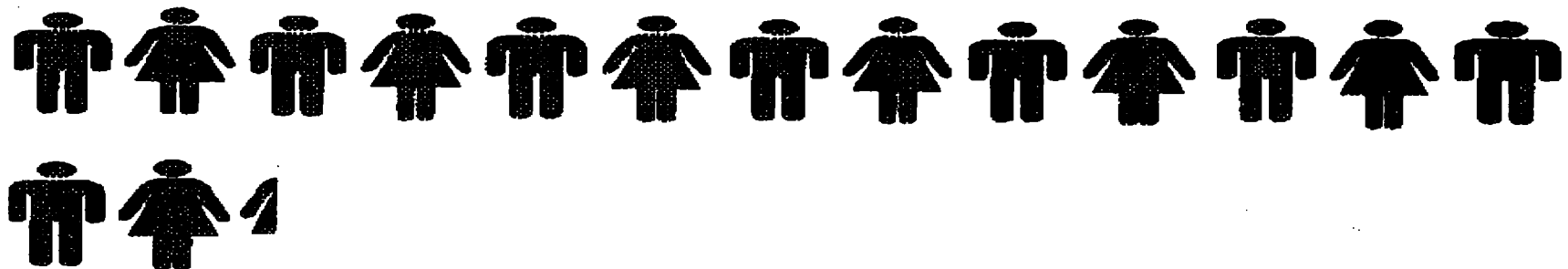
July 2, 1996

Kids benefit



2.34 million kids in poor or near-poor families . . .

Including:



. . . 1.52 million kids in poor or near-poor families with only a single bread-winner

Each icon = 100,000

Source: Economic Policy Institute,
based on 1995 Current Population Survey

Appendix A**Percentage of Hourly Paid Workers by Hourly Wage Rate and Tenure with Current Employer.
(16 years and over, Total reporting specific tenure; February 1995)**

	Total	\$4.25	\$4.25 to \$5.14
1 year or less, Total	35.5%	76.6%	66.8%
5 months or less	20.4%	54.4%	42.3%
0 to 1 month	5.5%	15.3%	12.1%
0 to 3 months	11.2%	32.5%	24.2%
More than 1 year, Total	64.5%	23.4%	33.2%

Source: Unpublished tabulations from the Current Population Survey.

Note: The percentages in this table are based on data from the February 1995 Contingent Work supplement to the Current Population Survey (CPS), which included data on employer tenure. Due to differences in sample, imputation, and weighting, the estimates of the number of hourly workers and of those at or around any specific wage level based on this supplement differ somewhat from the figures derived from the basic monthly CPS earnings sample.

Also, estimates of the number of hourly paid workers and those at particular wage levels are known to vary during the course of the year due to seasonal fluctuations in the labor force. Seasonality likely affects job tenure patterns as well; however, tenure data are only collected in occasional supplements to the CPS.

So this is their response to the invisible workers of America: Here's 90 cents -- unless you're among the excluded millions, who will be locked into a minimum wage at a 40-year low.

Enough of this pettiness. Stop nickel-and-diming America's struggling working families. The economy is strong. People at the top are doing better than ever. You've delayed and obstructed long enough. Vote a clean 90 cent increase in the minimum wage, and do it as soon as you return next week.

Let us resolve this Fourth of July weekend that the American dream will be available to every American who puts in a hard day's work. And when the Senate returns next week, let them honor the people who do the work that keeps America going.

###

Talk about family values. We recently found that some 2.3 million children live in poor or near-poor families where a worker would get a raise if the minimum wage were increased 90 cents an hour.

The minimum wage is nearing a 40 year low in terms of real purchasing power. The last increase, five years ago, has been all but wiped out by inflation. 97 percent of it already gone. But the other side continues to fight, delay, obstruct, do whatever possible to deny hardworking families this modest 90-cent adjustment for inflation.

Let me tell you what they're up to now. Raising the minimum wage is so popular with the American public, who recognize it as an issue of basic fairness, that the other side wants to set things up next week so that they can seem to be voting in favor of it.

Don't be fooled. It's a cruel shell game. They plan to amend it with a series of exceptions whose net effect will be to deny this 90-cent-an-hour raise to millions of workers.

Here's shell game Number One: They propose to exclude anyone who's in a job less than six months. Because low-wage workers change jobs so often, the practical effect of this would be to deny a raise to 42 percent of workers who would otherwise get one. That's four million working people.¹ And you don't need to be a rocket scientist to know that this provision will create a powerful incentive for employers to push people out of jobs before the 6 months is up. The President will veto any bill with this cynical amendment.

Shell game Number Two: They want to exclude anyone employed by a company with less than half a million dollars in yearly earnings. This is much broader than the small business exclusion in current law. Workers in fully two-thirds of all businesses would be denied a raise. Another guaranteed veto.

Shell game Number Three: They want another six month delay -- until January 1997. Remember it's been nearly a year-and-a-half since the President first offered his minimum wage proposal. In fact, the second installment of that raise -- to \$5.15 an hour -- would be taking effect this week if the other side hadn't blocked it. Another six months will cost a minimum wage worker \$878. When you're making only \$8,500 a year, \$878 makes a big difference. Another reason to veto.

They are pushing other mean-spirited exclusions. Consider this one, directly from the pockets of the restaurant industry: They want to deny any increase to tipped employees like waiters and waitresses. That's two million people right there who wouldn't get a raise.

¹ Tabulations from the Current Population Survey. See Appendix A.

For Release**Nickel-and-Diming America's Working Families**

Robert B. Reich
U.S. Secretary of Labor

The National Press Club
Washington, DC
July 2, 1996

The day after tomorrow, families across this land will engage in our annual celebration of the American Dream. Next week, the United States Senate will decide whether that dream is to be available to all hard-working families.

Struggling working families are the unspoken heroes of America. Mothers and fathers, working long hours at tough jobs, sometimes doing two shifts. Doing work that's hard on muscles and joints. Doing what needs to be done: Janitors, maids, child-care workers, cashiers, busboys, fork-lift operators, gas-station attendants. The people who vacuum the boardrooms, file the papers, answer the phones, serve the food, cut and sew the clothing, empty the bedpans, pick the crops, sweep the halls.

These are the invisible workers of America.

Over ten million of them earn less than \$5.15 an hour.

And they are the voiceless workers of America. They are not what the Beltway types like to call a "special interest." There is no National Association of Working Poor on K Street to lobby their cause in the halls of Congress.

These are the people who sit at kitchen tables late at night figuring out which bills they must pay, which can let slide a few more weeks. Hoping they or their kids stay healthy because they can't afford to see a doctor. Worrying that their golden years will go sour because they have no pension.

They're not on welfare, although some come dangerously close. They don't need a capital gains tax cut, because they have no capital. They don't need a "medical savings account" because they can't afford to save. They simply work hard -- very, very hard -- and play by the rules.

Today, in the most powerful nation on the planet, in the most successful economy in the world, almost one out of ten working families lives in poverty.

National productivity is up. Corporate profits are up. Unemployment and inflation are down. So far under our watch 9.7 million new jobs have been created -- most of them paying well.

This economy is doing better than it has in three decades.

But millions of struggling families are in danger of being left behind.

And that's why the fight now being waged in Washington is so important.

-- We're proud of having expanded the earned income tax credit for 15 million hard-working, low-wage families. But the other side wants to contract it.

-- We want to protect the extra overtime pay on which so many hourly workers depend, and at the same time give working families the flexibility to take overtime as extra leave. But they want to give employers -- not employees -- the right to decide whether and when extra leave should substitute for extra pay.

-- We want to crack down on sweatshop employers who cheat their workers out of hard-earned wages. But they continue to cut the number of workplace inspectors.

-- We want to expand opportunities for working people and their children to get the education and skills they need -- including at least two years of free tuition at an average community college. The other side seeks to cut funds for education and job training.

-- We want to give poor working women safe, affordable child care. But they disagree. They won't provide the child care that poor women need in order to move from welfare to work.

-- We want to preserve and protect the right of hardworking people to seek a better life by forming unions and bargaining for better wages and benefits. The other side wants to gut this right by allowing companies to set up sham unions.

Perhaps no issue better dramatizes the plight of struggling working families -- and the struggle here in Washington to help them -- than the President's effort to pass a modest 90 cent increase in the minimum wage. We want to raise the minimum wage because \$4.25 an hour-- \$8,500 a year -- is not a fair wage. The other side disagrees.

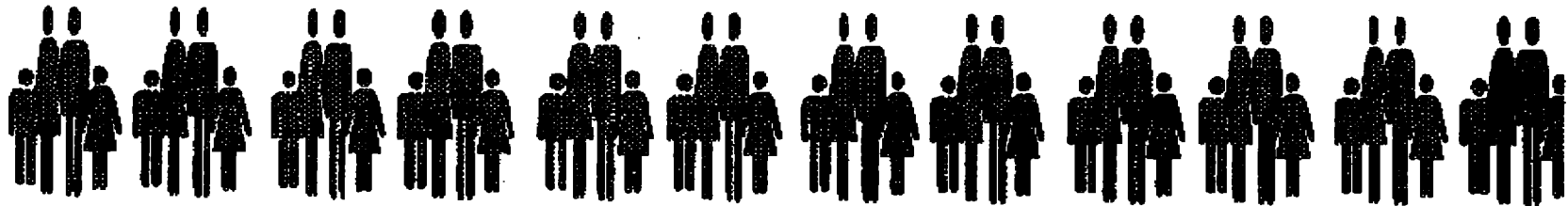
Who are these invisible workers, who would benefit if the minimum wage were raised? More than two-thirds are adults. Almost 60 percent are women. More than a third are the sole breadwinners in their households.

Minimum Wage Increase: Who Benefits?

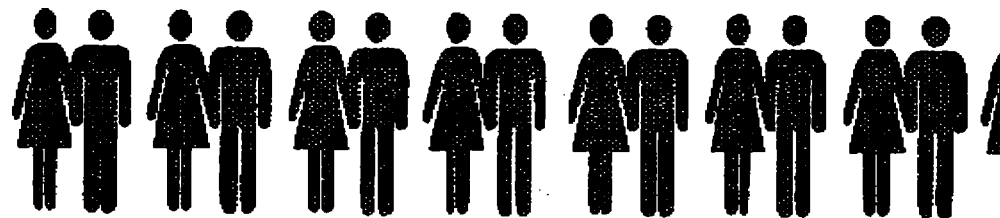
U.S. Department of Labor

July 2, 1996

Families benefit



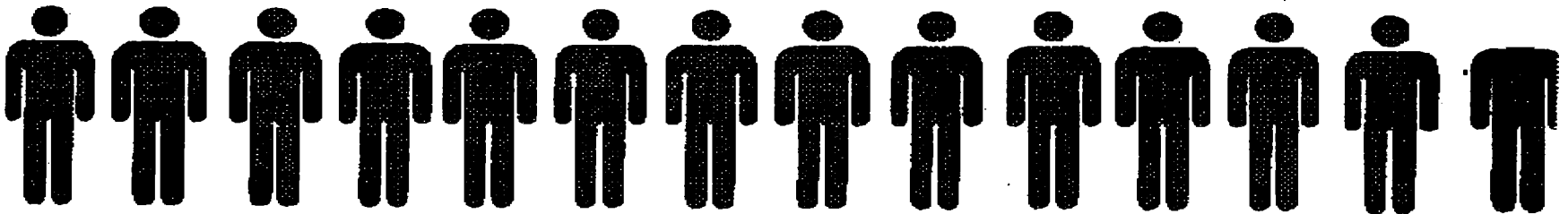
1.19 million families with children



720,000 families with no children

Each icon = 100,000

Source: Economic Policy Institute,
based on 1995 Current Population Survey



1.39 million single adults

EYES ONLY

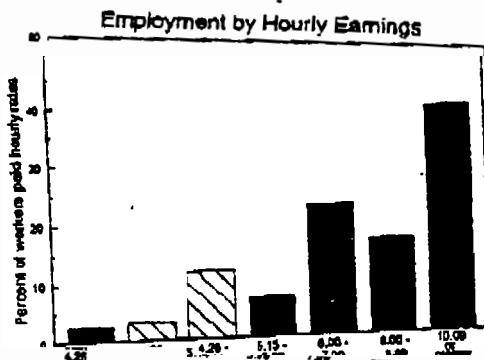
SPECIAL ANALYSIS**Minimum Wage Increase Should Have Small Effect on Inflation**

The proposed 90-cent increase in the minimum wage would, if enacted, have a small but perceptible effect on the rate of price inflation. Economists disagree about whether a modest increase in the minimum wage would reduce employment, but they generally agree that such an increase would raise inflation a bit.

Analysis. The magnitude of the rise in inflation following an increase in the minimum wage depends on two factors:

- The size of the increase in labor costs.
- The amount of the increase in labor costs passed-through into prices rather than taken out of profits.

Effect on wages. We estimate that an increase in the minimum wage from \$4.25 to \$5.15 per hour would raise wage costs for the workforce as a whole by about 0.4 percent. The rise in wage costs occurs mainly because an increase in the



minimum wage directly affects most of the 14 percent of workers paid on an hourly basis who presently receive a wage between \$4.25 and \$5.14 (see chart). Workers exactly at the minimum would get a 90-cent raise, while workers above the current minimum would get a raise at least to \$5.15, and probably a bit more to maintain some premium. We assume these workers get half of the premium they currently earn and that this

"ripple" effect also occurs for workers making up to \$6 per hour. Workers making less than the current minimum and not covered by the law likely would get no increase.

Effect on prices. The increase in labor costs of 0.4 percent likely would exceed the increase in prices because labor costs represent roughly two-thirds of total production costs. Thus, a 90-cent increase in the minimum wage would raise prices by about 0.25 percent. If, as likely, the increase occurs in two installments, 50 cents this year and 40 cents next year, the increase in inflation each year would be about half of the full effect, roughly 0.125 percentage point. To the extent that firms do not raise prices as much—either because they accept a reduction in their profits or because productivity of their workers increases—the inflation increase would be smaller. Most importantly, the effect of a minimum-wage increase on inflation is only temporary since it is a one-time increase in wage costs.

File —

Min.

Wage

IT'S TIME TO RAISE THE MINIMUM WAGE

THE SENATE REPUBLICAN LEADERSHIP SHOULD DROP THEIR POISON PILL AMENDMENT

July 3, 1996

IT'S TIME FOR SENATE REPUBLICANS TO JOIN THE MAINSTREAM AND RAISE THE MINIMUM WAGE. If we want to make work pay, we must make the minimum wage a living wage. President Clinton's minimum wage increase would ensure that -- along with his expanded Earned Income Tax Credit -- no parent who works full-time would have to raise their children in poverty. A bipartisan group in the House has done their part and voted to raise the minimum wage. The time for the Senate Republicans to do the same is long overdue.

MAIN STREET AMERICA DESERVES AN HONEST VOTE ON THE MINIMUM WAGE WITHOUT ANY POISON PILLS. The Senate should pass an increase in the minimum wage -- with no poison pills, no gimmicks, and no political games. That's the best way to help the American people make the most out of their own lives. As Republican Congressman Arno Houghton said: *"This is not a complicated issue. It should not be a partisan issue. It's timely. It's right, and I think we should do it."*

DON'T LET REPUBLICAN LEADERS FOOL YOU -- THEIR POISON PILL AMENDMENT TO A GOOD MINIMUM WAGE BILL WILL DENY A PAY RAISE TO MILLIONS OF WORKERS. The Senate Republican leadership offers the American people nothing more than a cruel shell game: claim that you are raising the minimum wage, but stick millions of first-rate workers with second-rate pay.

IF THE REPUBLICAN LEADERSHIP INSIST ON INCLUDING ANY OF THE FOLLOWING POISON PILL AMENDMENTS, THE PRESIDENT WILL VETO THE BILL:

- ▶ **Workers In Two-Thirds Of All Businesses Would Be Denied The Benefits Of A Higher Minimum Wage.** The Republican leadership would deny workers in two-thirds of all firms in the United States -- all business with revenues of less than \$500,000 annually -- an increase in the minimum wage. For these workers, this provision would lock in, for an indefinite period, a minimum wage that will be at a 40-year low in real terms. It doesn't matter the size of your employer, you can't raise a family on \$4.25 an hour.
- ▶ **Over 4 Million Hard-Working Americans Would Be Denied A Pay Raise.** The Republican's so-called "Opportunity Wage" provision would deny the opportunity of a higher minimum wage to the 4.1 million workers at or near the minimum wage who have been with their employer for less than six months. In industries with high turnover -- like retail -- this would create the opportunity for employers to drop workers after six months, so that they would never graduate from the sub-minimum wage.
- ▶ **Low-Wage Workers Would Have To Wait Until Next Year For Pay Hike.** As the real value of the minimum wage approaches a 40-year low, the Republican leadership wants to force America's lowest-paid workers to wait until next year to see any minimum wage increase. While President Clinton says now is the time to raise the minimum wage, the Republicans are telling America's workers to wait. The Republican's six-month delay will cost a full-time minimum wage worker \$878. When you're making only \$8,500 a year, \$878 makes a big difference.

EVERY DAY THE SENATE REPUBLICAN LEADERSHIP DELAYS A HONEST MINIMUM WAGE INCREASE, ITS REAL VALUE MOVES CLOSER TO A 40-YEAR LOW. The American people want the minimum wage increased. A bipartisan majority in the Senate wants the minimum wage increased. If we truly value work and family, we should raise the value of the minimum wage now.

**DON'T LET REPUBLICAN LEADERS FOOL YOU:
THEIR POISON PILL MINIMUM WAGE AMENDMENT WILL STICK MILLIONS
OF FIRST-RATE WORKERS WITH SECOND-RATE PAY**

INSTEAD OF JUST PASSING A CLEAN, SIMPLE MINIMUM WAGE INCREASE, THE SENATE REPUBLICAN LEADERSHIP WANTS A POISON PILL AMENDMENT THAT WILL DENY MILLIONS OF WORKERS A PAY RAISE. President Clinton is determined to raise the minimum wage for all workers who deserve and need it. If they send him a bill with poison pills, he will veto it:

► **Workers In Two-Thirds Of All Businesses Would Be Denied The Benefits Of A Higher Minimum Wage.**

- The Senate Republican leadership's amendment would deny workers in two-thirds of all firms in the United States -- all business with revenues of less than \$500,000 annually -- an increase in the minimum wage.
- This provision is *far more extreme* than any previous small business exemption. It is true that prior to 1989 there was an exemption for employees in small retail and service establishments. But the Republican's current proposal would not only exempt workers in small retail and service firms, but would deny a higher minimum wage to *all* workers in two-thirds of America's businesses, including many garment industry sweatshop workers, farmworkers, and janitorial workers.
- For workers in small businesses, this provision would lock in, for an indefinite period, a minimum wage that will be at a 40-year low in real terms. It doesn't matter the size of your employer, you can't raise a family on \$4.25 an hour.

► **Over 4 Million Hard-Working Americans Would Be Denied A Pay Raise:**

- The Senate Republican's so-called "Opportunity Wage" provision could deny a higher minimum wage to the 4.1 million workers at or near the minimum wage who have been with their employer for less than six months. Under this provision any new hire of any employer, regardless of prior work experience, could be paid a sub-minimum wage for the first sixth months of employment.
- This is a more extreme provision than the House-passed minimum wage increase. The House-passed bill -- which the Administration strongly opposes -- applied a sub-minimum wage for workers under age 20 for their first 90 days with an employer. This amendment, by contrast, would deny a higher minimum wage to all workers for the first 180 days of employment.
- In industries with high turnover -- like retail -- this would create the opportunity for employers to drop workers after six months, so that they would never graduate from the sub-minimum wage. And the anti-displacement provisions, intended to prohibit employers from dropping workers in a perpetual "churning" fashion, will prove to be extremely difficult to enforce.

► **Low-Wage Workers Would Have To Wait Until Next Year For Pay Hike.**

- The Republican leadership would put off the first stage of a minimum wage increase until January 1, 1997. As the real value of the minimum wage approaches a 40-year low, the Republican leadership wants to force our lowest-paid workers to wait until next year to see any minimum wage increase. President Clinton is determined to not let the minimum wage reach a 40-year low and will veto any bill that will let that happen.

**PRESIDENT CLINTON ALSO STRONGLY OPPOSES REPUBLICAN MEASURES TO DENY
PAY INCREASES TO OTHER WORKERS:**

► **"Tipped Employees" Such As Waiters and Waitresses Would Be Denied A Pay Raise.**

- The Republican leadership would freeze the minimum wage for "tipped employees" such as waiters, waitresses, and delivery people at \$2.13 an hour, thus denying any current or future minimum wage increase to these workers.
- The impact of this tip credit amendment hits women particularly hard; about 80 percent of tipped workers are women.
- Tipped workers would receive a 45-cents an hour pay increase with the President's proposal. To many of these workers struggling to make ends meet, this small sum can make the difference between getting by and slipping through the cracks.

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Monday, April 1, 1996

What's a Minimum Wage Job Worth?

Up to a Living Wage

By Robert E. Rubin, Ronald Brown, Robert B.
Reich, Joseph E. Stiglitz, And
Laura D'Andrea Tyson

As President Clinton has said, rewarding work is a fundamental American value. The president's economic growth strategy has stressed deficit reduction; opening markets; and education, training, and technology. All are ways to ensure we are rewarding work, increasing opportunity, and raising living standards for millions of working families.

The president's growth agenda has already helped our economy reduce unemployment to 5.5% from more than 7%, cut the deficit nearly in half, and spur the creation of 8.4 million additional jobs. After a decade-long decline, real hourly earnings have now finally started to rise. And in 1993 we put in place a working family tax cut for 15 million of America's hardest pressed households.

The nation still has further to go to ensure that we reward work and raise wages. As the president has said, this is a record to build on, not sit on. Stagnant wages are a 20-year problem that won't be solved overnight. Addressing this long-term challenge will require a persistent and comprehensive economic growth agenda.

One action we can take right now is to insist that the minimum wage be a living wage. Every member of the president's economic team believes this step will increase wages without costing jobs. The president has proposed a 90-cent increase in the minimum wage, to \$5.15 from \$4.25, spread over two years. That's the exact same plan that won overwhelming bipartisan support when Congress voted to raise the minimum wage in 1989. Indeed, the first 45 cents of the new increase would not even restore the buying power the minimum wage has lost since the last increase -- five years ago today. And if we do not act this year, it will fall to a 40-year low in terms of purchasing power.

Of the 10 million workers who would benefit from Mr. Clinton's minimum wage increase, 69% are age 20 and older. The average minimum wage worker brings home half of the family's earnings. And, according to the Bureau of Labor Statistics, 59% are women -- many of whom are shouldering most of the burden at home. A minimum wage increase can make a real difference. For a full-time minimum wage worker, it means an additional \$1,800 in earnings -- enough to buy seven months of groceries or several months of child care.

Opponents of a minimum wage increase often assert that it will wipe out jobs. But the weight of the evidence supports the conclusion that a moderate minimum wage increase -- like President Clinton's proposal -- would not have a statistically significant impact on job levels. One hundred and one economists -- including Nobel Laureates Lawrence Klein, James Tobin and Kenneth Arrow -- signed a letter supporting the president's proposal and affirming that it would not have a significant effect on employment.

We must ensure that we continue to grow the economy and provide everyone the opportunity to share in the growth. We have an obligation to ensure that people who work hard can get ahead -- instead of letting them fall through the cracks or onto welfare. Raising the incomes of America's lowest-paid workers is an important part of meeting this challenge. But there is a greater issue here -- an issue of values and the kind of society we would like to be. President Clinton expanded the Earned Income Tax Credit in 1993 and is pushing for a minimum wage increase in order to ensure that no parent who works full time should have to raise his or her child in poverty.

If we value work and we value families, we ought to raise the value of the minimum wage. America cannot afford to leave anyone behind. The time has come for Congress to act.

---Mr. Rubin is Treasury secretary, Mr. Brown is commerce secretary, Mr. Reich is labor secretary, Mr. Stiglitz is chairman of the Council of Economic Advisers, and Ms. Tyson is national economic adviser.

(See related article: "The First Rung on the

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