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[Minimum Wage] [Folder 2] [1]

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- pov + fam inc - only March
- #s affected
- % of bhs etc who are affected
- sole wage earners

REWARDING WORK: THE CASE FOR INCREASING THE MINIMUM WAGE

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

MAINTAINING THE HISTORIC VALUE OF WORK: Within a year, if the minimum wage is not increased, it will fall to its lowest real level in 40 years. Indeed, the value of the minimum wage is now 27 percent lower than it was in 1979, and has fallen 45 cents in real value since its last increase in April of 1991. The first half of the President's 90-cent proposal simply restores the minimum wage to its value from the last increase.

RAISING THE MINIMUM WAGE PRIMARILY HELPS ADULT WORKERS -- MOST OF WHOM RELY ON THEIR MINIMUM WAGE JOBS TO SUPPORT THEIR FAMILIES: Nearly two-thirds of minimum wage workers are adults (63%); almost two-fifths of all minimum wage workers (39%) are the sole breadwinners in their families; 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.

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 another 3.7 million workers who earn within 60 cents of the new minimum wage.

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

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EDWARD M. SATELL
PRESIDENT

April 29, 1998

Ms. Sylvia Mathews
Deputy Chief of Staff
White House Operations
Old Executive Office Building
Washington, D.C. 20500

Dear Sylvia:

Enclosed are two pictures -- mementos of your visit on March 4, where you were a big hit. We found you a refreshing and gifted speaker -- candid, enthusiastic, upbeat, substantive and direct in responding to questions. For some, you became a role model. We appreciated your coming.

While I haven't seen much discussion reported in recent days on the minimum wage, I'd like to take the opportunity to more fully explain, from a practitioner's view, why a raise in the minimum wage is not in the public interest -- that it is counterproductive, much like broader wage or price controls are generally understood to be.

A PRACTITIONER'S VIEW OF EMPLOYMENT REALITIES

- 1) **Competition.** Today there is much competition for skilled labor with a shortage in lots of job classifications. Most executives I know are experiencing serious problems filling job openings they presently have.

LEAST EXPERIENCED AND DEPENDABLE WORKERS

- 2) With some exceptions, those at the minimum wage level are generally our least experienced or least dependable workers. We should be doing all we can to encourage their employment -- not erecting barriers, like requiring higher pay. As you know,

Please copy
for Nelson,
5/10/98 Nelson

while I
am away,
please work
w/ Michelle
J. and
CEA and
draft

Don't
TP's
that I
can
use to

talk
to
Ed.

TY
Jmat

unemployment is far higher among the unskilled, inexperienced and under-educated groups than any others, even during these prosperous times. Raising the minimum wage will hurt employment possibilities with this hard-to-place, less-skilled group.

I thought it was unfortunate that the discredited Card and Kruger study received so much political attention in the last minimum wage debate. Too often, this type of poor scholarship is supported for purely political purposes without responsible review.

JOB CREATION - A VALUABLE SOCIAL BENEFIT

- 3) The creation of jobs is the most effective social program there is. However, demanding higher pay than the market sets burdens job creation where it is needed most. Most workers have significant job mobility that protects, in most cases, against exploitation. You can't raise the minimum wage without destroying some jobs. These are usually the jobs of the hardest-to-place people.

MINIMUM WAGE IS SOCIAL POLICY WHOSE COST SHOULD NOT BE BORNE BY A FEW

- 4) Raising minimum wages is a social policy where the increased costs fall fully on those hiring our poorest workers. Often, these
? || companies are more fragile due to their being small or local franchises of larger companies. Those companies that don't hire such lower-paid workers do not participate in these social costs even though such companies are generally larger and more prosperous.

MINIMUM WAGE EMPLOYERS - LARGE OR SMALL?

- 5) The comment that most minimum-wage workers are employed by big companies such as McDonald's is misplaced and deceptive. Most minimum-wage jobs are with smaller companies; some of them are locally owned franchises. These jobs serve important social needs by giving young people their first job experience to start their way up the economic ladder, and by employing those who can't qualify or hold other jobs or who need the convenience of extra flexibility in their work schedules.

PRACTICAL EXPERIENCE SHOWING THE COUNTERPRODUCTIVE NATURE OF MINIMUM WAGE

I'd like to share our practical experience about why raising the minimum wage is counterproductive. For background:

- 1) Many of our employees are knowledge workers -- editors, marketers, computer-related, accountants, administrative-type jobs -
- unaffected by minimum-wage rules because their starting wages are, obviously, far higher.
- 2) We give high school and college students summer jobs in entry-level sales positions -- today these are mostly in call centers. Generally we give over 500 jobs a summer. Over time this has added up to over 20,000 jobs. Usually, these jobs go to students who couldn't find other jobs.

The students learn valuable life-long skills that for many are life shaping. Perhaps you had such an experience. After the summer experience, most of the best ones go on to other jobs. We have the burdens and the joys of constantly having new ones enter to replace those who are going on. Our graduates include Frank Thomas, who became president of the Ford Foundation, Rosabeth Cantor who became Editor-in-Chief of the Harvard Business Review and many company presidents.

- 3) To motivate and reward these workers, there are incentives, in addition to minimum wages, so that the average worker earns about \$3 more than the minimum wage, with some earning an additional \$7 per hour. Some of these incentives encourage work ethic, as well as motivate production. They include:
 - a) \$.35 per hour for college students to show up for work on time each day for a week.
 - b) \$.50 an hour (retroactive) bonus for working ten weeks.
 - c) Up to \$7 more per hour (raising the total to \$13.00 per hour) in productivity bonuses.

- 4) We offer similar year-round jobs in call centers, generally on a part-time basis to those displaced from their regular jobs, people who need flex hours, retirees put to pasture by other companies and those who, due to personal habits or predilection, are not able to respond to the discipline required at most other jobs. The compensation plan and incentives are similar.

Here are important facts from our experience:

- 1) When minimum wages go up, we've had to offset this with a lowering of an equivalent incentive to keep costs within an acceptable range. Our experience is that this has had a negative impact on productivity. In other words, increasing the minimum wage reduces the role and effect of incentives. Better public policy is to increase the role of incentives.
- 2) Our most expensive workers are those we pay the minimum wage to. Our cheapest workers are those who earn far above the minimum due to the incentive income they earn from their superior performance.
- 3) Due to raises in the minimum wage, we have been motivated to find other channels using less labor. For instance, direct mail is an alternative we have been increasingly using. Higher minimum wage would push us further in this direction due to economic pressures.

I hope this is helpful. My experience is that the market place works well most of the time. Regulation often is an unproductive, costly burden. It seems only common sense that we encourage jobs for those workers who are least attractive -- the inexperienced, unskilled, or special-need workers who, for one of a variety of reasons, can't hold higher paying jobs. Obviously, raising the minimum wage interferes with the important social need of job creation for these people, as well as allowing enterprise to proceed and compete in the marketplace.

Sincerely,



P.S. For your review, I've enclosed a few of our 22 newsletter products, along with a brochure describing our summer jobs and incentives mentioned in this letter.

*calling points on min
wage ↑*

REWARDING WORK BY RAISING THE MINIMUM WAGE

February 12, 1998

Today, President Clinton Is Proposing to Increase the Minimum Wage By \$1 in Two Steps To Help Raise Living Standards for 12 Million American Workers. In 1992, President Clinton promised to increase the minimum wage to help more families working hard but falling behind. In 1996, President Clinton signed into law a minimum wage hike, raising it from \$4.25 to \$5.15. But, there are still millions of workers trying to raise a family and struggling to make ends meet. With our economy the strongest in a generation, now is the time to help these workers make ends meet by raising the minimum wage again. The President's proposal would increase the minimum wage from \$5.15 to \$6.15 over two years, through a 50-cent increase on January 1, 1999 and a 50-cent increase on January 1, 2000. For someone who works full-time, this minimum wage increase will mean an additional \$2,000 per year.

- **A Higher Minimum Wage Will Help 12 Million Americans -- Mostly Adult Workers Trying To Support Their Families.** According to data from the Bureau of Labor Statistics, 12 million hourly paid workers earn between \$5.15 and \$6.14 and would directly benefit from this pay raise. Three-quarters (74%) of the workers who would benefit are adults, age 20 or over, and three-fifths (60%) are women, many of whom are trying to raise the family on \$5.15. About two-fifths of the workers who will benefit from the increase are the sole wage earner in their household, and the average minimum-wage worker brings home half of their family's earnings.
- **Valuing Work: Restoring the Value of the Minimum Wage.** President Clinton's proposal to increase the minimum wage by \$1 in two equal steps -- combined with the previous 90-cent increase -- simply restores the real value of the minimum wage to what it was when President Reagan took office in 1981. During President Reagan's eight years in office, the real value of the minimum wage *fell* more than 25 percent. This increase -- in percentage terms -- is in line with previous ones that helped low-wage workers without adversely affecting the economy: both this proposal and the last one increase the minimum wage by about 20 percent.
- **Helping Ensure Parents Can Raise Their Children Out of Poverty.** In 1993, President Clinton expanded the Earned Income Tax Credit (EITC), helping to lift hundreds of thousands of working families out of poverty. Today, with the previous minimum wage increase and the expanded EITC, parents who work full-time do not have to bring up their children in poverty. This increase will help ensure that -- as costs continue to increase -- parents who work hard and play by the rules can bring up their children out of poverty.
- **Evidence from Last Minimum Wage Increase Is Clear: 10 Million Workers Got A Raise and No Jobs Were Lost.** The last minimum wage increase provided a pay raise to 10

million workers, and since the President signed the minimum wage increase into law in August 1996, the economy has created new jobs at an historically high pace of 250,000 per month; the inflation rate has declined from 2.9 percent to 1.7 percent; and the unemployment rate has fallen to 4.7 percent -- its lowest level in 25 years. For teenagers, African-Americans, and women, unemployment is down and employment rates are up.

- **This Is Consistent With Empirical Evidence That Shows Moderate Minimum Wage Increases Do Not Cost Jobs.** Two dozen empirical studies have found that moderate increases in the minimum wage do not have significant effects on employment. These studies include state-specific research in California, Texas, and New Jersey that show that state minimum wage increases did not result in any job loss.

Q: WON'T RAISING THE MINIMUM WAGE COST JOBS?

A: No, Raising the Minimum Wage Will Help Lift Living Standards for 12 Million Workers and Will Not Cost Jobs. In August 1996, President Clinton raised the minimum wage by 90 cents, from \$4.25 to \$5.15. Since then, the economy has performed tremendously:

- **More Jobs, Less Unemployment, And Inflation Is Down.** Since the President signed the minimum wage increase, the unemployment rate has fallen from 5.2% to 4.6% -- its lowest level in 25 years; the economy has created new jobs at an historically fast pace of 253,000 per month -- that's nearly 4.6 million new jobs since August 1996; and the inflation rate has declined from 2.9 percent to 1.6 percent.
- **Teenage Unemployment Is Down.** Since the President signed the minimum wage increase, the teenage unemployment rate has fallen from 16.9% to 14.7%; over 650,000 more teenagers are working now than in August 1996; and the share of teenagers employed has increased from 42.4% to 45.5%.
- **African-American Teenage Unemployment Is Down.** Since August 1996, the African-American teenage unemployment rate has fallen from 37.6% to 31.5%; over 65,000 more African-Americans teenagers are working now than in August 1996; and the share of African Americans teenagers employed has increased from 24.7% to 27.1%.

Evidence Suggests that 1996 Minimum Wage Increase Did Not Cost Jobs. A study by two leading labor economists found "*no indication of relative employment losses*" because of the 1996 minimum-wage increase. And the Economic Policy Institute concluded that "[T]he higher minimum wage has substantially boosted the earnings of low-wage workers; the benefits of the minimum-wage increase went primarily to low-income working families; and *employment opportunities for teenagers and young adults -- groups that opponents of the minimum wage singled out as particularly vulnerable -- were not adversely affected by the increase.*"

- **Empirical Evidence Shows Moderate Minimum Wage Increases Do Not Cost Jobs.** *Two dozen* empirical studies have found that moderate increases in the minimum wage do not cost jobs. These studies include state-specific research in California, Texas, and New Jersey that shows that state minimum wage increases did not result in any job loss.

Q: WON'T RAISING THE MINIMUM WAGE CAUSE PRICES TO RISE?

A: There Is No Evidence To Suggest That Raising the Minimum Wage Causes Inflation. In the year before the President signed the 1996 minimum wage increase, the inflation rate was 2.9 percent. Over the past year, it has been 1.6 percent. With inflation

down since the last minimum wage increase, it is difficult to argue that raising it again with cause inflation to go up.

Q: WHY ARE YOU PROPOSING TO RAISE THE MINIMUM WAGE SO SOON AFTER THE LAST INCREASE?

A: With the Economy Strong, Now Is A Good Time To Raise the Minimum Wage. The labor market is extremely tight right now -- employers are searching desperately for workers -- so the economy can absorb an increase in the minimum wage without costing jobs.

We Are Restoring the Minimum Wage To Its Historic Value. Ronald Reagan was the first elected President not to sign a minimum wage increase into law. During his eight years in office, the real value of the minimum wage *fell* more than 25 percent. President Clinton's proposal to increase the minimum wage by \$1 in two equal steps -- combined with the previous 90-cent increase -- will restore the real value of the minimum wage to that when President Reagan took office.

We Are Helping To Parents Can Raise Their Children Out of Poverty At The Turn of the Century. In 1993, President Clinton expanded the Earned Income Tax Credit (EITC), helping to lift hundreds of thousands of working families out of poverty. Today, with the previous minimum wage increase and the expanded EITC, parents who work full-time can bring up their children out in poverty. However, at the turn of the century, this will no longer be true because costs will continue to increase while the minimum wage does not. Therefore, we need to raise the minimum wage to ensure that every parent who works hard and play by the rules can bring up their children out of poverty.

Q: WHY ARE YOU PROPOSING A BIGGER INCREASE THIS TIME THAN YOU DID LAST TIME AROUND?

A: The Evidence From The Last Minimum Wage Increase Clearly Shows 10 Million People Got A Raise And Jobs Were Not Lost. Since the President signed the minimum wage increase, the unemployment rate has fallen from 5.2% to 4.6% -- its lowest level in 25 years; the economy has created more than 4.5 million new jobs; and the inflation rate has declined.

With the Economy Stronger Today Than In 1996, It Is More Able To Absorb A Larger Increase In the Minimum Wage. The labor market is tighter right now than in 1996 -- employers are searching more desperately for workers -- so the economy can more easily absorb a larger increase in the minimum wage without costing jobs.

In Percentage Terms, This Increase Is Actually Smaller Than The Last One. The last minimum wage increase -- from \$4.25 to \$5.15 -- was a 21-percent raise. This

proposal -- raising the minimum wage from \$5.15 to \$6.15 -- is a 19-percent increase.

Q: ISN'T THIS PROPOSAL JUST A POLITICAL PLOY BY THE PRESIDENT TO GAIN SUPPORT OF LIBERAL DEMOCRATS?

A: President Clinton Has Always Supported Raising the Minimum Wage -- from the Campaign in 1992 to the Present. For five years, President Clinton has fought for provisions that would raise the standard of living of hard-working families, including: raising the minimum wage, expanding the Earned Income Tax Credit, and providing health care coverage for working families. This minimum wage proposal continues the President's previous commitments to help working families.

Q: WON'T RAISING THE MINIMUM WAGE HURT SMALL BUSINESSES?

A: No, There Is Little Evidence That the Last Minimum Wage Increase Hurt Small Businesses. According to Dun & Bradstreet, we had a record number of new small businesses in last year -- so the minimum wage hasn't seemed to adversely affect small businesses. And as the *Wall Street Journal* (10/27/97) wrote: "In April 1996, David Rosenstein, a fast-food entrepreneur, staunchly opposed a proposed two-step rise to \$5.15 an hour as 'a bad idea.' The middle managers at his 13 Popeyes Chicken & Biscuits restaurants didn't know how they would cope. How times have changed. Today, despite the now-higher minimum wage, Mr. Rosenstein's restaurants are prospering. Operating profits are up 11% from last year..."

Q: DIDN'T PRESIDENT CLINTON OPPOSE INCREASING THE MINIMUM WAGE IN 1993?

A: 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.

- In *Putting People First*, Bill Clinton and Al Gore promised to "increase the minimum wage to keep pace with inflation." In fact, 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.
- In February 1995, President Clinton proposed increasing the minimum wage by 90-cents over two years.
- In Aug. 1996, President Clinton signed into law a 90-cent minimum wage increase.
- In Oct. 1996 and Sept. 1997, the President's minimum wage increase took effect.
- In January 1998, President Clinton proposed raising the minimum wage again.

BACKGROUND: There is a *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.

Q: WON'T RAISING THE MINIMUM WAGE HURT WELFARE-TO-WORK EFFORTS IN THE STATES?

A: No. An increase in the minimum wage will support the goals of welfare reform by ensuring that wages keep up with the cost of living and people leaving welfare for work can support their families and break the cycle of dependency.

This increase will not make it substantially more difficult for states to meet the welfare law's work participation rates (30 percent in FY 1998, rising to 40 percent in 2000 and 50 percent by 2002). While states that put welfare recipients in workfare programs will of course have to pay them the new minimum wage, such workfare programs are only a small part of most states' welfare-to-work efforts. These efforts focus primarily on getting welfare recipients private sector jobs, and can also include work-related activities like job search, vocational education, and high school (for teenagers).

For states that do chose to create workfare programs, we have helped them pay the minimum wage by allowing them to count not only cash assistance, but also food stamps, toward the wage. The dramatic drop in welfare caseloads further ensures that states will have adequate funding to pay workfare participants the minimum wage, because under the welfare law, states receive fixed block grants regardless of welfare caseloads.

THE IMPACT OF A MINIMUM WAGE INCREASE ON SMALL BUSINESS

President Clinton's Proposal Would Increase the Minimum Wage By \$1 in Two Steps To Help Raise Living Standards for 12 Million American Workers. In 1992, President Clinton promised to increase the minimum wage to help more families working hard but falling behind. In 1996, President Clinton signed into law a minimum wage hike, raising it from \$4.25 to \$5.15. And, in 1997, we had a record number of new small businesses -- so the minimum wage hasn't seemed to adversely affect small businesses. Our economy is the strongest in a generation and small businesses prospering. The President's proposal would increase the minimum wage from \$5.15 to \$6.15 over two years, through a 50-cent increase on January 1, 1999 and a 50-cent increase on January 1, 2000.

- **The Smallest Businesses -- Such as Many Mom And Pop Stores -- Do Not Have to Abide by The Federal Minimum Wage Law.** Businesses that do not have annual sales in excess of \$500,000 and employees that participate in interstate commerce are not covered by the Federal minimum wage law. This means that many small businesses will not be affected by an increase in the Federal minimum wage.
- **Most Small Businesses Already Pay Above The Minimum Wage, And Half of Minimum Wage Earners Work in Large Firms.** Previous evidence suggests that ninety percent of workers in small businesses earn more than the current minimum wage, and about half of minimum wage earners work in firms with more than 100 employees. An increase in the minimum wage will, therefore, have little effect on the majority of small businesses.
- **Small Businesses That Are Affected by a Higher Minimum Wage Will Find it Easier to Recruit, Retain, Train, And Motivate Their Workers.** Five dollars and fifteen cents per hour is not much of an incentive for people to look for a job. A \$1 increase in the minimum wage will entice more workers to enter the labor force, which will make it easier for businesses to fill job openings. Small businesses will not have to spend weeks -- or even months -- trying to find workers. A rise in the minimum wage will also help reduce job turnover, so businesses will be able to retain their workers. With less turnover, small businesses will be more willing to train their workforce, increasing their productivity and quality of work. Finally, workers will have a greater incentive to work harder when their wages are increased.
- **Many Small Businesses Have Found Minimum Wage Increases Manageable:**
 - As the *Wall Street Journal* (10/27/97) wrote: "In April 1996, David Rosenstein, a fast-food entrepreneur, staunchly opposed a proposed two-step rise to \$5.15 an hour as 'a bad idea.' The middle managers at his 13 Popeyes Chicken & Biscuits restaurants didn't know how they would cope. How times have changed. Today, despite the now-higher minimum wage, Mr. Rosenstein's restaurants are prospering. Operating profits are up

11% from last year..."

- When New Jersey increased the minimum wage in 1992, many business leaders complained that it would cost profits and jobs. However, as one small businessman commented afterward the increase on WNYC's *On the Line*: "I'm a small business owner here in Newark, New Jersey and I did study business and I always thought that raising the minimum wage would affect negatively a lot of people in the lower income levels [and small business owners]... As it turns out it was no big deal... Before, I hired people at \$4.25 and I didn't expect much and I didn't get much from them. Now, at \$5.00, I'm somewhat more careful and it certainly hasn't affected my business that much."

RAISE MIN WAGE TO \$6.00 IN 1999
(= \$5.73 IN 1997)

Effect of New Minimum

	wage range	number in range	average wage	cell elasticity	% increase in wages	% drop in employment	# of jobs lost
LOW- ELASTICITY ESTIMATES	\$4.25 \$4.99	737,000	\$5.15	0.0000	11.2%	0.0%	0
	\$5.00 \$5.24	4,534,000	\$5.15	0.0000	11.2%	0.0%	0
	\$5.25 \$5.49	2,195,000	\$5.29	-0.0250	8.3%	-0.2%	(4,540)
	\$5.50 \$5.74	2,273,000	\$5.53	-0.0500	3.6%	-0.2%	(4,062)
	\$5.75 \$5.99	975,000	\$5.80	-0.0750	0.0%	0.0%	0
	\$6.00 \$6.24	4,519,000	\$6.02	-0.1000	0.0%	0.0%	0
	\$6.25 \$6.49	1,146,000	\$6.30	-0.1250	0.0%	0.0%	0
	\$11.00 \$11.24			-0.6000			
		16,379,000					(8,602)
MID- ELASTICITY ESTIMATES	\$4.25 \$4.99	737,000	\$5.15	-0.2000	11.2%	-2.2%	(16,533)
	\$5.00 \$5.24	4,534,000	\$5.15	-0.2000	11.2%	-2.2%	(101,711)
	\$5.25 \$5.49	2,195,000	\$5.29	-0.2125	8.3%	-1.8%	(38,589)
	\$5.50 \$5.74	2,273,000	\$5.53	-0.2250	3.6%	-0.8%	(18,279)
	\$5.75 \$5.99	975,000	\$5.80	-0.2375	0.0%	0.0%	0
	\$6.00 \$6.24	4,519,000	\$6.02	-0.2500	0.0%	0.0%	0
	\$6.25 \$6.49	1,146,000	\$6.30	-0.2625	0.0%	0.0%	0
	\$11.00 \$11.24			-0.5000			
		16,379,000					(175,113)
HIGH- ELASTICITY ESTIMATES	\$4.25 \$4.99	737,000	\$5.15	-0.4000	11.2%	-4.5%	(33,066)
	\$5.00 \$5.24	4,534,000	\$5.15	-0.4000	11.2%	-4.5%	(203,423)
	\$5.25 \$5.49	2,195,000	\$5.29	-0.4125	8.3%	-3.4%	(74,908)
	\$5.50 \$5.74	2,273,000	\$5.53	-0.4250	3.6%	-1.5%	(34,527)
	\$5.75 \$5.99	975,000	\$5.80	-0.4375	0.0%	0.0%	0
	\$6.00 \$6.24	4,519,000	\$6.02	-0.4500	0.0%	0.0%	0
	\$6.25 \$6.49	1,146,000	\$6.30	-0.4625	0.0%	0.0%	0
	\$11.00 \$11.24			-0.7000			
		16,379,000					(345,924)

RAISE MIN WAGE TO \$6.00 IN 2000
(= \$5.58 IN 1997)

Effect of New Minimum

	wage range	number in range	average wage	cell elasticity	% increase in wages	% drop in employment	# of jobs lost
LOW-ELASTICITY ESTIMATES	\$4.25 \$4.99	737,000	\$5.15	0.0000	8.3%	0.0%	0
	\$5.00 \$5.24	4,534,000	\$5.15	0.0000	8.3%	0.0%	0
	\$5.25 \$5.49	2,195,000	\$5.29	-0.0250	5.4%	-0.1%	(2,978)
	\$5.50 \$5.74	2,273,000	\$5.53	-0.0500	0.9%	-0.0%	(967)
	\$5.75 \$5.99	975,000	\$5.80	-0.0750	0.0%	0.0%	0
	\$6.00 \$6.24	4,519,000	\$6.02	-0.1000	0.0%	0.0%	0
	\$6.25 \$6.49	1,146,000	\$6.30	-0.1250	0.0%	0.0%	0
	\$11.00 \$11.24			-0.6000			
		16,379,000					(3,945)
MID-ELASTICITY ESTIMATES	\$4.25 \$4.99	737,000	\$5.15	-0.2000	8.3%	-1.7%	(12,223)
	\$5.00 \$5.24	4,534,000	\$5.15	-0.2000	8.3%	-1.7%	(75,197)
	\$5.25 \$5.49	2,195,000	\$5.29	-0.2125	5.4%	-1.2%	(25,312)
	\$5.50 \$5.74	2,273,000	\$5.53	-0.2250	0.9%	-0.2%	(4,353)
	\$5.75 \$5.99	975,000	\$5.80	-0.2375	0.0%	0.0%	0
	\$6.00 \$6.24	4,519,000	\$6.02	-0.2500	0.0%	0.0%	0
	\$6.25 \$6.49	1,146,000	\$6.30	-0.2625	0.0%	0.0%	0
	\$11.00 \$11.24			-0.5000			
		16,379,000					(117,086)
HIGH-ELASTICITY ESTIMATES	\$4.25 \$4.99	737,000	\$5.15	-0.4000	8.3%	-3.3%	(24,447)
	\$5.00 \$5.24	4,534,000	\$5.15	-0.4000	8.3%	-3.3%	(150,395)
	\$5.25 \$5.49	2,195,000	\$5.29	-0.4125	5.4%	-2.2%	(49,135)
	\$5.50 \$5.74	2,273,000	\$5.53	-0.4250	0.9%	-0.4%	(8,222)
	\$5.75 \$5.99	975,000	\$5.80	-0.4375	0.0%	0.0%	0
	\$6.00 \$6.24	4,519,000	\$6.02	-0.4500	0.0%	0.0%	0
	\$6.25 \$6.49	1,146,000	\$6.30	-0.4625	0.0%	0.0%	0
	\$11.00 \$11.24			-0.7000			
		16,379,000					(232,199)

RAISE MIN WAGE TO \$6.05 IN 1999
(= \$5.78 IN 1997)

Effect of New Minimum

	wage range		number in range	average wage	cell elasticity	% increase in wages	% drop in employment	# of jobs lost
LOW- ELASTICITY ESTIMATES	\$4.25	\$4.99	737,000	\$5.15	0.0000	12.1%	0.0%	0
	\$5.00	\$5.24	4,534,000	\$5.15	0.0000	12.1%	0.0%	0
	\$5.25	\$5.49	2,195,000	\$5.29	-0.0250	9.2%	-0.2%	(5,035)
	\$5.50	\$5.74	2,273,000	\$5.53	-0.0500	4.4%	-0.2%	(5,043)
	\$5.75	\$5.99	975,000	\$5.80	-0.0750	0.0%	0.0%	0
	\$6.00	\$6.24	4,519,000	\$6.02	-0.1000	0.0%	0.0%	0
	\$6.25	\$6.49	1,146,000	\$6.30	-0.1250	0.0%	0.0%	0
	\$11.00	\$11.24			-0.6000			
			16,379,000					(10,078)
MID- ELASTICITY ESTIMATES	\$4.25	\$4.99	737,000	\$5.15	-0.2000	12.1%	-2.4%	(17,899)
	\$5.00	\$5.24	4,534,000	\$5.15	-0.2000	12.1%	-2.4%	(110,116)
	\$5.25	\$5.49	2,195,000	\$5.29	-0.2125	9.2%	-1.9%	(42,798)
	\$5.50	\$5.74	2,273,000	\$5.53	-0.2250	4.4%	-1.0%	(22,693)
	\$5.75	\$5.99	975,000	\$5.80	-0.2375	0.0%	0.0%	0
	\$6.00	\$6.24	4,519,000	\$6.02	-0.2500	0.0%	0.0%	0
	\$6.25	\$6.49	1,146,000	\$6.30	-0.2625	0.0%	0.0%	0
	\$11.00	\$11.24			-0.5000			
			16,379,000					(193,506)
HIGH- ELASTICITY ESTIMATES	\$4.25	\$4.99	737,000	\$5.15	-0.4000	12.1%	-4.9%	(35,798)
	\$5.00	\$5.24	4,534,000	\$5.15	-0.4000	12.1%	-4.9%	(220,231)
	\$5.25	\$5.49	2,195,000	\$5.29	-0.4125	9.2%	-3.8%	(83,078)
	\$5.50	\$5.74	2,273,000	\$5.53	-0.4250	4.4%	-1.9%	(42,865)
	\$5.75	\$5.99	975,000	\$5.80	-0.4375	0.0%	0.0%	0
	\$6.00	\$6.24	4,519,000	\$6.02	-0.4500	0.0%	0.0%	0
	\$6.25	\$6.49	1,146,000	\$6.30	-0.4625	0.0%	0.0%	0
	\$11.00	\$11.24			-0.7000			
			16,379,000					(381,973)

RAISE MIN WAGE TO \$6.05 IN 2000
(= \$5.62 IN 1997)

Effect of New Minimum

	wage range		number in range	average wage	cell elasticity	% increase in wages	% drop in employment	# of jobs lost
LOW- ELASTICITY ESTIMATES	\$4.25	\$4.99	737,000	\$5.15	0.0000	9.2%	0.0%	0
	\$5.00	\$5.24	4,534,000	\$5.15	0.0000	9.2%	0.0%	0
	\$5.25	\$5.49	2,195,000	\$5.29	-0.0250	6.3%	-0.2%	(3,460)
	\$5.50	\$5.74	2,273,000	\$5.53	-0.0500	1.7%	-0.1%	(1,922)
	\$5.75	\$5.99	975,000	\$5.80	-0.0750	0.0%	0.0%	0
	\$6.00	\$6.24	4,519,000	\$6.02	-0.1000	0.0%	0.0%	0
	\$6.25	\$6.49	1,146,000	\$6.30	-0.1250	0.0%	0.0%	0
	\$11.00	\$11.24			-0.6000			
			16,379,000					(5,382)
MID- ELASTICITY ESTIMATES	\$4.25	\$4.99	737,000	\$5.15	-0.2000	9.2%	-1.8%	(13,553)
	\$5.00	\$5.24	4,534,000	\$5.15	-0.2000	9.2%	-1.8%	(83,381)
	\$5.25	\$5.49	2,195,000	\$5.29	-0.2125	6.3%	-1.3%	(29,410)
	\$5.50	\$5.74	2,273,000	\$5.53	-0.2250	1.7%	-0.4%	(8,651)
	\$5.75	\$5.99	975,000	\$5.80	-0.2375	0.0%	0.0%	0
	\$6.00	\$6.24	4,519,000	\$6.02	-0.2500	0.0%	0.0%	0
	\$6.25	\$6.49	1,146,000	\$6.30	-0.2625	0.0%	0.0%	0
	\$11.00	\$11.24			-0.5000			
			16,379,000					(134,995)
HIGH- ELASTICITY ESTIMATES	\$4.25	\$4.99	737,000	\$5.15	-0.4000	9.2%	-3.7%	(27,107)
	\$5.00	\$5.24	4,534,000	\$5.15	-0.4000	9.2%	-3.7%	(166,761)
	\$5.25	\$5.49	2,195,000	\$5.29	-0.4125	6.3%	-2.6%	(57,090)
	\$5.50	\$5.74	2,273,000	\$5.53	-0.4250	1.7%	-0.7%	(16,341)
	\$5.75	\$5.99	975,000	\$5.80	-0.4375	0.0%	0.0%	0
	\$6.00	\$6.24	4,519,000	\$6.02	-0.4500	0.0%	0.0%	0
	\$6.25	\$6.49	1,146,000	\$6.30	-0.4625	0.0%	0.0%	0
	\$11.00	\$11.24			-0.7000			
			16,379,000					(267,299)

RAISE MIN WAGE TO \$6.15 IN 1999
(= \$5.87 IN 1997)

Effect of New Minimum

	wage range	number in range	average wage	cell elasticity	% increase in wages	% drop in employment	# of jobs lost
LOW- ELASTICITY ESTIMATES	\$4.25 \$4.99	737,000	\$5.15	0.0000	14.0%	0.0%	0
	\$5.00 \$5.24	4,534,000	\$5.15	0.0000	14.0%	0.0%	0
	\$5.25 \$5.49	2,195,000	\$5.29	-0.0250	11.0%	-0.3%	(6,025)
	\$5.50 \$5.74	2,273,000	\$5.53	-0.0500	6.2%	-0.3%	(7,005)
	\$5.75 \$5.99	975,000	\$5.80	-0.0750	1.2%	-0.1%	(893)
	\$6.00 \$6.24	4,519,000	\$6.02	-0.1000	0.0%	0.0%	0
	\$6.25 \$6.49	1,146,000	\$6.30	-0.1250	0.0%	0.0%	0
	\$11.00 \$11.24			-0.6000			
		16,379,000					(13,923)
MID- ELASTICITY ESTIMATES	\$4.25 \$4.99	737,000	\$5.15	-0.2000	14.0%	-2.8%	(20,631)
	\$5.00 \$5.24	4,534,000	\$5.15	-0.2000	14.0%	-2.8%	(126,924)
	\$5.25 \$5.49	2,195,000	\$5.29	-0.2125	11.0%	-2.3%	(51,215)
	\$5.50 \$5.74	2,273,000	\$5.53	-0.2250	6.2%	-1.4%	(31,522)
	\$5.75 \$5.99	975,000	\$5.80	-0.2375	1.2%	-0.3%	(2,828)
	\$6.00 \$6.24	4,519,000	\$6.02	-0.2500	0.0%	0.0%	0
	\$6.25 \$6.49	1,146,000	\$6.30	-0.2625	0.0%	0.0%	0
	\$11.00 \$11.24			-0.5000			
		16,379,000					(233,120)
HIGH- ELASTICITY ESTIMATES	\$4.25 \$4.99	737,000	\$5.15	-0.4000	14.0%	-5.6%	(41,263)
	\$5.00 \$5.24	4,534,000	\$5.15	-0.4000	14.0%	-5.6%	(253,848)
	\$5.25 \$5.49	2,195,000	\$5.29	-0.4125	11.0%	-4.5%	(99,417)
	\$5.50 \$5.74	2,273,000	\$5.53	-0.4250	6.2%	-2.6%	(59,541)
	\$5.75 \$5.99	975,000	\$5.80	-0.4375	1.2%	-0.5%	(5,210)
	\$6.00 \$6.24	4,519,000	\$6.02	-0.4500	0.0%	0.0%	0
	\$6.25 \$6.49	1,146,000	\$6.30	-0.4625	0.0%	0.0%	0
	\$11.00 \$11.24			-0.7000			
		16,379,000					(459,279)

RAISE MIN WAGE TO \$6.15 IN 2000
(= \$5.72 IN 1997)

Effect of New Minimum

	wage range		number in range	average wage	cell elasticity	% increase in wages	% drop in employment	# of jobs lost
LOW- ELASTICITY ESTIMATES	\$4.25	\$4.99	737,000	\$5.15	0.0000	11.0%	0.0%	0
	\$5.00	\$5.24	4,534,000	\$5.15	0.0000	11.0%	0.0%	0
	\$5.25	\$5.49	2,195,000	\$5.29	-0.0250	8.1%	-0.2%	(4,424)
	\$5.50	\$5.74	2,273,000	\$5.53	-0.0500	3.4%	-0.2%	(3,833)
	\$5.75	\$5.99	975,000	\$5.80	-0.0750	0.0%	0.0%	0
	\$6.00	\$6.24	4,519,000	\$6.02	-0.1000	0.0%	0.0%	0
	\$6.25	\$6.49	1,146,000	\$6.30	-0.1250	0.0%	0.0%	0
	\$11.00	\$11.24			-0.6000			
			16,379,000					(8,257)
MID- ELASTICITY ESTIMATES	\$4.25	\$4.99	737,000	\$5.15	-0.2000	11.0%	-2.2%	(16,214)
	\$5.00	\$5.24	4,534,000	\$5.15	-0.2000	11.0%	-2.2%	(99,747)
	\$5.25	\$5.49	2,195,000	\$5.29	-0.2125	8.1%	-1.7%	(37,606)
	\$5.50	\$5.74	2,273,000	\$5.53	-0.2250	3.4%	-0.8%	(17,248)
	\$5.75	\$5.99	975,000	\$5.80	-0.2375	0.0%	0.0%	0
	\$6.00	\$6.24	4,519,000	\$6.02	-0.2500	0.0%	0.0%	0
	\$6.25	\$6.49	1,146,000	\$6.30	-0.2625	0.0%	0.0%	0
	\$11.00	\$11.24			-0.5000			
			16,379,000					(170,814)
HIGH- ELASTICITY ESTIMATES	\$4.25	\$4.99	737,000	\$5.15	-0.4000	11.0%	-4.4%	(32,428)
	\$5.00	\$5.24	4,534,000	\$5.15	-0.4000	11.0%	-4.4%	(199,495)
	\$5.25	\$5.49	2,195,000	\$5.29	-0.4125	8.1%	-3.3%	(72,999)
	\$5.50	\$5.74	2,273,000	\$5.53	-0.4250	3.4%	-1.4%	(32,579)
	\$5.75	\$5.99	975,000	\$5.80	-0.4375	0.0%	0.0%	0
	\$6.00	\$6.24	4,519,000	\$6.02	-0.4500	0.0%	0.0%	0
	\$6.25	\$6.49	1,146,000	\$6.30	-0.4625	0.0%	0.0%	0
	\$11.00	\$11.24			-0.7000			
			16,379,000					(337,500)

CASE 1 -- RAISE MIN WAGE TO \$6.00 IN 2002 (KEEP PACE WITH INFLATION)
(= \$5.15 IN 1997)

				Effect of New Minimum				
wage range		number in range	average wage	cell elasticity	% increase in wages	% drop in employment	# of jobs lost	
LOW- ELASTICITY ESTIMATES	\$4.25	\$4.99	737,000	\$5.15	0.0000	0.0%	0.0%	0
	\$5.00	\$5.24	4,534,000	\$5.15	0.0000	0.0%	0.0%	0
	\$5.25	\$5.49	2,195,000	\$5.29	-0.0250	0.0%	0.0%	0
	\$5.50	\$5.74	2,273,000	\$5.53	-0.0500	0.0%	0.0%	0
	\$5.75	\$5.99	975,000	\$5.80	-0.0750	0.0%	0.0%	0
	\$6.00	\$6.24	4,519,000	\$6.02	-0.1000	0.0%	0.0%	0
	\$6.25	\$6.49	1,146,000	\$6.30	-0.1250	0.0%	0.0%	0
	\$11.00	\$11.24			-0.6000			
		16,379,000					0	
MID- ELASTICITY ESTIMATES	\$4.25	\$4.99	737,000	\$5.15	-0.2000	0.0%	0.0%	0
	\$5.00	\$5.24	4,534,000	\$5.15	-0.2000	0.0%	0.0%	0
	\$5.25	\$5.49	2,195,000	\$5.29	-0.2125	0.0%	0.0%	0
	\$5.50	\$5.74	2,273,000	\$5.53	-0.2250	0.0%	0.0%	0
	\$5.75	\$5.99	975,000	\$5.80	-0.2375	0.0%	0.0%	0
	\$6.00	\$6.24	4,519,000	\$6.02	-0.2500	0.0%	0.0%	0
	\$6.25	\$6.49	1,146,000	\$6.30	-0.2625	0.0%	0.0%	0
	\$11.00	\$11.24			-0.5000			
		16,379,000					0	
HIGH- ELASTICITY ESTIMATES	\$4.25	\$4.99	737,000	\$5.15	-0.4000	0.0%	0.0%	0
	\$5.00	\$5.24	4,534,000	\$5.15	-0.4000	0.0%	0.0%	0
	\$5.25	\$5.49	2,195,000	\$5.29	-0.4125	0.0%	0.0%	0
	\$5.50	\$5.74	2,273,000	\$5.53	-0.4250	0.0%	0.0%	0
	\$5.75	\$5.99	975,000	\$5.80	-0.4375	0.0%	0.0%	0
	\$6.00	\$6.24	4,519,000	\$6.02	-0.4500	0.0%	0.0%	0
	\$6.25	\$6.49	1,146,000	\$6.30	-0.4625	0.0%	0.0%	0
	\$11.00	\$11.24			-0.7000			
		16,379,000					0	

CASE 2 -- RAISE MIN WAGE TO \$6.25 IN 2002 (OR \$6.00 IN 2000)
(= \$5.40 IN 1997)

			Effect of New Minimum				
	wage range	number in range	average wage	cell elasticity	% increase in wages	% drop in employment	# of jobs lost
LOW-ELASTICITY ESTIMATES	\$4.25 \$4.99	737,000	\$5.15	0.0000	4.9%	0.0%	0
	\$5.00 \$5.24	4,534,000	\$5.15	0.0000	4.9%	0.0%	0
	\$5.25 \$5.49	2,195,000	\$5.29	-0.0250	2.1%	-0.1%	(1,141)
	\$5.50 \$5.74	2,273,000	\$5.53	-0.0500	0.0%	0.0%	0
	\$5.75 \$5.99	975,000	\$5.80	-0.0750	0.0%	0.0%	0
	\$6.00 \$6.24	4,519,000	\$6.02	-0.1000	0.0%	0.0%	0
	\$6.25 \$6.49	1,146,000	\$6.30	-0.1250	0.0%	0.0%	0
	\$11.00 \$11.24			-0.6000			
		16,379,000					(1,141)
MID-ELASTICITY ESTIMATES	\$4.25 \$4.99	737,000	\$5.15	-0.2000	4.9%	-1.0%	(7,155)
	\$5.00 \$5.24	4,534,000	\$5.15	-0.2000	4.9%	-1.0%	(44,019)
	\$5.25 \$5.49	2,195,000	\$5.29	-0.2125	2.1%	-0.4%	(9,699)
	\$5.50 \$5.74	2,273,000	\$5.53	-0.2250	0.0%	0.0%	0
	\$5.75 \$5.99	975,000	\$5.80	-0.2375	0.0%	0.0%	0
	\$6.00 \$6.24	4,519,000	\$6.02	-0.2500	0.0%	0.0%	0
	\$6.25 \$6.49	1,146,000	\$6.30	-0.2625	0.0%	0.0%	0
	\$11.00 \$11.24			-0.5000			
		16,379,000					(60,874)
HIGH-ELASTICITY ESTIMATES	\$4.25 \$4.99	737,000	\$5.15	-0.4000	4.9%	-1.9%	(14,311)
	\$5.00 \$5.24	4,534,000	\$5.15	-0.4000	4.9%	-1.9%	(88,039)
	\$5.25 \$5.49	2,195,000	\$5.29	-0.4125	2.1%	-0.9%	(18,828)
	\$5.50 \$5.74	2,273,000	\$5.53	-0.4250	0.0%	0.0%	0
	\$5.75 \$5.99	975,000	\$5.80	-0.4375	0.0%	0.0%	0
	\$6.00 \$6.24	4,519,000	\$6.02	-0.4500	0.0%	0.0%	0
	\$6.25 \$6.49	1,146,000	\$6.30	-0.4625	0.0%	0.0%	0
	\$11.00 \$11.24			-0.7000			
		16,379,000					(121,177)

**CASE 3 -- RAISE MIN WAGE TO \$6.75
(= \$5.82 IN 1997) IN 2002**

Effect of New Minimum

	wage range	number in range	average wage	cell elasticity	% increase in wages	% drop in employment	# of jobs lost
LOW- ELASTICITY ESTIMATES	\$4.25 \$4.99	737,000	\$5.15	0.0000	13.0%	0.0%	0
	\$5.00 \$5.24	4,534,000	\$5.15	0.0000	13.0%	0.0%	0
	\$5.25 \$5.49	2,195,000	\$5.29	-0.0250	10.0%	-0.3%	(5,498)
	\$5.50 \$5.74	2,273,000	\$5.53	-0.0500	5.2%	-0.3%	(5,960)
	\$5.75 \$5.99	975,000	\$5.80	-0.0750	0.3%	-0.0%	(252)
	\$6.00 \$6.24	4,519,000	\$6.02	-0.1000	0.0%	0.0%	0
	\$6.25 \$6.49	1,146,000	\$6.30	-0.1250	0.0%	0.0%	0
	\$11.00 \$11.24			-0.6000			
		16,379,000					(11,710)
MID- ELASTICITY ESTIMATES	\$4.25 \$4.99	737,000	\$5.15	-0.2000	13.0%	-2.6%	(19,176)
	\$5.00 \$5.24	4,534,000	\$5.15	-0.2000	13.0%	-2.6%	(117,972)
	\$5.25 \$5.49	2,195,000	\$5.29	-0.2125	10.0%	-2.1%	(46,732)
	\$5.50 \$5.74	2,273,000	\$5.53	-0.2250	5.2%	-1.2%	(26,820)
	\$5.75 \$5.99	975,000	\$5.80	-0.2375	0.3%	-0.1%	(798)
	\$6.00 \$6.24	4,519,000	\$6.02	-0.2500	0.0%	0.0%	0
	\$6.25 \$6.49	1,146,000	\$6.30	-0.2625	0.0%	0.0%	0
	\$11.00 \$11.24			-0.5000			
		16,379,000					(211,499)
HIGH- ELASTICITY ESTIMATES	\$4.25 \$4.99	737,000	\$5.15	-0.4000	13.0%	-5.2%	(38,353)
	\$5.00 \$5.24	4,534,000	\$5.15	-0.4000	13.0%	-5.2%	(235,944)
	\$5.25 \$5.49	2,195,000	\$5.29	-0.4125	10.0%	-4.1%	(90,715)
	\$5.50 \$5.74	2,273,000	\$5.53	-0.4250	5.2%	-2.2%	(50,660)
	\$5.75 \$5.99	975,000	\$5.80	-0.4375	0.3%	-0.2%	(1,471)
	\$6.00 \$6.24	4,519,000	\$6.02	-0.4500	0.0%	0.0%	0
	\$6.25 \$6.49	1,146,000	\$6.30	-0.4625	0.0%	0.0%	0
	\$11.00 \$11.24			-0.7000			
		16,379,000					(417,142)

TO: Janet Yellen
Rebecca Blank

FROM: Amy Finkelstein

SUBJECT: Minimum Wage Estimates

DATE: February 11, 1998

Attached are some new disemployment estimates that Jon Gruber has done. These use the same methodology we used last time, but look at some different scenarios (e.g. 6.15 by 1999).

Also attached is a re-estimate that Sandy and I did of the states whose workfare programs could be effected by various increases in the minimum wage. There were some problems with the estimates we were given (miscalculation of food stamp benefits and required hours of work to meet work requirements). Our estimates suggest that even more states than previously estimated could have their workfare programs effected by minimum wage increases. I've sent these new estimates to NEC and Treasury.

Effect of Minimum Wage Increase on Cost of Workfare Program

Because workfare programs must pay participants the minimum wage, an increase in the minimum wage can increase the cost to states of complying with work requirements by enrolling states in workfare programs. (Of course, states can meet the work requirements by other means, such as caseload reductions, whose costs would not be directly effected by a change in the minimum wage).

The table below gives the number of states whose welfare benefits (plus food stamps¹) for a single parent with two children cannot support a minimum wage workfare job under the current requirement of a 20 hour work week and under the requirement of a 30 hour work week that begins in FY 2000.

States Whose Welfare Benefits Cannot Support a Minimum Wage Workfare Job for a Single Parent with Two Children.

Minimum Wage	20 hour work week required	30 hour work week required (FY 2000)
Current Minimum	1 (MS)	24
Increase of 50 cents (\$5.65)	2 (Above plus AL)	37
Increase of \$1 (\$6.15)	7 (Above plus TN, TX, LA, SC, AR)	42
Increase of \$2 (\$7.15)	13 (Above plus WV, KY, NC, GA, IN, MO)	50

¹Food stamp benefits are calculated assuming the standard deduction and 75% of the maximum excess shelter deduction (since one-quarter of the caseload receives section 8 vouchers and hence would not be eligible for the excess shelter deduction).

Effect of Minimum Wage Increase on Cost of Workfare Programs

Talking Points

- There is one additional concern that we should be mindful of, as we consider what level of increase to propose in the minimum wage. As you know, Republicans made a concerted effort last year to roll back labor protections for those on workfare. Many Governors supported this effort, arguing they could not afford to pay the minimum wage for workfare jobs.
- A larger minimum wage increase will add to the pressure that Governors feel on this issue.
- So far, we have beaten back the Republicans' efforts, and persuaded Democratic Governors not to ally themselves with Republican Governors on this issue. However, some Democratic Governors remain very concerned about this issue. Their support of Republican proposals would give that effort new momentum.

Background

- In May, the Labor Department ruled that most workfare programs are subject to the Fair Labor Standards Act and other labor protections, including payment of the minimum wage.
- Governors have complained loudly that the DOL ruling severely hampers their ability to establish work programs for welfare recipients. The law requires states to put 50% of their welfare recipients to work by the year 2002, or face penalties. Welfare benefits are not high enough in some states to support payment of the minimum wage for 20 or 30 hours a week.
- DOL's ruling led the Republican leadership in Congress to seek to roll back current law labor protections for workfare jobs. We were able to hold the line and stop these efforts, but we can expect the issue to re-emerge this year.
- Any minimum wage increase will increase the number of states whose welfare benefits are not large enough to fund a minimum wage workfare job. As the size of the minimum wage increase goes up, so do the number of states with problems.

States Whose Welfare Benefits Can't Support a Minimum Wage Workfare Job		
Minimum Wage	Families of 2	Families of 3
Current Minimum Wage	8 states	No states
Increase of 50 cents (\$5.65)	15 states	1 state

Increase of \$1 (\$6.15)	21 states	2 states
Increase of \$2 (\$7.15)	36 states	9 states

States Whose Welfare Benefits Can't Support a Minimum Wage Workfare Job		
Minimum Wage	Families of 2	Families of 3
Current Minimum Wage	8 states: Mississippi Alabama Louisiana Tennessee South Carolina Arkansas Texas West Virginia	No states
Increase of 50 cents (\$5.65)	15 states -- above plus: Kentucky Indiana Missouri Georgia North Carolina Oklahoma Florida	1 state: Mississippi
Increase of \$1 (\$6.15)	21 states -- above plus: Idaho Delaware Arizona Illinois Ohio Colorado	2 states -- above plus: Alabama

Increase of \$2 (\$7.15)	36 states -- above plus: Nevada Maryland Nebraska Virginia New Mexico Maine Wyoming New Jersey Pennsylvania North Dakota Utah Montana Kansas Iowa Michigan	9 states -- above plus: Tennessee Texas Louisiana South Carolina Arkansas West Virginia Kentucky
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Notes to chart

The Difference Between the Minimum Wage for 20 Hours a Week and the Combined Maximum Food Stamps and TANF Benefits:

Key Points and Methodological issues

can satisfy by caseload redn etc.

- The attached tables illustrate that relatively few states will face additional monthly costs if they combine the maximum AFDC and Food Stamp benefits to pay the minimum wage for a 20 hour work week.

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search, etc.)
20 30

- The analysis calculates the effective wage rate for a 20 hour work week as required in FY 1997 for single parent families (25% of the caseload is required to work in FY 1997). While the number of hours required for participation increases to 30 in FY 2000, only 20 of those hours must be within the activities described in Sec. 407. As a result, states could place recipients in training for 10 of the 30 hours and not be required to pay the minimum wage for 10 hours of training. In addition, single parents with a child under 6, about 60% of the caseload, are required to participate for only 20 hours per week even when the hours requirement increases in later years. [Relatively low benefit states that choose to require recipients to participate in work for all 30 hours may face additional costs.] Finally, two-parent families are required to participate in work activities for 30 hours a week beginning in FY 1997. The additional hours required for two-parent families would result in more states being unable to pay the minimum wage by combining food stamp and TANF benefits.

2 parent

The analysis utilizes the maximum food stamp benefit calculated for a family that receives the maximum TANF benefit. Approximately 35% of the 1995 AFDC caseload received less than maximum benefits. [While some of these families receive less benefits because of earnings (presumably at least at the minimum wage), a significant portion receive less benefits because of unearned income that would not count toward satisfying the minimum wage requirement. As a result, it is almost certain that each state would have some cases in which food stamp and TANF benefits combined would not meet the minimum wage, if the parent were required to work.]

assume
max

- Families that receive child support may receive less than the maximum benefit. As a policy matter, states may not want families to work off their child support benefits and therefore may have to provide additional compensation to meet the minimum wage.
- Most of the discussion has centered on the potential impact of the FLSA for a family of three, the average unit size of an AFDC family. However, 40% of those on AFDC have only two persons in the unit. [Eight states including Texas would be unable to pay the minimum wage by combining TANF and food stamp benefits for a family of two.]
- The table assumed a 100% excess shelter deduction. However, except for the lowest benefit states, if the excess shelter deduction were 0% the value of combined AFDC and food stamp benefits would be significantly reduced.

2-9

but more ben?

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- The analysis assumes that states maintain the level of benefits offered under AFDC. To the extent that states increase their benefit levels, even fewer states would have be unable to meet the minimum wage by combining food stamp and TANF benefits. To the extent that states decrease their benefit levels, more states would be unable to meet the minimum wage simply by combining food stamps and TANF benefits.

For Illustrative Purposes Only

TABLE TWO: FAMILY OF TWO

The Difference Between the Minimum Wage and the
July 1996 Monthly Maximum Benefits for a family of two

State	Maximum Monthly AFDC Benefit July 1996 For a family of 2	Maximum Monthly Food Stamps Benefit July 1996	Combined AFDC and Food Stamps Benefits	Effective Hourly Wage Rate of Combined Benefits for 20 hrs/wk/mo	Additional Monthly Cost/Case of Minimum Wage for 20 hours/week for 4.3 weeks/mo.
Alaska	821	231	\$1,052	\$12.23	\$0
Hawaii	565	357	\$922	\$10.72	\$0
Vermont	533	172	\$705	\$8.20	\$0
Connecticut	513	178	\$691	\$8.03	\$0
New York	468	203	\$671	\$7.80	\$0
New Hampshire	481	188	\$669	\$7.78	\$0
California	479	188	\$667	\$7.76	\$0
Rhode Island	449	218	\$667	\$7.76	\$0
Massachusetts	474	190	\$664	\$7.72	\$0
Washington	440	218	\$658	\$7.65	\$0
Wisconsin	440	200	\$640	\$7.44	\$0
Minnesota	437	201	\$638	\$7.42	\$0
Oregon	395	218	\$613	\$7.13	\$0
South Dakota	380	218	\$598	\$6.95	7.21 → 36st \$0
Michigan	371	218	\$589	\$6.85	7.11 → 36st \$0
Iowa	361	218	\$579	\$6.73	6.99 \$0
Kansas	352	218	\$570	\$6.63	6.89 \$0
Montana	349	218	\$567	\$6.59	6.85 \$0
Utah	342	218	\$560	\$6.51	6.77 \$0
North Dakota	333	218	\$551	\$6.41	6.67 \$0
Pennsylvania	330	218	\$548	\$6.37	6.63 \$0
Dist. of Columbia	326	218	\$544	~~\$6.33~~ 6.59	\$0
New Jersey	322	218	\$540	\$6.28	6.54 \$0
Wyoming	320	218	\$538	~~\$6.26~~ 6.52	\$0
Maine	312	218	\$530	\$6.16	6.42 \$0
New Mexico	310	218	\$528	\$6.14	6.40 \$0
Virginia	294	218	\$512	534 \$5.95	6.21 \$0
Nebraska	293	218	\$511	533 \$5.94	6.1976 \$0
Maryland	292	218	\$510	532 \$5.93	6.19 \$0
Nevada	289	218	\$507	529 \$5.90	6.15 (4) 21st \$0
Colorado	280	218	\$498	520 \$5.79	6.05 \$0
Ohio	279	218	\$497	519 \$5.78	6.03 \$0
Illinois	278	218	\$496	518 \$5.77	6.02 \$0
Arizona	275	218	\$493	515 \$5.73	5.99 \$0
Delaware	270	218	\$488	510 \$5.67	5.93 \$0
Idaho	251	218	\$469	491 \$5.45	5.71 \$0
Virgin Islands	180	281	\$461	~~\$5.36~~ 5.59	5.59 → 15st \$0
Florida	241	218	\$459	481 \$5.34	5.59 \$0

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TABLE TWO: FAMILY OF TWO

The Difference Between the Minimum Wage and the
July 1996 Monthly Maximum Benefits for a family of two

State	Maximum Monthly AFDC Benefit July 1996 For a family of 2	Maximum Monthly Food Stamps Benefit July 1996	Combined AFDC and Food Stamps Benefits	Effective Hourly Wage Rate of Combined Benefits for 20 hrs/wk/mo +26¢	Additional Monthly Cost/Case of Minimum Wage for 20 hours/week for 4.3 weeks/mo.
Oklahoma	238	218	\$456 478	\$5.30 5.56	\$0
North Carolina	236	218	\$454 476	\$5.28 5.53	\$0
Georgia	235	218	\$453 475	\$5.27 5.52	\$0
Missouri	234	218	\$452 474	\$5.26 5.51	\$0
Indiana	229	218	\$447 469	\$5.20 5.45	\$0
Kentucky	225	218	\$443 465	\$5.15 5.41	\$0
West Virginia	201	218	\$419 441	\$4.87 5.13	\$24
Texas	163	218	\$381 403	\$4.43 4.69	\$62
Arkansas	162	218	\$380	\$4.42	\$63
South Carolina	159	218	\$377	\$4.38	\$66
Tennessee	142	218	\$360	\$4.19	\$83
Louisiana	138	218	\$356	\$4.14	\$87
Alabama	\$137	218	\$355	\$4.13	\$88
Mississippi	96	218	\$314	\$3.65	\$129

Notes:

1. This table uses the maximum monthly AFDC benefits as of July 1996. States have more flexibility under TANF to determine benefit levels and may choose to provide higher or lower benefits than suggested in this table. Food Stamp benefits have increased slightly since 7/96 (\$2 for a family of 3).
2. The maximum food stamp benefit assumes 100% excess shelter, no child support, no medical deductions etc.
3. The min. wage is currently \$4.75 an hour but will increase to \$5.15 on 9/1/97. The tables use \$5.15 as the wage.
4. While the number of hours required for single parent participation does not increase to 30 until FY 2000, only 20 of those hours must be within the activities described in Sec. 407. As a result states could place recipients in training for 10 of the 30 hours and not be required to pay the minimum wage for the 10 hours of training.
5. Families may receive less than the maximum benefit for several reasons. While the table lists no additional costs for many states, it is likely that each state will have some cases in which food stamp benefits combined with TANF benefits would not meet the minimum wage.
6. AFDC benefits are calculated by the Congressional Research Service.

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TABLE ONE: FAMILY OF THREE

The Difference Between the Minimum Wage and the
July 1996 Monthly Maximum Benefits for a family of three

State	Maximum Monthly AFDC Benefit July 1996 for a family of 3	Maximum Monthly Food Stamps Benefit July 1996	Combined AFDC and Food Stamps Benefits	Effective Hourly Wage Rate of Combined Benefits for 20 hrs/wk/mo	Additional Monthly Cost/Case of Minimum Wage for 20 hours/week for 4.3 weeks/mo.
Alaska	\$923	\$321	\$1,244	\$14.47	\$0
Hawaii	\$712	\$471	\$1,183	\$13.76	\$0
Connecticut	\$636	\$236	\$872	\$10.14	\$0
Vermont	\$633	\$237	\$870	\$10.12	\$0
Rhode Island	\$554	\$299	\$853	\$9.92	\$0
New York	\$577	\$270	\$847	\$9.85	\$0
California	\$596	\$248	\$844	\$9.81	\$0
Washington	\$546	\$289	\$835	\$9.71	\$0
Massachusetts	\$565	\$257	\$822	\$9.56	\$0
New Hampshire	\$550	\$262	\$812	\$9.44	\$0
Minnesota	\$532	\$267	\$799	\$9.29	\$0
Wisconsin	\$517	\$272	\$789	\$9.17	\$0
Oregon	\$460	\$313	\$773	\$8.99	\$0
Michigan	\$459	\$300	\$759	\$8.83	\$0
Kansas	\$429	\$313	\$742	\$8.63	\$0
Montana	\$438	\$295	\$733	\$8.52	\$0
New Jersey	\$424	\$307	\$731	\$8.50	\$0
North Dakota	\$431	\$298	\$729	\$8.48	\$0
South Dakota	\$430	\$298	\$728	\$8.47	\$0
Utah	\$426	\$299	\$725	\$8.43	\$0
Iowa	\$426	\$299	\$725	\$8.43	\$0
Pennsylvania	\$421	\$301	\$722	\$8.40	\$0
Maine	\$418	\$301	\$719	\$8.36	\$0
Dist. of Columbia	\$415	\$302	\$717	\$8.34	\$0
New Mexico	\$389	\$310	\$699	\$8.13	\$0
Illinois	\$377	\$313	\$690	\$8.02	\$0
Maryland	\$373	\$313	\$686	\$7.98	\$0
Nebraska	\$364	\$313	\$677	\$7.87	\$0
Wyoming	\$360	\$313	\$673	\$7.83	\$0
Colorado	\$356	\$313	\$669	\$7.78	\$0
Virginia	\$354	\$313	\$667	\$7.76	\$0
Nevada	\$348	\$313	\$661	\$7.69	\$0
Arizona	\$347	\$313	\$660	\$7.67	\$0
Ohio	\$341	\$313	\$654	\$7.60	\$0
Delaware	\$338	\$313	\$651	\$7.57	\$0
Virgin Islands	\$240	\$402	\$642	\$7.47	\$0
Idaho	\$317	\$313	\$630	\$7.33	\$0
Oklahoma	\$307	\$313	\$620	\$7.21	\$0

For Illustrative Purposes Only

TABLE ONE: FAMILY OF THREE

The Difference Between the Minimum Wage and the
July 1996 Monthly Maximum Benefits for a family of three

State	Maximum Monthly AFDC Benefit July 1996 for a family of 3	Maximum Monthly Food Stamps Benefit July 1996	Combined AFDC and Food Stamps Benefits	Effective Hourly Wage Rate of Combined Benefits for 20 hrs/wk/mo	Additional Monthly Cost/Case of Minimum Wage for 20 hours/week for 4.3 weeks/mo.
					+36¢
Florida	\$303	\$313	\$616	\$7.16	\$0
Missouri	\$292	\$313	\$605	\$7.03	\$0
Indiana	\$288	\$313	\$601	\$6.99	7.35 → \$0
Georgia	\$280	\$313	\$593	\$6.90	7.26 → \$0
North Carolina	\$272	\$313	\$585	\$6.80	7.14 → \$2
Kentucky	\$262	\$313	\$575	\$6.69	7.05 → \$0
West Virginia	\$253	\$313	\$566	\$6.58	6.94 → \$0
Arkansas	\$204	\$313	\$517	\$6.01	6.37 → \$0
South Carolina	\$200	\$313	\$513	\$5.97	6.33 → \$0
Louisiana	\$190	\$313	\$503	524 \$5.85	6.21 → \$0
Texas	\$188	\$313	\$501	532 \$5.83	6.19 → \$0
Tennessee	\$185	\$313	\$498	529 \$5.79	6.15 → \$0
Alabama	\$164	\$313	\$477	508 \$5.55	5.91 → \$0
Mississippi	\$120	\$313	\$433	464 \$5.03	5.40 → 50¢ \$10
Puerto Rico	\$180	NA	NA	\$0.00	NA

Notes:

1. This table uses the maximum monthly AFDC benefits as of July 1996. States have more flexibility under TANF to determine benefit levels and may choose to provide higher or lower benefits than suggested in this table. Food Stamp benefits have increased slightly since 7/96 (\$2 for a family of 3).
2. The maximum food stamp benefit assumes 100% excess shelter, no child support, no medical deductions etc.
3. The min. wage is currently \$4.75 an hour but will increase to \$5.15 on 9/1/97. The tables use \$5.15 as the wage
4. While the number of hours required for single parent participation does not increase to 30 until FY 2000, only 20 of those hours must be within the activities described in Sec. 407. As a result states could place recipients in training for 10 of the 30 hours and not be required to pay the minimum wage for the 10 hours of training.
5. Families may receive less than the maximum benefit for several reasons. While the table lists no additional costs for many states, it is likely that each state will have some cases in which food stamp benefits combined with TANF benefits would not meet the minimum wage.
6. AFDC benefits are calculated by the Congressional Research Service.

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TABLE THREE: FAMILY OF FOUR

The Difference Between the Minimum Wage and the
July 1996 Monthly Maximum Benefits for a family of four

State	Maximum Monthly AFDC Benefit July 1996 For a family of 4	Maximum Monthly Food Stamps Benefit July 1996	Combined AFDC and Food Stamps Benefits	Effective Hourly Wage Rate of Combined Benefits for 20 hrs/wk/mo	Additional Monthly Cost/Case of Minimum Wage for 20 hours/week for 4.3 weeks/mo.
Hawaii	859	567	\$1,426	\$16.58	\$0
Alaska	1,025	399	\$1,424	\$16.56	\$0
Connecticut	741	289	\$1,030	\$11.98	\$0
New York	687	325	\$1,012	\$11.77	\$0
Vermont	711	298	\$1,009	\$11.73	\$0
California	707	299	\$1,006	\$11.70	\$0
Rhode Island	632	365	\$997	\$11.59	\$0
Washington	642	349	\$991	\$11.52	\$0
Massachusetts	651	316	\$967	\$11.24	\$0
Minnesota	621	325	\$946	\$11.00	\$0
Wisconsin	617	326	\$943	\$10.97	\$0
Oregon	565	377	\$942	\$10.95	\$0
New Hampshire	613	327	\$940	\$10.93	\$0
Michigan	563	352	\$915	\$10.64	\$0
Kansas	497	383	\$880	\$10.23	\$0
Montana	527	353	\$880	\$10.23	\$0
Maine	526	353	\$879	\$10.22	\$0
North Dakota	517	356	\$873	\$10.15	\$0
Pennsylvania	514	357	\$871	\$10.13	\$0
Dist. of Columbia	507	359	\$866	\$10.07	\$0
New Jersey	488	373	\$861	\$10.01	\$0
Utah	498	361	\$859	\$9.99	\$0
Iowa	495	362	\$857	\$9.97	\$0
South Dakota	478	367	\$845	\$9.83	\$0
Maryland	450	391	\$841	\$9.78	\$0
New Mexico	469	370	\$839	\$9.76	\$0
Nebraska	435	380	\$815	\$9.48	\$0
Colorado	432	381	\$813	\$9.45	\$0
Virgin Islands	300	511	\$811	\$9.43	\$0
Ohio	421	385	\$806	\$9.37	\$0
Illinois	414	392	\$806	\$9.37	\$0
Arizona	418	385	\$803	\$9.34	\$0
Virginia	410	388	\$798	\$9.28	\$0
Nevada	408	388	\$796	\$9.26	\$0
Delaware	407	389	\$796	\$9.26	\$0
Wyoming	390	394	\$784	\$9.12	\$0
Idaho	382	396	\$778	\$9.05	\$0

For Illustrative Purposes Only

TABLE THREE: FAMILY OF FOUR

The Difference Between the Minimum Wage and the
July 1996 Monthly Maximum Benefits for a family of four

State	Maximum Monthly AFDC Benefit July 1996 For a family of 4	Maximum Monthly Food Stamps Benefit July 1996	Combined AFDC and Food Stamps Benefits	Effective Hourly Wage Rate of Combined Benefits for 20 hrs/wk/mo	Additional Monthly Cost/Case of Minimum Wage for 20 hours/week for 4.3 weeks/mo.
Oklahoma	380	397	\$777	~~454~~ \$9.03	\$0
Florida	364	397	\$761	\$8.85	\$0
Indiana	346	397	\$743	\$8.64	\$0
Missouri	342	397	\$739	\$8.59	\$0
Georgia	330	397	\$727	\$8.45	\$0
Kentucky	328	397	\$725	\$8.43	\$0
West Virginia	312	397	\$709	\$8.24	\$0
North Carolina	297	397	\$694	\$8.07	\$0
Arkansas	247	397	\$644	\$7.49	\$0
South Carolina	241	397	\$638	\$7.42	\$0
Louisiana	234	397	\$631	\$7.34	\$0
Tennessee	226	397	\$623	\$7.24	\$0
Texas	226	397	\$623	\$7.24	\$0
Alabama	\$194	397	\$591	\$6.87	\$0
Mississippi	144	397	\$541	580 \$6.29 6.74	\$0

Notes:

1. This table uses the maximum monthly AFDC benefits as of July 1996. States have more flexibility under TANF to determine benefit levels and may choose to provide higher or lower benefits than suggested in this table. Food Stamp benefits have increased slightly since 7/96 (\$2 for a family of 3).
2. The maximum food stamp benefit assumes 100% excess shelter, no child support, no medical deductions etc.
3. The min. wage is currently \$4.75 an hour but will increase to \$5.15 on 9/1/97. The tables use \$5.15 as the wage
4. While the number of hours required for single parent participation does not increase to 30 until FY 2000, only 20 of those hours must be within the activities described in Sec. 407. As a result states could place recipients in training for 10 of the 30 hours and not be required to pay the minimum wage for the 10 hours of training.
5. Families may receive less than the maximum benefit for several reasons. While the table lists no additional costs for many states, it is likely that each state will have some cases in which food stamp benefits combined with TANF benefits would not meet the minimum wage.
6. AFDC benefits are calculated by the Congressional Research Service.

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**The Difference Between the Minimum Wage for 30 Hours a Week and the
Combined Maximum Food Stamps and TANF Benefits:
Key Points and Methodological issues**

- The attached tables illustrate that a number of states will have difficulty paying the minimum wage by combining the maximum AFDC and Food Stamp benefits for a 30 hour work week as required for two parent families in FY 1997 and at state option for some single parent families beginning in FY 2000.
- The analysis calculates the effective wage rate for a 30 hour work week. While two parent families must participate for 35 hours per week beginning in FY 1997, only 30 of those hours must be in work activities as described in Sec. 407. Similarly, while single parent families must participate for 30 hours a week beginning in FY 2000, only 20 of those hours must be within the activities described in Sec. 407. States could place recipients in training for 10 of the 30 hours and not be required to pay the minimum wage for 10 hours of training. In addition, single parents with a child under 6, about 60% of the caseload, are required to participate for only 20 hours per week even when the hours requirement increases in later years. Relatively low benefit states that choose to require recipients to participate in work for all 30 hours may face additional costs.
- The analysis utilizes the maximum food stamp benefit calculated for a family that receives the maximum TANF benefit. Approximately 25% of the 1995 AFDC caseload received less than maximum benefits. While some of these families receive less benefits because of earnings (presumably at least at the minimum wage), a significant portion receive less benefits because of unearned income that would not count toward satisfying the minimum wage requirement. As a result, it is almost certain that **each state** would have some cases in which food stamp and TANF benefits combined would not meet the minimum wage, if the parent were required to work.
- Families that receive child support may receive less than the maximum benefit. As a policy matter, states may not want families to work off their child support benefits and therefore may have to provide additional compensation to meet the minimum wage.
- Most of the discussion has centered on the potential impact of the FLSA for a family of three, the average unit size of an AFDC family. However, 40% of those on AFDC have only two persons in the unit. Almost forty states would be unable to pay the minimum wage by combining TANF and food stamp benefits for a family of two for a 30 hour work week.
- The table assumed a 100% excess shelter deduction. However, except for the lowest benefit states, if the excess shelter deduction were 0% the value of combined AFDC and food stamp benefits would be significantly reduced.

- The analysis assumes that states maintain the level of benefits offered under AFDC. To the extent that states increase their benefit levels, even fewer states would have be unable to meet the minimum wage by combining food stamp and TANF benefits. To the extent that states decrease their benefit levels, more states would be unable to meet the minimum wage simply by combining food stamps and TANF benefits.

For Illustrative Purposes Only

TABLE TWO: FAMILY OF TWO

The Difference Between the Minimum Wage and the
July 1996 Monthly Maximum Benefits for a family of two

State	Maximum Monthly AFDC Benefit July 1996 For a family of 2	Maximum Monthly Food Stamps Benefit July 1996	Combined AFDC and Food Stamps Benefits	Effective Hourly Wage Rate of Combined Benefits for 30 hrs/wk/mo	Additional Monthly Cost/Case of Minimum Wage for 30 hours/week for 4.3 weeks/mo.
				+26¢ - 2001 FS max	
Alaska	821	231	\$1,052	\$8.16	\$0
Hawaii	565	357	\$922	\$7.15	\$0
Vermont	533	172	\$705	\$5.47 <u>5.73</u>	\$0
Connecticut	513	178	\$691	\$5.36 <u>5.62</u>	\$0
New York	468	203	\$671	\$5.20 <u>5.41</u>	\$0
New Hampshire	481	188	\$669	\$5.19 <u>5.45</u>	\$0
California	479	188	\$667	\$5.17 <u>5.43</u>	\$0
Rhode Island	449	218	\$667	\$5.17 <u>5.43</u>	\$0
Massachusetts	474	190	\$664	\$5.15 <u>5.41</u>	~~\$0~~
Washington	440	218	\$658	\$5.10 <u>5.36</u>	\$6
Wisconsin	440	200	\$640	\$4.96 <u>5.22</u>	\$24
Minnesota	437	201	\$638	\$4.95 <u>5.21</u>	\$26
Oregon	395	218	\$613	\$4.75 <u>5.01</u>	\$51
South Dakota	380	218	\$598	\$4.64	\$66
Michigan	371	218	\$589	\$4.57	\$75
Iowa	361	218	\$579	\$4.49	\$85
Kansas	352	218	\$570	\$4.42	\$94
Montana	349	218	\$567	\$4.40	\$97
Utah	342	218	\$560	\$4.34	\$104
North Dakota	333	218	\$551	\$4.27	\$113
Pennsylvania	330	218	\$548	\$4.25	\$116
Dist. of Columbia	326	218	\$544	\$4.22	\$120
New Jersey	322	218	\$540	\$4.19	\$124
Wyoming	320	218	\$538	\$4.17	\$126
Maine	312	218	\$530	\$4.11	\$134
New Mexico	310	218	\$528	\$4.09	\$136
Virginia	294	218	\$512	\$3.97	\$152
Nebraska	293	218	\$511	\$3.96	\$153
Maryland	292	218	\$510	\$3.95	\$154
Nevada	289	218	\$507	\$3.93	\$157
Colorado	280	218	\$498	\$3.86	\$166
Ohio	279	218	\$497	\$3.85	\$167
Illinois	278	218	\$496	\$3.84	\$168
Arizona	275	218	\$493	\$3.82	\$171
Delaware	270	218	\$488	\$3.78	\$176
Idaho	251	218	\$469	\$3.64	\$195
Virgin Islands	180	281	\$461	\$3.57	\$203
Florida	241	218	\$459	\$3.56	\$205

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TABLE TWO: FAMILY OF TWO

The Difference Between the Minimum Wage and the
July 1996 Monthly Maximum Benefits for a family of two

State	Maximum Monthly AFDC Benefit July 1996 For a family of 2	Maximum Monthly Food Stamps Benefit July 1996	Combined AFDC and Food Stamps Benefits	Effective Hourly Wage Rate of Combined Benefits for 30 hrs/wk/mo	Additional Monthly Cost/Case of Minimum Wage for 30 hours/week for 4.3 weeks/mo.
Oklahoma	238	218	\$456	\$3.53	\$208
North Carolina	236	218	\$454	\$3.52	\$210
Georgia	235	218	\$453	\$3.51	\$211
Missouri	234	218	\$452	\$3.50	\$212
Indiana	229	218	\$447	\$3.47	\$217
Kentucky	225	218	\$443	\$3.43	\$221
West Virginia	201	218	\$419	\$3.25	\$245
Texas	163	218	\$381	\$2.95	\$283
Arkansas	162	218	\$380	\$2.95	\$284
South Carolina	159	218	\$377	\$2.92	\$287
Tennessee	142	218	\$360	\$2.79	\$304
Louisiana	138	218	\$356	\$2.76	\$308
Alabama	\$137	218	\$355	\$2.75	\$309
Mississippi	96	218	\$314	\$2.43	\$350

Notes:

1. This table uses the maximum monthly AFDC benefits as of July 1996. States have more flexibility under TANF to determine benefit levels and may choose to provide higher or lower benefits than suggested in this table. Food Stamp benefits have increased slightly since 7/96 (\$2 for a family of 3).
2. The maximum food stamp benefit assumes 100% excess shelter, no child support, no medical deductions etc.
3. The min. wage is currently \$4.75 an hour but will increase to \$5.15 on 9/1/97. The tables use \$5.15 as the wage
4. While the number of hours required for single parent participation does not increase to 30 until FY 2000, only 20 of those hours must be within the activities described in Sec. 407. As a result states could place recipients in training for 10 of the 30 hours and not be required to pay the minimum wage for the 10 hours of training.
5. Families may receive less than the maximum benefit for several reasons. While the table lists no additional costs for many states, it is likely that each state will have some cases in which food stamp benefits combined with TANF benefits would not meet the minimum wage.
6. AFDC benefits are calculated by the Congressional Research Service.

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TABLE ONE: FAMILY OF THREE

The Difference Between the Minimum Wage and the
July 1996 Monthly Maximum Benefits for a family of three

State	Maximum Monthly AFDC Benefit July 1996 for a family of 3	Maximum Monthly Food Stamps Benefit July 1996	Combined AFDC and Food Stamps Benefits	Effective Hourly Wage Rate of Combined Benefits for 30 hrs/wk/mo	Additional Monthly Cost/Case of Minimum Wage for 30 hours/week for 4.3 weeks/mo.
				<u>4.364</u>	
Alaska	\$923	\$321	\$1,244	\$9.64	\$0
Hawaii	\$712	\$471	\$1,183	\$9.17	\$0
Connecticut	\$636	\$236	\$872	\$6.76	\$0
Vermont	\$633	\$237	\$870	\$6.74	\$0
Rhode Island	\$554	\$299	\$853	\$6.61	\$0
New York	\$577	\$270	\$847	\$6.57	\$0
California	\$596	\$248	\$844	\$6.54	\$0
Washington	\$546	\$289	\$835	\$6.47	\$0
Massachusetts	\$565	\$257	\$822	\$6.37	\$0
New Hampshire	\$550	\$262	\$812	\$6.29	\$0
Minnesota	\$532	\$267	\$799	\$6.19	\$0
Wisconsin	\$517	\$272	\$789	\$6.12	\$0
Oregon	\$460	\$313	\$773	\$5.99	\$0
Michigan	\$459	\$300	\$759	\$5.88	\$0
Kansas	\$429	\$313	\$742	\$5.75	\$0
Montana	\$438	\$295	\$733	\$5.68	\$0
New Jersey	\$424	\$307	\$731	\$5.67	\$0
North Dakota	\$431	\$298	\$729	\$5.65	\$0
South Dakota	\$430	\$298	\$728	\$5.64	\$0
Utah	\$426	\$299	\$725	\$5.62	\$0
Iowa	\$426	\$299	\$725	\$5.62	\$0
Pennsylvania	\$421	\$301	\$722	\$5.60	\$0
Maine	\$418	\$301	\$719	\$5.57	\$0
Dist. of Columbia	\$415	\$302	\$717	\$5.56	\$0
New Mexico	\$389	\$310	\$699	\$5.42	\$0
Illinois	\$377	\$313	\$690	\$5.35	\$0
Maryland	\$373	\$313	\$686	\$5.32	\$0
Nebraska	\$364	\$313	\$677	\$5.25	\$0
Wyoming	\$360	\$313	\$673	\$5.22	\$0
Colorado	\$356	\$313	\$669	\$5.19	\$0
Virginia	\$354	\$313	\$667	\$5.17	\$0
Nevada	\$348	\$313	\$661	\$5.12	\$3
Arizona	\$347	\$313	\$660	\$5.12	\$4
Ohio	\$341	\$313	\$654	\$5.07	\$10
Delaware	\$338	\$313	\$651	\$5.05	\$13
Virgin Islands	\$240	\$402	\$642	\$4.98	\$22
Idaho	\$317	\$313	\$630	\$4.88	\$34
Oklahoma	\$307	\$313	\$620	\$4.81	\$44

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TABLE ONE: FAMILY OF THREE

The Difference Between the Minimum Wage and the
July 1996 Monthly Maximum Benefits for a family of three.

State	Maximum Monthly AFDC Benefit July 1996 for a family of 3	Maximum Monthly Food Stamps Benefit July 1996	Combined AFDC and Food Stamps Benefits	Effective Hourly Wage Rate of Combined Benefits for 30 hrs/wk/mo	Additional Monthly Cost/Case of Minimum Wage for 30 hours/week for 4.3 weeks/mo.
Florida	\$303	\$313	\$616	\$4.78	\$48
Missouri	\$292	\$313	\$605	\$4.69	\$59
Indiana	\$288	\$313	\$601	\$4.66	\$63
Georgia	\$280	\$313	\$593	\$4.60	\$71
North Carolina	\$272	\$313	\$585	\$4.53	\$79
Kentucky	\$262	\$313	\$575	\$4.46	\$89
West Virginia	\$253	\$313	\$566	\$4.39	\$98
Arkansas	\$204	\$313	\$517	\$4.01	\$147
South Carolina	\$200	\$313	\$513	\$3.98	\$151
Louisiana	\$190	\$313	\$503	\$3.90	\$161
Texas	\$188	\$313	\$501	\$3.88	\$163
Tennessee	\$185	\$313	\$498	\$3.86	\$166
Alabama	\$164	\$313	\$477	\$3.70	\$187
Mississippi	\$120	\$313	\$433	\$3.36	\$231
Puerto Rico	\$180	NA	NA	\$0.00	NA

Notes:

1. This table uses the maximum monthly AFDC benefits as of July 1996. States have more flexibility under TANF to determine benefit levels and may choose to provide higher or lower benefits than suggested in this table. Food Stamp benefits have increased slightly since 7/96 (\$2 for a family of 3).
2. The maximum food stamp benefit assumes 100% excess shelter, no child support, no medical deductions etc.
3. The min. wage is currently \$4.75 an hour but will increase to \$5.15 on 9/1/97. The tables use \$5.15 as the wage
4. While the number of hours required for single parent participation does not increase to 30 until FY 2000, only 20 of those hours must be within the activities described in Sec. 407. As a result states could place recipients in training for 10 of the 30 hours and not be required to pay the minimum wage for the 10 hours of training.
5. Families may receive less than the maximum benefit for several reasons. While the table lists no additional costs for many states, it is likely that each state will have some cases in which food stamp benefits combined with TANF benefits would not meet the minimum wage.
6. AFDC benefits are calculated by the Congressional Research Service.

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+31

÷ 86 hours +36¢/hr

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TABLE THREE: FAMILY OF FOUR

The Difference Between the Minimum Wage and the
July 1996 Monthly Maximum Benefits for a family of four

State	Maximum Monthly AFDC Benefit July 1996 For a family of 4	Maximum Monthly Food Stamps Benefit July 1996	Combined AFDC and Food Stamps Benefits	Effective Hourly Wage Rate of Combined Benefits for 30 hrs/wk/mo	Additional Monthly Cost/Case of Minimum Wage for 30 hours/week for 4.3 weeks/mo.
Hawaii	859	567	\$1,426	\$11.05	\$0
Alaska	1,025	399	\$1,424	\$11.04	\$0
Connecticut	741	289	\$1,030	\$7.98	\$0
New York	687	325	\$1,012	\$7.84	\$0
Vermont	711	298	\$1,009	\$7.82	\$0
California	707	299	\$1,006	\$7.80	\$0
Rhode Island	632	365	\$997	\$7.73	\$0
Washington	642	349	\$991	\$7.68	\$0
Massachusetts	651	316	\$967	\$7.50	\$0
Minnesota	621	325	\$946	\$7.33	\$0
Wisconsin	617	326	\$943	\$7.31	\$0
Oregon	565	377	\$942	\$7.30	\$0
New Hampshire	613	327	\$940	\$7.29	\$0
Michigan	563	352	\$915	\$7.09	\$0
Kansas	497	383	\$880	\$6.82	\$0
Montana	527	353	\$880	\$6.82	\$0
Maine	526	353	\$879	\$6.81	\$0
North Dakota	517	356	\$873	\$6.77	\$0
Pennsylvania	514	357	\$871	\$6.75	\$0
Dist. of Columbia	507	359	\$866	\$6.71	\$0
New Jersey	488	373	\$861	\$6.67	\$0
Utah	498	361	\$859	\$6.66	\$0
Iowa	495	362	\$857	\$6.64	\$0
South Dakota	478	367	\$845	\$6.55	\$0
Maryland	450	391	\$841	\$6.52	\$0
New Mexico	469	370	\$839	\$6.50	\$0
Nebraska	435	380	\$815	\$6.32	\$0
Colorado	432	381	\$813	\$6.30	\$0
Virgin Islands	300	511	\$811	\$6.29	\$0
Ohio	421	385	\$806	\$6.25	\$0
Illinois	414	392	\$806	\$6.25	\$0
Arizona	418	385	\$803	\$6.22	\$0
Virginia	410	388	\$798	\$6.19	\$0
Nevada	408	388	\$796	\$6.17	\$0
Delaware	407	389	\$796	\$6.17	\$0
Wyoming	390	394	\$784	\$6.08	\$0
Idaho	382	396	\$778	\$6.03	\$0

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TABLE THREE: FAMILY OF FOUR

The Difference Between the Minimum Wage and the
July 1996 Monthly Maximum Benefits for a family of four

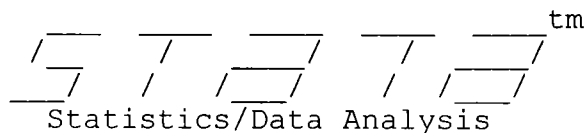
State	Maximum Monthly AFDC Benefit July 1996 For a family of 4	Maximum Monthly Food Stamps Benefit July 1996	Combined AFDC and Food Stamps Benefits	Effective Hourly Wage Rate of Combined Benefits for 30 hrs/wk/mo	Additional Monthly Cost/Case of Minimum Wage for 30 hours/week for 4.3 weeks/mo.
Oklahoma	380	397	\$777	\$6.02	\$0
Florida	364	397	\$761	\$5.90	\$0
Indiana	346	397	\$743	~~\$5.76~~ 6.21	\$0
Missouri	342	397	\$739	~~\$5.73~~ 6.18	\$0
Georgia	330	397	\$727	~~\$5.64~~ 6.09	\$0
Kentucky	328	397	\$725	~~\$5.62~~ 6.07	\$0
West Virginia	312	397	\$709	~~\$5.50~~ 5.95	\$0
North Carolina	297	397	\$694	~~\$5.38~~ 5.83	\$0
Arkansas	247	397	\$644	~~\$4.99~~ 5.44	\$20
South Carolina	241	397	\$638	~~\$4.95~~ 5.40	\$26
Louisiana	234	397	\$631	~~\$4.89~~ 5.34	\$33
Tennessee	226	397	\$623	~~\$4.83~~ 5.28	\$41
Texas	226	397	\$623	~~\$4.83~~ 5.28	\$41
Alabama	\$194	397	\$591	~~\$4.58~~ 5.03	\$73
Mississippi	144	397	\$541	\$4.19	\$123

Notes:

1. This table uses the maximum monthly AFDC benefits as of July 1996. States have more flexibility under TANF to determine benefit levels and may choose to provide higher or lower benefits than suggested in this table. Food Stamp benefits have increased slightly since 7/96 (\$2 for a family of 3).
2. The maximum food stamp benefit assumes 100% excess shelter, no child support, no medical deductions etc.
3. The min. wage is currently \$4.75 an hour but will increase to \$5.15 on 9/1/97. The tables use \$5.15 as the wage
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5. Families may receive less than the maximum benefit for several reasons. While the table lists no additional costs for many states, it is likely that each state will have some cases in which food stamp benefits combined with TANF benefits would not meet the minimum wage.
6. AFDC benefits are calculated by the Congressional Research Service.

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+39 ÷ 86 hrs = 45¢/hr.



User: Amy Finkelstein

1. use c:\work\wp\amy\minwage\mar97.dta;

2. gen earn = ernhr/100;

3. gen wage=earn if earn>0;
(124115 missing values generated)

4. gen group=1 if wage<=5.05;
(130872 missing values generated)

5. gen all=1 if ernel==1;
(119211 missing values generated)

6. gen pop=1 if mis==4 | mis==8;
(98506 missing values generated)

7. label define group 1 "<=5.05";

8. label values group group;

9. gen teen=1 if age<=20;
(90018 missing values generated)

10. replace teen=0 if age>20;
(90018 real changes made)

11. label define teen 0 adult 1 teen;

12. label values teen teen;

13. tab group teen [w=wgt], r co;
(frequency weights assumed)

group	teen		
	adult	teen	Total
<=5.05	1.351e+08	74644069	2.097e+08
	64.41	35.59	100.00
	100.00	100.00	100.00

Total	1.351e+08	74644069	2.097e+08
	64.41	35.59	100.00
	100.00	100.00	100.00

14. gen poor=0 if povllr<=3;
(112749 missing values generated)

15. replace poor=1 if povllr>3 & povllr<=7;

(27058 real changes made)

16. replace poor=2 if pov11r>7;
(85691 real changes made)

17. label define poor 0 "blwpov" 1 "pov-200pov" 2 "abv200";

18. label values poor poor;

19. gen demogr=0 if teen==0 & sex==2 & marstat==1 | marstat==2;
(104558 missing values generated)

20. replace demogr=1 if teen==0 & sex==1 & marstat==1 | marstat==2;
(27795 real changes made)

21. replace demogr=2 if teen==0 & marstat>=3 & fam18==0;
(26981 real changes made)

22. replace demogr=3 if teen==0 & marstat>=3 & fam18>0;
(8371 real changes made)

23. replace demogr=4 if teen==1;
(41836 real changes made)

24. label define demogr 0 marrfe 1 marrma 2 singnoch 3 singch 4 teen;

25. label values demogr demogr;

26. label define race 1 white 2 black 3 "AI/NA" 4 Asian;

27. label values race race;

28. gen hisp=1 if spneth<8;
(111736 missing values generated)

29. replace hisp=0 if spneth==8;
(110962 real changes made)

30. label define hisp 1 hispanic 0 "non-hisp";

31. label values hisp hisp;

32. gen educ=0 if grdatn<=38;
(76699 missing values generated)

33. replace educ=1 if grdatn==39;
(31712 real changes made)

34. replace educ=2 if grdatn>39 & grdatn<=42;
(24677 real changes made)

35. replace educ=3 if grdatn>=43;
(20310 real changes made)

```
36. label define educ 0 "<hs" 1 "hs" 2 ">hs,<coll" 3 ">=coll";

37. label values educ educ;

38. gen Realken=1 if wage<=6.25;
(129791 missing values generated)

39. gen pov200=1 if povllr<=7;
(85691 missing values generated)

40. replace pov200=0 if povllr>7;
(85691 real changes made)

41. gen racegen=0 if race==1 & sex==1;
(77526 missing values generated)

42. replace racegen=1 if race==1 & sex==2;
(57595 real changes made)

43. replace racegen=2 if race==2 & sex==2;
(7570 real changes made)

44. replace racegen=3 if race==2 & sex==1;
(6122 real changes made)

45. replace racegen=4 if race==4 & sex==1;
(2110 real changes made)

46. replace racegen=5 if race==4 & sex==2;
(2341 real changes made)

47. label define racegen 0 "whtmale" 1 "whtfem" 2 "blkfem" 3 "blkmale" 4 "Asmale"
> 5 "Asfem";

48. label values racegen racegen;

49. gen ethgen=0 if hisp==1 & sex==1;
(121948 missing values generated)

50. replace ethgen=1 if hisp==1 & sex==2;
(10212 real changes made)

51. replace ethgen=2 if hisp==0 & sex==1;
(53144 real changes made)

52. replace ethgen=3 if hisp==0 & sex==2;
(57818 real changes made)

53. label define ethgen 0 "hispmale" 1 "hispfem" 2 "nonhispma" 3 "nonhispfem";

54. label values ethgen ethgen;
```

```

55. gen newhhid = real(hhid);
56. drop hhid;
57. rename newhhid hhid;
58. gen famid=(hhid*100)+famnum;
59. sort famid incwag;
60. gen prim=0;
61. qui by famid: replace prim=1 if _n==_N;
62. list famid incwag prim in 1/20;

```

	famid	incwag	prim
1.	1.39e+12	0	0
2.	1.39e+12	30000	1
3.	1.62e+12	25500	0
4.	1.62e+12	62900	1
5.	1.72e+12	0	0
6.	1.72e+12	0	0
7.	1.72e+12	0	0
8.	1.72e+12	15700	1
9.	2.34e+12	0	0
10.	2.34e+12	0	0
11.	2.34e+12	0	1
12.	2.70e+12	22000	0
13.	2.70e+12	60000	1
14.	2.84e+12	0	0
15.	2.84e+12	7000	0
16.	2.84e+12	66000	1
17.	4.50e+12	0	0
18.	4.50e+12	0	0
19.	4.50e+12	13782	0
20.	4.50e+12	27000	1

```

63. gen contrib = incwag / famern;
(19900 missing values generated)

```

```

64. gen wsind=0;

```

```

65. replace wsind=1 if incwag>0;
(65706 real changes made)

```

```

66. egen numws = sum(wsind), by(famid);

```

```

67. gen sole=0;

```

```

68. replace sole=1 if numws==1 & wsind==1;
(13772 real changes made)

```

69. drop if age<16;

(32643 observations deleted)

70. tab group poor [w=ernwgt], r co;

(frequency weights assumed)

group	poor			Total
	blwpov	pov-200p	abv200	
<=5.05	1.685e+08	2.207e+08	4.874e+08	8.766e+08
	19.22	25.18	55.60	100.00
	100.00	100.00	100.00	100.00
Total	1.685e+08	2.207e+08	4.874e+08	8.766e+08
	19.22	25.18	55.60	100.00
	100.00	100.00	100.00	100.00

71. tab group demogr [w=ernwgt], r co;

(frequency weights assumed)

group	demogr					Total
	marrfe	marrma	singnoch	singch	teen	
<=5.05	1.786e+08	79475634	2.165e+08	1.086e+08	2.935e+08	8.766e+08
	20.37	9.07	24.70	12.38	33.48	100.00
	100.00	100.00	100.00	100.00	100.00	100.00
Total	1.786e+08	79475634	2.165e+08	1.086e+08	2.935e+08	8.766e+08
	20.37	9.07	24.70	12.38	33.48	100.00
	100.00	100.00	100.00	100.00	100.00	100.00

72. tab group race [w=ernwgt], r co;

(frequency weights assumed)

group	Race				Total
	white	black	AI/NA	Asian	
<=5.05	6.952e+08	1.412e+08	12120330	28038411	8.766e+08
	79.31	16.11	1.38	3.20	100.00
	100.00	100.00	100.00	100.00	100.00
Total	6.952e+08	1.412e+08	12120330	28038411	8.766e+08
	79.31	16.11	1.38	3.20	100.00
	100.00	100.00	100.00	100.00	100.00

73. tab group educ [w=ernwgt], r co;

(frequency weights assumed)

group	educ				Total
	<hs	hs	>hs,<col	>=coll	

-----+-----					
<=5.05		3.374e+08	2.732e+08	2.289e+08	37088776 8.766e+08
		38.49	31.17	26.11	4.23 100.00
		100.00	100.00	100.00	100.00 100.00
-----+-----					
Total		3.374e+08	2.732e+08	2.289e+08	37088776 8.766e+08
		38.49	31.17	26.11	4.23 100.00
		100.00	100.00	100.00	100.00 100.00

74. tab group teen [w=ernwgt], r co;
(frequency weights assumed)

-----+-----			
group		teen	
		adult	teen Total
-----+-----			
<=5.05		5.831e+08	2.935e+08 8.766e+08
		66.52	33.48 100.00
		100.00	100.00 100.00
-----+-----			
Total		5.831e+08	2.935e+08 8.766e+08
		66.52	33.48 100.00
		100.00	100.00 100.00

75. tab group hisp [w=ernwgt], r co;
(frequency weights assumed)

-----+-----			
group		hisp	
		non-hisp	hispanic Total
-----+-----			
<=5.05		7.515e+08	1.198e+08 8.714e+08
		86.25	13.75 100.00
		100.00	100.00 100.00
-----+-----			
Total		7.515e+08	1.198e+08 8.714e+08
		86.25	13.75 100.00
		100.00	100.00 100.00

76. tab group sex [w=ernwgt], r co;
(frequency weights assumed)

-----+-----			
group		Sex	
		Male	Female Total
-----+-----			
<=5.05		3.426e+08	5.340e+08 8.766e+08
		39.08	60.92 100.00
		100.00	100.00 100.00
-----+-----			
Total		3.426e+08	5.340e+08 8.766e+08
		39.08	60.92 100.00
		100.00	100.00 100.00

77. tab group prim [w=ernwgt], r co;
(frequency weights assumed)

group	prim		Total
	0	1	
<=5.05	6.383e+08	2.383e+08	8.766e+08
	72.81	27.19	100.00
	100.00	100.00	100.00
Total	6.383e+08	2.383e+08	8.766e+08
	72.81	27.19	100.00
	100.00	100.00	100.00

78. tab group ethgen [w=ernwgt], r co;
(frequency weights assumed)

group	ethgen				Total
	hispmale	hispfem	nonhisp	nonhisfe	
<=5.05	60668738	59142320	2.809e+08	4.707e+08	8.714e+08
	6.96	6.79	32.23	54.02	100.00
	100.00	100.00	100.00	100.00	100.00
Total	60668738	59142320	2.809e+08	4.707e+08	8.714e+08
	6.96	6.79	32.23	54.02	100.00
	100.00	100.00	100.00	100.00	100.00

79. tab group racegen [w=ernwgt], r co;
(frequency weights assumed)

group	racegen					Total
	whtmale	whtfem	blkfem	blkmale	Asmale	
<=5.05	2.790e+08	4.162e+08	93001078	48210270	7921551	8.645e+08
	32.28	48.14	10.76	5.58	0.92	100.00
	100.00	100.00	100.00	100.00	100.00	100.00
Total	2.790e+08	4.162e+08	93001078	48210270	7921551	8.645e+08
	32.28	48.14	10.76	5.58	0.92	100.00
	100.00	100.00	100.00	100.00	100.00	100.00

group	racegen	
	Asfem	Total
<=5.05	20116860	8.645e+08
	2.33	100.00
	100.00	100.00

```

-----+-----+-----
Total | 20116860 | 8.645e+08
      |      2.33 |      100.00
      |      100.00 |      100.00

```

80. sum faminc if group==1 [w=ernwgt], detail;
(analytic weights assumed)

Total family income

```

-----+-----+-----
Percentiles      Smallest
1%              0          0
5%             4200         0
10%            6600         0      Obs          948
25%           13700         0      Sum of Wgt.  876596864

50%           31177         0      Mean          41173.05
                        Largest      Std. Dev.      42340.85
75%           54370        343233
90%           85485        343233      Variance      1.79e+09
95%          109532        361952      Skewness      3.448866
99%          179110        390381      Kurtosis     22.42053

```

81. sum poor if poor==0 & group==1 & age>20 [w=ernwgt];
(analytic weights assumed)

Variable	Obs	Weight	Mean	Std. Dev.	Min	Max
poor	139	125226490	0	0	0	0

82. sum pov200 if pov200==1 & group==1 & age>20 [w=ernwgt];
(analytic weights assumed)

Variable	Obs	Weight	Mean	Std. Dev.	Min	Max
pov200	306	287912319	1	0	1	1

83. sum contrib if group==1 [w=ernwgt];
(analytic weights assumed)

Variable	Obs	Weight	Mean	Std. Dev.	Min	Max
contrib	926	856269932	.4590459	.408759	0	1.02656

84. sum group if group==1 [w=ernwgt];
(analytic weights assumed)

Variable	Obs	Weight	Mean	Std. Dev.	Min	Max
group	948	876596864	1	0	1	1

85. sum group if group==1 & sole==1 [w=ernwgt];

(analytic weights assumed)

Variable	Obs	Weight	Mean	Std. Dev.	Min	Max
group	150	137944076	1	0	1	1

86. tab Realken poor [w=ernwgt], r co;
(frequency weights assumed)

Realken	poor			Total
Realken	blwpov	pov-200p	abv200	
1	2.983e+08	4.660e+08	1.081e+09	1.845e+09
	16.17	25.25	58.58	100.00
	100.00	100.00	100.00	100.00
Total	2.983e+08	4.660e+08	1.081e+09	1.845e+09
	16.17	25.25	58.58	100.00
	100.00	100.00	100.00	100.00

87. tab Realken demogr [w=ernwgt], r co;
(frequency weights assumed)

Realken	demogr					Total
Realken	marrfe	marrma	singnoch	singch	teen	
1	4.138e+08	2.047e+08	4.794e+08	2.260e+08	5.215e+08	1.845e+09
	22.42	11.09	25.98	12.25	28.26	100.00
	100.00	100.00	100.00	100.00	100.00	100.00
Total	4.138e+08	2.047e+08	4.794e+08	2.260e+08	5.215e+08	1.845e+09
	22.42	11.09	25.98	12.25	28.26	100.00
	100.00	100.00	100.00	100.00	100.00	100.00

88. tab Realken race [w=ernwgt], r co;
(frequency weights assumed)

Realken	Race				Total
Realken	white	black	AI/NA	Asian	
1	1.497e+09	2.673e+08	22857875	58242028	1.845e+09
	81.12	14.49	1.24	3.16	100.00
	100.00	100.00	100.00	100.00	100.00
Total	1.497e+09	2.673e+08	22857875	58242028	1.845e+09
	81.12	14.49	1.24	3.16	100.00
	100.00	100.00	100.00	100.00	100.00

89. tab Realken educ [w=ernwgt], r co;
(frequency weights assumed)

Realken	educ				Total
	<hs	hs	>hs,<col	>=coll	
1	6.399e+08	6.133e+08	5.075e+08	84596615	1.845e+09
	34.68	33.24	27.50	4.58	100.00
	100.00	100.00	100.00	100.00	100.00
Total	6.399e+08	6.133e+08	5.075e+08	84596615	1.845e+09
	34.68	33.24	27.50	4.58	100.00
	100.00	100.00	100.00	100.00	100.00

90. tab Realken teen [w=ernwgt], r co;
(frequency weights assumed)

Realken	teen		Total
	adult	teen	
1	1.324e+09	5.215e+08	1.845e+09
	71.74	28.26	100.00
	100.00	100.00	100.00
Total	1.324e+09	5.215e+08	1.845e+09
	71.74	28.26	100.00
	100.00	100.00	100.00

91. tab Realken hisp [w=ernwgt], r co;
(frequency weights assumed)

Realken	hisp		Total
	non-hisp	hispanic	
1	1.549e+09	2.885e+08	1.837e+09
	84.29	15.71	100.00
	100.00	100.00	100.00
Total	1.549e+09	2.885e+08	1.837e+09
	84.29	15.71	100.00
	100.00	100.00	100.00

92. tab Realken sex [w=ernwgt], r co;
(frequency weights assumed)

Realken	Sex		Total
	Male	Female	
1	7.444e+08	1.101e+09	1.845e+09
	40.34	59.66	100.00
	100.00	100.00	100.00

Total		7.444e+08	1.101e+09		1.845e+09
		40.34	59.66		100.00
		100.00	100.00		100.00

93. tab Realken prim [w=ernwgt], r co;
(frequency weights assumed)

Realken		prim			Total
		0	1		
1		1.304e+09	5.418e+08		1.845e+09
		70.64	29.36		100.00
		100.00	100.00		100.00
Total		1.304e+09	5.418e+08		1.845e+09
		70.64	29.36		100.00
		100.00	100.00		100.00

94. tab Realken ethgen [w=ernwgt], r co;
(frequency weights assumed)

Realken		ethgen					Total
		hispmale	hispfem	nonhisp	nonhisfe		
1		1.509e+08	1.376e+08	5.919e+08	9.567e+08		1.837e+09
		8.21	7.49	32.22	52.08		100.00
		100.00	100.00	100.00	100.00		100.00
Total		1.509e+08	1.376e+08	5.919e+08	9.567e+08		1.837e+09
		8.21	7.49	32.22	52.08		100.00
		100.00	100.00	100.00	100.00		100.00

95. tab Realken racegen [w=ernwgt], r co;
(frequency weights assumed)

Realken		racegen						Total
		whtmale	whtfem	blkfem	blkmale	Asmale		
1		6.152e+08	8.817e+08	1.700e+08	97386569	20694165		1.822e+09
		33.76	48.38	9.33	5.34	1.14		100.00
		100.00	100.00	100.00	100.00	100.00		100.00
Total		6.152e+08	8.817e+08	1.700e+08	97386569	20694165		1.822e+09
		33.76	48.38	9.33	5.34	1.14		100.00
		100.00	100.00	100.00	100.00	100.00		100.00

Realken		racegen	
		Asfem	Total

1		37547863		1.822e+09
		2.06		100.00
		100.00		100.00
-----+				
Total		37547863		1.822e+09
		2.06		100.00
		100.00		100.00

96. sum faminc if Realken==1 [w=ernwgt], detail;
(analytic weights assumed)

Total family income			

Percentiles	Smallest		
1%	100	0	
5%	4870	0	
10%	8000	0	Obs 2022
25%	14562	0	Sum of Wgt. 1.8454e+09
50%	31006		Mean 41409.78
		Largest	Std. Dev. 41948.53
75%	54900	380594	
90%	81545	390381	Variance 1.76e+09
95%	107260	394080	Skewness 3.653372
99%	188742	405821	Kurtosis 24.9736

97. sum poor if poor==0 & Realken==1 & age>20 [w=ernwgt];
(analytic weights assumed)

Variable	Obs	Weight	Mean	Std. Dev.	Min	Max
-----+						
poor	267	228353938	0	0	0	0

98. sum pov200 if pov200==1 & Realken==1 & age>20 [w=ernwgt];
(analytic weights assumed)

Variable	Obs	Weight	Mean	Std. Dev.	Min	Max
-----+						
pov200	664	600363486	1	0	1	1

99. sum contrib if Realken==1 [w=ernwgt];
(analytic weights assumed)

Variable	Obs	Weight	Mean	Std. Dev.	Min	Max
-----+						
contrib	1986	1.8130e+09	.481483	.4025631	0	1.02656

100. sum Realken if Realken==1 [w=ernwgt];
(analytic weights assumed)

Variable	Obs	Weight	Mean	Std. Dev.	Min	Max
-----+						

Variable	Obs	Weight	Mean	Std. Dev.	Min	Max
Realken	349	304917664	1	0	1	1

101. sum Realken if Realken==1 & sole==1 [w=ernwgt];
(analytic weights assumed)

Variable	Obs	Weight	Mean	Std. Dev.	Min	Max
Realken	349	304917664	1	0	1	1

102. tab all poor [w=ernwgt], r co;
(frequency weights assumed)

	all	poor				
		blwpov	pov-200p	abv200	Total	
1	6.354e+08	1.688e+09	8.993e+09	1.132e+10		
	5.61	14.92	79.47	100.00		
	100.00	100.00	100.00	100.00		
Total	6.354e+08	1.688e+09	8.993e+09	1.132e+10		
	5.61	14.92	79.47	100.00		
	100.00	100.00	100.00	100.00		

103. tab all demogr [w=ernwgt], r co;
(frequency weights assumed)

	all	demogr					
		marrfe	marrma	singnoch	singch	teen	Total
1	2.889e+09	3.546e+09	3.085e+09	9.781e+08	8.175e+08	1.132e+10	
	25.53	31.34	27.26	8.64	7.22	100.00	
	100.00	100.00	100.00	100.00	100.00	100.00	
Total	2.889e+09	3.546e+09	3.085e+09	9.781e+08	8.175e+08	1.132e+10	
	25.53	31.34	27.26	8.64	7.22	100.00	
	100.00	100.00	100.00	100.00	100.00	100.00	

104. tab all race [w=ernwgt], r co;
(frequency weights assumed)

	all	Race				
		white	black	AI/NA	Asian	Total
1	9.520e+09	1.306e+09	76194764	4.146e+08	1.132e+10	
	84.12	11.54	0.67	3.66	100.00	
	100.00	100.00	100.00	100.00	100.00	
Total	9.520e+09	1.306e+09	76194764	4.146e+08	1.132e+10	
	84.12	11.54	0.67	3.66	100.00	
	100.00	100.00	100.00	100.00	100.00	

105. tab all educ [w=ernwgt], r co;
(frequency weights assumed)

	all	educ				Total
		<hs	hs	>hs,<col	>=coll	
1	1.520e+09	3.683e+09	3.337e+09	2.777e+09	1.132e+10	
	13.43	32.54	29.49	24.54	100.00	
	100.00	100.00	100.00	100.00	100.00	
Total	1.520e+09	3.683e+09	3.337e+09	2.777e+09	1.132e+10	
	13.43	32.54	29.49	24.54	100.00	
	100.00	100.00	100.00	100.00	100.00	

106. tab all teen [w=ernwgt], r co;
(frequency weights assumed)

	all	teen		Total
		adult	teen	
1	1.050e+10	8.175e+08	1.132e+10	
	92.78	7.22	100.00	
	100.00	100.00	100.00	
Total	1.050e+10	8.175e+08	1.132e+10	
	92.78	7.22	100.00	
	100.00	100.00	100.00	

107. tab all hisp [w=ernwgt], r co;
(frequency weights assumed)

	all	hisp		Total
		non-hisp	hispanic	
1	1.011e+10	1.159e+09	1.127e+10	
	89.72	10.28	100.00	
	100.00	100.00	100.00	
Total	1.011e+10	1.159e+09	1.127e+10	
	89.72	10.28	100.00	
	100.00	100.00	100.00	

108. tab all sex [w=ernwgt], r co;
(frequency weights assumed)

	all	Sex		Total
		Male	Female	
1	5.877e+09	5.440e+09	1.132e+10	

		51.93	48.07		100.00
		100.00	100.00		100.00

Total		5.877e+09	5.440e+09		1.132e+10
		51.93	48.07		100.00
		100.00	100.00		100.00

109. tab all prim [w=ernwgt], r co;
(frequency weights assumed)

		prim		
all		0	1	Total

1		5.237e+09	6.080e+09	1.132e+10
		46.27	53.73	100.00
		100.00	100.00	100.00

Total		5.237e+09	6.080e+09	1.132e+10
		46.27	53.73	100.00
		100.00	100.00	100.00

110. tab all ethgen [w=ernwgt], r co;
(frequency weights assumed)

		ethgen				
all		hispmale	hispfem	nonhisp	nonhisfe	Total

1		6.882e+08	4.709e+08	5.168e+09	4.946e+09	1.127e+10
		6.10	4.18	45.84	43.87	100.00
		100.00	100.00	100.00	100.00	100.00

Total		6.882e+08	4.709e+08	5.168e+09	4.946e+09	1.127e+10
		6.10	4.18	45.84	43.87	100.00
		100.00	100.00	100.00	100.00	100.00

111. tab all racegen [w=ernwgt], r co;
(frequency weights assumed)

		racegen					
all		whtmale	whtfem	blkfem	blkmale	Asmale	Total

1		5.033e+09	4.487e+09	7.071e+08	5.990e+08	2.107e+08	1.124e+10
		44.78	39.91	6.29	5.33	1.87	100.00
		100.00	100.00	100.00	100.00	100.00	100.00

Total		5.033e+09	4.487e+09	7.071e+08	5.990e+08	2.107e+08	1.124e+10
		44.78	39.91	6.29	5.33	1.87	100.00
		100.00	100.00	100.00	100.00	100.00	100.00

	all	racegen Asfem	Total
1	2.040e+08	1.124e+10	
	1.81	100.00	
	100.00	100.00	
Total	2.040e+08	1.124e+10	
	1.81	100.00	
	100.00	100.00	

112. sum faminc if all==1 [w=ernwgt], detail;
(analytic weights assumed)

Total family income				
Percentiles	Smallest			
1%	3207	0		
5%	10057	0		
10%	14984	0	Obs	12593
25%	26628	0	Sum of Wgt.	1.1317e+10
50%	45620		Mean	55685.56
		Largest	Std. Dev.	47931.75
75%	70200	495002		
90%	103550	519184	Variance	2.30e+09
95%	127768	678766	Skewness	3.55834
99%	319773	678766	Kurtosis	24.46197

113. sum poor if poor==0 & all==1 & age>20 [w=ernwgt];
(analytic weights assumed)

Variable	Obs	Weight	Mean	Std. Dev.	Min	Max
poor	613	542580989	0	0	0	0

114. sum pov200 if pov200==1 & all==1 & age>20 [w=ernwgt];
(analytic weights assumed)

Variable	Obs	Weight	Mean	Std. Dev.	Min	Max
pov200	2287	2.0811e+09	1	0	1	1

115. sum contrib if all==1 [w=ernwgt];
(analytic weights assumed)

Variable	Obs	Weight	Mean	Std. Dev.	Min	Max
contrib	12507	1.1243e+10	.636597	.3363971	0	2.110877

116. sum all if all==1 [w=ernwgt];
(analytic weights assumed)

Variable	Obs	Weight	Mean	Std. Dev.	Min	Max
all	12593	1.1317e+10	1	0	1	1

117. sum all if all==1 & sole==1 [w=ernwgt];
(analytic weights assumed)

Variable	Obs	Weight	Mean	Std. Dev.	Min	Max
all	2687	2.4058e+09	1	0	1	1

118. tab pop poor [w=ernwgt], r co;
(frequency weights assumed)

	pop	poor			
		blwpov	pov-200p	abv200	Total
1	2.305e+09	3.803e+09	1.414e+10	2.025e+10	
	11.38	18.78	69.84	100.00	
	100.00	100.00	100.00	100.00	
Total	2.305e+09	3.803e+09	1.414e+10	2.025e+10	
	11.38	18.78	69.84	100.00	
	100.00	100.00	100.00	100.00	

119. tab pop demogr [w=ernwgt], r co;
(frequency weights assumed)

	pop	demogr					
		marrfe	marrma	singnoch	singch	teen	Total
1	5.418e+09	5.679e+09	5.642e+09	1.620e+09	1.892e+09	2.025e+10	
	26.76	28.04	27.86	8.00	9.34	100.00	
	100.00	100.00	100.00	100.00	100.00	100.00	
Total	5.418e+09	5.679e+09	5.642e+09	1.620e+09	1.892e+09	2.025e+10	
	26.76	28.04	27.86	8.00	9.34	100.00	
	100.00	100.00	100.00	100.00	100.00	100.00	

120. tab pop race [w=ernwgt], r co;
(frequency weights assumed)

	pop	Race				
		white	black	AI/NA	Asian	Total
1	1.696e+10	2.389e+09	1.561e+08	7.489e+08	2.025e+10	
	83.73	11.80	0.77	3.70	100.00	
	100.00	100.00	100.00	100.00	100.00	
Total	1.696e+10	2.389e+09	1.561e+08	7.489e+08	2.025e+10	

	83.73	11.80	0.77	3.70		100.00
	100.00	100.00	100.00	100.00		100.00

121. tab pop educ [w=ernwgt], r co;
(frequency weights assumed)

pop	educ	<hs	hs	>hs,<col	>=coll	Total
1	4.385e+09	6.474e+09	5.301e+09	4.090e+09	2.025e+10	
	21.65	31.97	26.18	20.20	100.00	
	100.00	100.00	100.00	100.00	100.00	
Total	4.385e+09	6.474e+09	5.301e+09	4.090e+09	2.025e+10	
	21.65	31.97	26.18	20.20	100.00	
	100.00	100.00	100.00	100.00	100.00	

122. tab pop teen [w=ernwgt], r co;
(frequency weights assumed)

pop	teen	adult	teen	Total
1	1.836e+10	1.892e+09	2.025e+10	
	90.66	9.34	100.00	
	100.00	100.00	100.00	
Total	1.836e+10	1.892e+09	2.025e+10	
	90.66	9.34	100.00	
	100.00	100.00	100.00	

123. tab pop hisp [w=ernwgt], r co;
(frequency weights assumed)

pop	hisp	non-hisp	hispanic	Total
1	1.813e+10	2.018e+09	2.015e+10	
	89.98	10.02	100.00	
	100.00	100.00	100.00	
Total	1.813e+10	2.018e+09	2.015e+10	
	89.98	10.02	100.00	
	100.00	100.00	100.00	

124. tab pop sex [w=ernwgt], r co;
(frequency weights assumed)

	Sex
--	-----

pop	Male	Female	Total
1	9.739e+09	1.051e+10	2.025e+10
	48.09	51.91	100.00
	100.00	100.00	100.00
Total	9.739e+09	1.051e+10	2.025e+10
	48.09	51.91	100.00
	100.00	100.00	100.00

125. tab pop prim [w=ernwgt], r co;
(frequency weights assumed)

pop	prim	0	1	Total
1	1.130e+10	8.949e+09	2.025e+10	
	55.81	44.19	100.00	
	100.00	100.00	100.00	
Total	1.130e+10	8.949e+09	2.025e+10	
	55.81	44.19	100.00	
	100.00	100.00	100.00	

126. tab pop ethgen [w=ernwgt], r co;
(frequency weights assumed)

pop	ethgen	hispmale	hispfem	nonhisp	nonhisfe	Total
1	1.030e+09	9.885e+08	8.662e+09	9.469e+09	2.015e+10	
	5.11	4.91	42.99	47.00	100.00	
	100.00	100.00	100.00	100.00	100.00	
Total	1.030e+09	9.885e+08	8.662e+09	9.469e+09	2.015e+10	
	5.11	4.91	42.99	47.00	100.00	
	100.00	100.00	100.00	100.00	100.00	

127. tab pop racegen [w=ernwgt], r co;
(frequency weights assumed)

pop	racegen	whtmale	whtfem	blkfem	blkmale	Asmale	Total
1	8.233e+09	8.723e+09	1.318e+09	1.071e+09	3.678e+08	2.010e+10	
	40.97	43.41	6.56	5.33	1.83	100.00	
	100.00	100.00	100.00	100.00	100.00	100.00	
Total	8.233e+09	8.723e+09	1.318e+09	1.071e+09	3.678e+08	2.010e+10	
	40.97	43.41	6.56	5.33	1.83	100.00	

	100.00	100.00	100.00	100.00	100.00		100.00
--	--------	--------	--------	--------	--------	--	--------

	pop	racegen Asfem	Total
1	3.811e+08	2.010e+10	
	1.90	100.00	
	100.00	100.00	
Total	3.811e+08	2.010e+10	
	1.90	100.00	
	100.00	100.00	

128. sum faminc if pop==1 [w=ernwgt], detail;
(analytic weights assumed)

Total family income			
Percentiles	Smallest		
1%	0	-824	
5%	5820	-824	
10%	9394	-693	Obs 23180
25%	19378	-437	Sum of Wgt. 2.0251e+10
50%	37900		Mean 50116.78
		Largest	Std. Dev. 51626.14
75%	64629	678766	
90%	100081	678766	Variance 2.67e+09
95%	126701	688872	Skewness 3.819625
99%	324426	688872	Kurtosis 26.34102

129. sum poor if poor==0 & pop==1 & age>20 [w=ernwgt];
(analytic weights assumed)

Variable	Obs	Weight	Mean	Std. Dev.	Min	Max
poor	2263	1.9621e+09	0	0	0	0

130. sum pov200 if pov200==1 & pop==1 & age>20 [w=ernwgt];
(analytic weights assumed)

Variable	Obs	Weight	Mean	Std. Dev.	Min	Max
pov200	6251	5.4049e+09	1	0	1	1

131. sum contrib if pop==1 [w=ernwgt];
(analytic weights assumed)

Variable	Obs	Weight	Mean	Std. Dev.	Min	Max
contrib	18976	1.6785e+10	.5025058	.4023095	-9.009009	2.764706

132. sum pop if pop==1 [w=ernwgt];

(analytic weights assumed)

Variable	Obs	Weight	Mean	Std. Dev.	Min	Max
pop	23180	2.0251e+10	1	0	1	1

133. sum pop if pop==1 & sole==1 [w=ernwgt];

(analytic weights assumed)

Variable	Obs	Weight	Mean	Std. Dev.	Min	Max
pop	3335	2.9490e+09	1	0	1	1

134. gen new=wage if wage<5.05 & wage>=4.40;

(98454 missing values generated)

135. sum new [w=ernwgt];

(analytic weights assumed)

Variable	Obs	Weight	Mean	Std. Dev.	Min	Max
new	757	695933611	4.887252	.1593881	4.4	5

end of do-file

Stata Corporation
 702 University Drive East
 College Station, Texas 77840
 409-696-4600, fax 409-696-4601

Kennedy fund

7.25 → 2002

Assuming
Constant Real
Wage
w/o D.Eff

Assuming
wage ↓
- .5/yr
w/o D.Eff

Disemployment Effect
Rel to No Min
Wage Δ

w & w/o need increase = ...

deflate

5.05

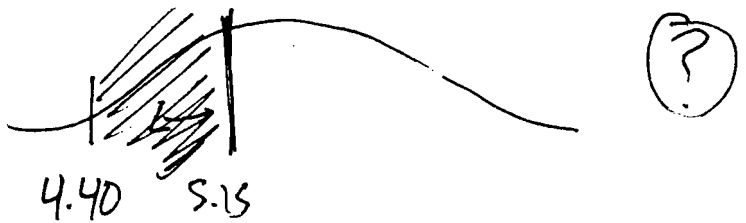
those btwn
5.15 and 6.40 → 6.25
are the real
increase
get 3% disemp
on there
⇒ need
those #s
of people

no min wage Δ
⇒ 5.15 by Sept
2002 deflated
to 1996 =

$$\frac{5.15}{(1.028)^2 (1.027) (1.025) (1.022) (1.023)} = 4.42$$

anyone now earning ≤ 4.42
would

no min wage Δ ⇒ will sweep in



* disemp - 3% not an upper bound

disemp: ~~0.02 0.03 0.04 0.05~~ 0 - x
in text
↳ by
subcut
maximal
effect where we've been.
↳ 3%
↳ ~~the range~~