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001. schedule	Schedule for Hillary Rodham Clinton (partial) (3 pages)	09/28/99	P6/b(6)

COLLECTION:

Clinton Presidential Records
First Lady's Office
Ruby Shamir (Subject Files)
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FOLDER TITLE:

Minimum Wage [1]

2012-0565-S
ry1263

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
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BACKGROUND ON THE MINIMUM WAGE AND LEGISLATIVE STATUS
October 22, 1999

Administration Proposal
The President's proposal – outlined in his 1999 State of the Union Address – is to increase the minimum wage by $1 over two years. Senator Kennedy is the chief champion of this in the Senate, and Senator Bonior is the chief proponent in the House.

Legislative Status
In the Senate, prospects for this measure are uncertain at best. Senator Kennedy is still aggressively seeking a vehicle on which to attach his minimum wage proposal. Bankruptcy remains a possibility, as does the Africa Free Trade Agreement.

In the House, there are two live minimum wage proposals (see attached side-by-side chart). Rep. Bonior's bill mirrors the Administration's proposal, $1 increase over two years. He recently filed a discharge petition on his bill that includes a placeholder for a small tax cut. While the details have not been unveiled, the tax cuts are projected to cost roughly $8 billion over five years, fully offset with tax raisers. The other bill, H.R. 3081, sponsored by Reps. Lazio (R-NY) and Shimkus (R-IL), raises the minimum wage by $1 over three years, and includes significant tax cuts, as well, such as an estate tax cut, an increase for the write-off for business meals, added tax breaks for pensions, etc. This bill is scored at $35 billion over 5 years by the Joint Tax Committee and at $97 billion over 10 years by the Committee for Tax Justice – and is not paid for. The Lazio-Shimkus measure has about four Democrats as co-sponsors, but a group of moderate Republicans, such as Quinn (R-NY), from districts with strong labor contingents reportedly favor the Bonior increase. While unlikely, the bills could reach the floor next week.

General Background
The Adminsitration's proposal to increase the minimum wage by $1 in two equal steps -- combined with the previous increase -- 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.)

The minimum wage is not enough to make ends meet for many families. Working 40 hours a week, 52 weeks a year, a minimum wage worker still earns just $10,712 a year – below the poverty level for a family of four. Additionally, in 1979, a single mother working full time earned enough to lift her family out of poverty; by 1998, that same family would be 18 percent below the poverty line. For more than 11 million American workers and their families, a one-dollar increase would mean another $2,000 a year, which, for a family of four, would buy groceries for over seven months or pay the rent for over 5 months. Seventy percent of those who would benefit are adults, age 20 and over and it is estimated that the average minimum wage worker brings home half of their household's earnings.

More than 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.

Since the last increase was signed into law by President Clinton (which boosted the minimum wage by 90 cents over two years from $4.25 to $5.15), well over 8 million new jobs have been added. More than one million (1.12 million) new retail jobs have been added. Unemployment has also declined significantly over the same period. The August 1999 unemployment rate of 4.2 percent is at its lowest rate in nearly 30 years. African-Americans are experiencing a near historic low unemployment rate at 7.8– down from 10.6 percent in September 1996. Unemployment for Hispanics has dropped from 8.3 percent to 6.5 percent. For high school dropouts, unemployment dropped from 8.2 percent to 6.4 percent. Teenage unemployment declined from 15.7 percent to 13.5 percent. African-American teen unemployment went from 33 percent to 28.6 percent. Employment has increased dramatically as well. Employment among African-American women has risen from 57.2 percent to 64.7 percent. And employment for welfare recipients and single mothers with children is continuing to climb, at least partly because of policies that "make work pay" such as a higher minimum wage. According to CEA, the minimum wage increases during this Administration accounted for 10 –16 percent of the 2.7 million reduction in welfare recipients between 1996 - 1998.

Raising the minimum wage is one part of a strategy to reduce poverty that also includes the Earned Income Tax Credit. Between 1993 and 1997, the income families with two children and one minimum wage earner who worked full-time rose by $2,761 because of the expansion of the EITC and the previously enacted increase in the minimum wage.

Minimum Wage Report

At the event in which you participated on Capitol Hill on September 28, 1999, the Economic Policy Institute released a report showing that the majority of beneficiaries of an increase in the minimum wage are women (60 percent) and that one million of them are single mothers (report attached). The report provided a state-by-state breakdown revealing that the states with the largest numbers of women who would receive a raise if the minimum wage were increased by a dollar are: Texas (669,000 affected women), California (572,000 affected women), Florida (414,000 affected women), New York (372,000 affected women), Ohio (345,000 affected women), and Pennsylvania (338,000 affected women).

The report also provided data on the age ranges, racial background, types of employment, union status and parental status of women affected by an increase in the minimum wage. The study reports that the majority of women affected are adults (over 75 percent) and that many of the women work in retail (44 percent) and other service related industries. The report also reveals that the vast majority of women directly affected by a dollar increase in the minimum wage are not represented by unions (over 96 percent).

Minimum Wage and Tax Bills	
Lazio-Shimkus H.R. 3081, introduced October 14	**Bonior** Confidential draft, yet to be announced
Minimum Wage: Raises the minimum wage $1 over *3* years, effective April 1, 2000, and increasing April 1, 2001, and April 1, 2002	**Minimum Wage:** Raises the minimum wage $1 over *2* years
Tax Cuts: Cut the top estate tax rate from 55% to 48%, eliminate the 5% surtax that recaptures the benefits of the lower estate tax rates, reduce other estate tax rates by 2 percentage points, and replace the credit against estate taxes with an exemption (worth more to the largest estates). $16.3 billion Increase the write-off for business meals to *60%* of cost from 50% under current law. $5.2 billion Added tax breaks for pensions and 401(k) plans. $5.1 billion Speed up the date for allowing 100% of self-employed health insurance to be deducted. $2.9 billion Increase and accelerates the expensing of capital outlays. $1.9 billion Extend the work opportunity and welfare to work business tax credits. $1.3 billion Expand enterprise zones. $576 million Expand the tax credit for investors in low-income housing $515 million Augment tax breaks for private tax-exempt bonds. $430 million Reforestation incentives for timber companies. $104 million Other, smaller provisions	**Tax Cuts:** Increase the write-off for business meals to *65%* of cost from 50% under current law *for small businesses smaller than $5 million in assets.* Section 415 pension change sought by AFL-CIO. Speed up the date for allowing 100% of self-employed health insurance to be deducted. Small business expensing to $30,000. Extend the work opportunity and welfare to work business tax credits. Congressman Abercrombie's bill (H.R.1688) to restore the deduction for the travel expenses of a taxpayer's spouse who accompanies the taxpayer on business travel.
Offsets: Not offset.	**Offsets:** Completely offset with provisions from vetoed Republican tax bill and Congressman Doggett's bill (H.R. 618) on corporate tax shelters
Overall Cost: $35 billion over 5 years (Joint Tax Comm.) $97 billion over 10 (Comm. for Tax Justice)	**Overall Cost:** (without offsets) About $7 billion over 5 years (Joint Tax Comm.)

EPI Issue Brief

Issue Brief #133 Economic Policy Institute September tk, 1999

THE MINIMUM WAGE INCREASE:
A Working Woman's Issue

by Jared Bernstein, Heidi Hartmann, and John Schmitt

As Congress considers raising the federal minimum wage from its current level of $5.15 per hour to $6.15, it is important to understand who will benefit from this increase. An analysis of low-wage workers shows that the main beneficiaries of this one-dollar increase would be working women, almost one million of whom are single mothers. In fact, of the 11.8 million workers who would receive a pay increase as the result of this higher minimum wage, 58% would be women, simply because, as a group, they earn lower wages than men. As a result, a minimum wage increase would help to reduce the overall pay gap between women and men.

Since the minimum wage is not indexed to inflation, when Congress fails to raise the minimum wage, these workers' purchasing power declines, as was the case over the 1980s. Even with the two increases thus far in the 1990s, the minimum wage remains 19% below its inflation-adjusted 1979 level. This decline in the minimum wage helps to explain the growth of wage inequality and the diminished earnings of low-wage female workers over the last two decades.

In 1979, a woman working at the minimum wage earned 70% of the hourly wage of the median female worker (the woman right in the middle of the female wage scale). By 1998, that ratio had fallen to 52%. Similarly, in 1979 a single mother working full time at the minimum wage earned enough to lift a family of three (herself and two children) above the poverty line. By 1998, however, the same family would be 18% below the poverty line.[1]

Table 1 shows the number and the share of working women in 1998 – nationally and in each state – that would benefit from the proposed increase. About 7 million women nationally – 12.6% of all working women – earn between $5.15 and $6.14, the wage range that would be directly affected by an increase in the federal minimum wage.[2] In lower-wage states, the share of women that would benefit from the proposed increase is typically higher than the national average. For example, one-fifth or more of working women would receive a raise

TABLE 1
Female workers, by state, who would benefit from proposed minimum wage increase, 1998
(in thousands)

State	Share of Female Workers*	Number
NORTHEAST	**10.5%**	**1,139**
Maine	14.1	36
New Hampshire	8.6	23
Vermont	10.1	14
Massachusetts	8.6	119
Rhode Island	12.2	26
Connecticut	7.3	53
New York	10.4	372
New Jersey	8.9	157
Pennsylvania	13.6	338
MIDWEST	**12.2%**	**1,654**
Ohio	14.7	345
Indiana	10.2	127
Illinois	11.6	297
Michigan	11.5	235
Wisconsin	9.8	121
Minnesota	8.7	94
Iowa	14.2	93
Missouri	12.7	152
North Dakota	19.0	28
South Dakota	18.8	30
Nebraska	14.8	55
Kansas	14.0	77
SOUTH	**15.3%**	**2,974**
Delaware	10.4	17
Maryland	8.9	101
D.C.	NA	NA
Virginia	11.0	157
West Virginia	22.5	70
North Carolina	12.0	190
South Carolina	17.8	154
Georgia	13.3	224
Florida	14.1	414
Kentucky	16.5	130
Tennessee	13.5	156
Alabama	19.1	170
Mississippi	21.1	110
Arkanses	21.9	106
Louisiana	20.2	170
Oklahoma	20.0	128
Texas	17.0	668
WEST	**10.4%**	**1,210**
Montana	20.8	35
Idaho	15.9	38
Wyoming	18.3	17
Colorado	8.6	77
New Mexico	16.1	50
Arizona	15.4	134
Utah	14.1	60
Nevada	8.7	31
Washington	9.4	109
Oregon	7.7	51
California	9.4	572
Alaska	NA	NA
Hawaii	12.2	31
U.S.	12.6%	6,977

* As share of female workforce.
Source: EPI analysis of 1998 CPS data.

after a one-dollar increase in the federal minimum in the following states: West Virginia (22.5%), Arkansas (21.9%), Mississippi (21.1%). Montana (20.8%), Louisiana (20.2%), and Oklahoma (20.0%). The states with the largest numbers of working women who would benefit from the increase are: Texas (669,000), California (572,000), Florida (414,000), New York (372,000), Ohio (345,000), and Pennsylvania (338,000).

Table 2 helps provide a clearer picture of the low-wage women who would benefit from the proposed increase (see column 1). The vast majority (75.3%) of these women are adults (age 20 or older). Although most low-wage women workers are white (65.4%), African American and Hispanic women are overrepresented in low-

TABLE 2
Characteristics of female workers by wage range, 1998

Characteristic	Affected directly by increase ($5.15-$6.14)	Other low-wage workers ($6.15-$7.14)	$7.15 and above	All
Average wage	$5.64	$6.70	$14.65	$12.18
Employment	6,976,792	5,668,877	40,076,797	55,497,227
Share of total	12.6%	10.2%	72.2%	100.0%
Demographics				
Teens (16-19)	24.7%	11.0%	1.4%	6.2%
20+	75.3%	89.0%	98.6%	93.8%
White	65.4%	67.5%	76.6%	73.6%
Black	16.2%	16.2%	12.0%	13.1%
Hispanic	14.4%	12.2%	7.1%	9.0%
Work Hours				
Full time (35+)	44.9%	63.8%	82.2%	74.0%
Part time				
20-34 hours	35.0%	25.6%	13.1%	18.1%
1-19 hours	20.0%	10.5%	4.7%	7.9%
Industry				
Manufacturing	8.4%	10.3%	12.3%	11.4%
Retail trade	44.0%	31.2%	11.4%	18.6%
Occupation				
Sales	28.3%	20.2%	8.7%	12.7%
Cashiers	16.4%	8.5%	1.3%	4.2%
Services	32.5%	25.9%	9.3%	15.0%
Food preparation	16.1%	9.9%	3.1%	6.1%
Union Membership				
Union	3.9%	6.5%	16.2%	13.1%
Nonunion	96.1%	93.5%	83.8%	86.9%

Note: "Affected directly by the increase" indicates those workers who earn between the minimum wage in their state and the proposed new level ($6.15).

Source: EPI analysis of 1998 CPS data.

wage jobs. African American women are 13.1% of all women workers (see the last column of Table 2), but 16.2% of those in the range affected by the minimum wage increase; Hispanic women are 9.0% of all women workers, but 14.4% of low-wage women. Close to half (44.9%) of the female workers in the affected range work full time (35 or more hours a week), and another 35.0% work between 20 and 34 hours per week.

The next few rows of Table 2 show the industries and occupations where low-wage women tend to find work. An analysis by industry shows that most low-wage females are concentrated in retail trade, which employs 44.0% of those in the affected range. In contrast, a much smaller share of low-wage women work in the higher-paying manufacturing sector (8.4%). An analysis by occupation reveals that 28.3% of low-wage women are sales workers, with 16.4% working as cashiers. One-third of these women (32.5%) work in service occupations such as food preparation (16.1%). Finally, just under 4% of low-wage women are covered by collective bargaining through a union, in contrast to 16.2% of women earning $7.15 or more per hour.

Table 3 examines the parental status of those workers aged 18-64 who are in the affected wage range. Parents with children under 18 years old represent 33% of the beneficiaries of the proposed increase. Almost one million (967,000) single mothers would receive a pay increase as a result of a one-dollar rise in the minimum wage. More than two million married men and women with children would benefit from the proposed increase (and within these married couple families, women are disproportionately the direct beneficiaries).

All of the evidence suggests that the minimum wage increase is well targeted, providing significant benefits to poor and middle-income households. **Table 4** shows that about 18% of the benefits of a one-dollar increase would go to households with incomes below $10,000 per year; another 32% of the benefits would go to households with annual incomes between $10,000 and $25,000. In total, households making less than $25,000 a year would receive half of the benefits of a one-dollar increase. Among the affected single mothers shown in Table 3, 85% have house-

TABLE 3
Parental status of affected workforce, age 18-64, 1998 (in thousands)

	Number	Percent
Working parents with children		
Married couple	2,142	22.1%
Married female	1,457	15.0
Married male	685	7.1
Single parents	1,056	10.9%
Single female	967	10.0
Single male	89	0.9
Workers without children under 18*		
All	6,507	67.1%
Female	3,486	35.9
Male	3,021	31.1

* Includes single individuals and childless couples.

Source: EPI analysis of 1998 CPS data.

TABLE 4
Share of gains from proposed increase by household income level, 1998

Less than $10,000	18.1%
$10,000 - 25,000	32.0
$25,000 - 35,000	14.9
$35,000 - 50,000	13.6
$50,000+	21.4

Source: 1998 CPS data. Sample excludes nonworkers. For those in the affected range, gains are calculated as the difference between current earnings and the new level (by state). This value is multiplied by weekly hours and summed across each income group.

hold incomes below $25,000, underscoring the importance of the policy for these low-wage and low-income families.

Conclusion

Those who oppose raising the minimum wage typically argue that the increase will force employers to fire, or hire fewer of, those workers affected by the increase. The evidence, however, fails to support this claim.[3] Since the last increase, in late 1996 and 1997, employment rates of low-wage workers, and particularly single mothers, have increased dramatically, as the strong economy has bolstered demand in the low-wage labor market. In this regard, one of the main policy lessons from the current recovery is that the macroeconomy is the key determinant of employment opportunity for low-wage workers, most of whom are women. But, as the above evidence shows, the wage that these women receive is very much a function of where the minimum wage is set by Congress. Disregarding this reality can only serve to swell the ranks of the working poor. Raising the minimum wage will help to raise the incomes of many low-income families, especially those headed by single mothers.

Research assistance from Danielle Gao. Chauna Brocht provided helpful comments.

The Economic Policy Institute and the Institute for Women's Policy Research are grateful to The Annie E. Casey Foundation, Charles Stewart Mott Foundation, the Ford Foundation, The John D. and Catherine T. MacArthur Foundation, The Rockefeller Family Fund, and The Rockefeller Foundation for their support of this work.

Endnotes

1. If we deduct the costs incurred in working full time for a single mother (e.g., child care and transportation), the family's disposable income would fall further below the poverty line. By the same token, if we add the cash value of food stamps and the earned income tax credit, the gross income of the 1998 family would be above the poverty line. But if both work costs and government assistance are considered, family income still falls below the poverty line.

2. More precisely, affected workers in this report are those who earn between the maximum of either their state's minimum or $5.15, at the lower end, and the proposed new minimum wage, at the upper end. About 4.8 million men, or 7.9% of all working men, are in this range.

3. For a detailed analysis of the employment impact of the 1996-97 increase, see *Making Work Pay*, Bernstein and Schmitt, Economic Policy Institute (1998).

National Journal

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MONDAY **TUESDAY OCT. 19, 1999** WEDNESDAY THURSDAY FRIDAY

Mods May Challenge GOP Leaders Over Min. Wage Deal

TAXES

HOUSE GOP LEADERS, who until now have tried to keep their distance from a bipartisan proposal to increase the minimum wage, will try to intervene today to rescue the endangered bipartisan package and bring it to the floor this week. But a large group of mainly moderate GOP members from districts with strong labor contingents is scheduled to meet with **House Speaker Hastert** and **Majority Leader Armey** today to voice their concerns about the compromise package, which includes a wage hike of $1 an hour spread out over three years and a $35 billion tax cut component.

Rep. Ray LaHood, R-Ill., said 37 members planned to attend, including many who voted for a wage hike during the last Congress. LaHood said his main concern was that this year's proposed wage hike was "rinky-dink." **Rep. Jack Quinn**, R-N.Y., a leading moderate on the issue, said, "To get three years, I'm not sure that a dollar is enough right now."

GOP leaders are hoping to avoid disrupting a fragile bipartisan compromise worked out between **Reps. Rick Lazio**, R-N.Y., **John Shimkus**, R-Ill., **Robert (Bud) Cramer**, D-Ala., and **Gary Condit**, D-Calif. But they also cannot afford to ignore a significant faction of their own ranks, many of whom appear closer to the Democratic position on the issue.

Quinn also expressed concerns about the tax package, saying he favored keeping it as simple as continued on page 14

GOP To Move Stopgap Spending Bill

APPROPRIATIONS

HOUSE LEADERS plan to take a one-week continuing resolution and a motion to instruct conferees on the revised District of Columbia spending bill to the floor today, so they can attach the pending Labor-HHS pre-conference agreement to the D.C. conference report — rather than put the politically explosive Labor-HHS bill marked up by the House Appropriations panel to a separate vote.

The next CR will again provide for continued funding at FY99 levels, without any riders, and will last through Oct. 29. Whether that will be enough time to finish the FY2000 process "depends on how many vetoes we get," **House Appropriations Chairman Young** said Monday.

White House Press Secretary Joe Lockhart Monday insisted that any new CR encompass "days, not weeks."

But, despite the insistence on a tight schedule, Lockhart downplayed the possibility of a government shutdown.

"There is no scenario where we believe it's in anyone's interest to shut the government down," Lockhart said, calling the prospect "highly unlikely."

Lockhart also indicated Monday that despite President Clinton's longstanding desire to include Medicare and Social Security reform in a comprehensive budget deal, appropriations matters would be the first order of business at today's budget powwow at the White House.

"The president has always insisted that that's his preference," Lockhart said concerning Clinton's wish to wrap Medicare and Social Security into the budget framework.

"He will continue to make the case for the overall reforms and plans he's made," Lockhart added. "But we are going to have to deal with these appropriations issues and we are going to have to come to some solution because we can't continually put the deadline off."

Also up in the air, as congressional leaders prepare for their sitdown with the president later today, is whether Republicans will be forced to negotiate an omnibus continued on page 12

TODAY'S HIGHLIGHTS

Floor Schedule

Senate

Convenes at 1:15 p.m. to consider campaign finance reform legislation, with cloture votes expected at 2:15 p.m. The Senate also may consider so-called partial birth abortion legislation and any available conference reports.

House

Convenes at 9 a.m. to consider a continuing resolution on appropriations, seven bills under suspension of the rules and a rule to allow a motion to go to conference on FY2000 District of Columbia appropriations.

(Committee schedules begin on page 15.)

Inside Stories

Wage Hike

Continued from page 1

possible. "We run the risk of becoming too cute at the tax side and losing some Democrats and not having enough Republicans to start with," he said.

As for which tax cuts he supports, Quinn said, "The question is which ones, and how are they paid for," echoing a concern of some conservative Democrats that the tax cuts should be offset.

Quinn said that if Democrats were to offer a motion to recommit the measure and essentially replace it with a free-standing $1 increase over two years, "I think that there are a number of Republicans ... maybe a dozen, that would have to vote for it."

Meanwhile, GOP leaders heeded the wishes of **Ways and Means Chairman Archer** that he be given the opportunity to mark up the tax portion of the bill Thursday, with floor consideration planned for Thursday or Friday.

GOP aides said the committee would likely jettison most of the tax cuts in the bill that have not yet received its consideration. The bulk of the bill's tax cuts were drawn from the committee's vetoed $792 billion tax cut package. They include inheritance tax reduction, pension reforms, deductions for business meals, and other small business tax breaks.

Some endangered provisions are those dealing with tax breaks for "special occupancy" businesses like liquor stores; tax deductible scholarships offered by employers for their employees' children; and write-offs for "underwater mortgages" in areas affected by disasters.

The Lazio package also contained a new tax credit for certain film producers who hire low-income workers — and Archer has drawn a line on the creation of new tax credits.

A spokesman said Archer made it clear he would request sequential referral to his committee if it contained new items or those unrelated to small business. He hinted at a rebellion if the panel's jurisdiction was not respected, saying, "At a time when every vote counts, it is important to keep in mind that there are 23 votes here."

Aides said they expected about 90 percent of the tax provisions to remain. "I think the committee will be judicious," said Lazio. But by striking any provisions, the committee risks scuttling the deal. For example, a GOP aide said the scholarship deduction was included at the request of Condit.

"That's sort of the fear in Ways and Means marking this up," said a GOP leadership aide, "sort of disregarding the six-month effort that Lazio and Shimkus have made."

In working through the concerns of their members on the tax and the wage front, GOP leaders are becoming more engaged in an issue they have tried to keep at arm's length.

Top House GOP leaders have said they oppose a wage hike, but acknowledge that it has support among some members. But there is a political calculus that says Republicans are better off dealing with the issue now than in 2000.

"If we don't get this off the table this year," said a GOP leadership aide, "we'll probably face $1 an hour over two years," with less tax reduction.

— *By Geoff Earle, with Stephen Norton contributing*

Business Moves To Ensure Passage Of R&D Tax Credit

TECHNOLOGY

In the roller coaster moves of this year's tax debate, the business community may come up with much less than it sought in its efforts to gain a long-term extension of the research and development tax credit — and is now simply pushing to ensure the credit is reauthorized, *National Journal's Technology Daily* reported.

Sensing the possibility it could come up empty-handed, the R&D Credit Coalition Monday sent a letter signed by more than 80 trade associations and 650 companies to President Clinton and top House and Senate leaders — as well as **Senate Finance Chairman Roth, Finance ranking member Daniel Patrick Moynihan**, D-N.Y., **House Ways and Means Chairman Archer** and **Ways and Means ranking member Charles Rangel**, D-N.Y.

The signers urged Congress and the White House to agree to "approve legislation seamlessly extending the R&D credit — before the end of the first session of the 106th Congress."

Failing to take this action "will continue to disrupt R&D planning, and the resulting uncertainty in the business community can only reduce the economic benefits all U.S. businesses and workers receive as a result of the credit," the letter said.

For industry supporters, the memory of Congress allowing the credit, which expired at the end of June, to lapse in 1996 is still fresh.

Although the R&D tax credit enjoys wide bipartisan support, industry representatives said they are concerned it could become a casualty of Congress' budget battles with the White House.

"I think the credit is in jeopardy," said Monica McGuire, the National Association of Manufacturers' senior policy director for taxation. "I give it a 50-50 chance."

High tech companies and others were hopeful earlier this year Congress might pass a permanent extension of the credit — and they came closer than they ever had before when Republicans included a five-year extension in their $792 billion tax cut bill this summer.

But those hopes were dashed when Clinton vetoed the bill. And while the industry made another push for a permanent extension in the letters to Clinton and congressional leaders, it is very unlikely Congress will pass one this year.

The focus in Congress now has shifted to passage of an "extenders package" that would renew the research and development credit and others for another year.

Roth announced Monday his committee will mark up its version of the extenders proposal Wednesday.

— *By Juliana Gruenwald*

Congress of the United States

Washington, DC 20515

September 29, 1999

First Lady Hillary Rodham Clinton
The White House
Washington, DC 20500

Dear Ms. Clinton,

As members of the New York Delegation we are writing to urge you to strongly support *The Fairness for Legal Immigrants Act of 1999*, which would restore basic "safety net" government benefits for legal immigrants. Senator Daniel Patrick Moynihan introduced the Senate version of the bill, S. 792, which is cosponsored by Senator Charles Schumer and has the support of 13 other Senators. The House version of the bill, H.R. 1399, is cosponsored by 73 Members of the House including many New York Members.

The benefit cuts which were enacted under the 1996 welfare reform laws went too far and have disproportionately hurt states like New York, which is home to a large and diverse newcomer population. Under current law, many lawfully present immigrants remain ineligible for basic health care, nutrition, and other important programs, even though they must pay taxes to support these programs. Those most deeply affected include children (and their families), elderly, and people with disabilities. The overwhelming unpopularity of the current restrictions is underscored by a nationwide poll conducted in November, funded by the Kellog Foundation, in which 77 percent of Americans felt that legal immigrants should have the same access to a safety net as U.S. citizens.

Because restoration of immigrant benefits is a matter of basic fairness and decency, we urge you to signal your strong support for passage of *The Fairness for Legal Immigrants Act of 1999.* This legislation would not restore all benefits affected by the 1996 welfare law, but it would help many people in need. Legal immigrants who were in the U.S. before the welfare law passed would have their eligibility largely restored. This modest legislation would leave current restrictions in place, however, for most of those who arrived after the passage of the welfare law, with certain reasonable new exceptions for the most vulnerable.

In particular, the legislation would give states the flexibility, if they choose, to provide full coverage to lawfully present children and pregnant women under the Medicare and State Child Health Insurance Program (CHIP); restore SSI and Medicaid eligibility to persons who become disabled after legally immigrating to the United States; restore Food Stamp eligibility to all legal immigrants who were in the U.S. prior to August 22, 1996; and permit victims of domestic violence to obtain assistance needed to escape such violence. Among those already in the U.S. in 1996 whose benefits would be restored by *The Fairness for Legal Immigrants Act* are working parents who currently have no access to food stamps and elderly individuals over 65 years old who now are ineligible for food stamps because they were not over 65 on the day welfare reform was enacted.

This legislation is supported by the New York Immigration Coalition and the New York State AFL-CIO, as well as a long list of New York based organizations which we have included for your information.

For all these reasons, we urgently request that you show your support for *The Fairness for Legal Immigrants Act of 1999*. This legislation would have a major impact on New York's immigrant communities, and we believe it is critical that you signal your support for the proposed legislation to restore the safety net.

Sincerely,

Jerrold Nadler
Member of Congress

Joseph Crowley
Member of Congress

Major Owens
Member of Congress

Gregory Meeks
Member of Congress

Anthony Weiner
Member of Congress

Carolyn B. Maloney

Carolyn Maloney
Member of Congress

Charles Rangel
Member of Congress

Edolphus Towns
Member of Congress

Eliot L. Engel

Eliot Engel
Member of Congress

Maurice Hinchey
Member of Congress

Nydia Velázquez
Member of Congress

MinWage Evt

Andrew: 224-8415
Klien

Jim Manly - Sm. aud

Holly: . FL First

press conf

FL Q+A

Labor Comm Hy Rm → some minimal aud

a) do we still think it's happening

b) no news @ veto

at some pt we
still just decide
what time today to
we have to

c) ~~we~~ we appreciate
offer to open, we
prefer not
sen later in
pgrm

call
Patti

Pres'l pers
HRC
Kennedy

op-ed
give # for
Texas + listed
other states

. economist: economy ment
rebutting sayers

strategy for NYT
op-ed
→ probably definitely syndicated

. HRC: in an econ boom
but not everyone has felt
the boom - col from last yr
talk @ who we are
talking @ from cal
another 2000 yr
what will that mean to a
family

audience good
no Q+A
Q+A after she leaves

9.15.99

email to Karen T FYI w/ + op-ed

New York Organizations
That Support *The Fairness to Legal Immigrants Act of 1999*

African Peoples Council
Asian American Federation of New York
Cabrini Immigrant Services
Caribbean and American Family Services, Inc.
Catholic Charities of the Diocese of Rockville Centre
Central American Refugee Center
Chinatown Manpower Project
Church Alive Development Corp.
Citywide Task Force on Housing Court
Council of Senior Centers and Services of New York City, Inc.
Erasmus Neighborhood Federation
Filipino American Human Services, Inc.
Flatbush Haitian Center, Inc.
Gay Men's Health Crisis, Inc.
Goddard Riverside Community Center
Haitian Women for Haitian Refugees
Haitian Centers Council
Japanese American Social Services, Inc.
Korean Community Service of Metropolitan New York, Inc.
Latin American Integration Center
Latino Commission on AIDS
Liberty Center for Immigrants
Make the Road by Walking
National Coalition for Haitian Rights
National Korean American Service & Education Consortium, Inc.
National Association of Korean Americans – NY Chapter
New York Association for New Americans
Northern Manhattan Coalition for Immigrant Rights
Northern Manhattan Improvement Corporation
Polonians Organized to Minister to Our Community, Inc.
Riverside Language Program
South Jamaica Services for Families and Children
Southside Community Mission, Inc.
The Haitian Americans United For Progress, Inc.
Union of Needletrades, Industrial & Textile Employees
United Jewish Appeal-Federation
Urban Justice Center
Welfare Law Center
Westchester Hispanic Coalition
Young Korean American Service & Education Center

op-ed

- leaves out men : families of ~~that's hardest~~ children
  no reason to leave men behind

men think there is a way
issue that affects everybody

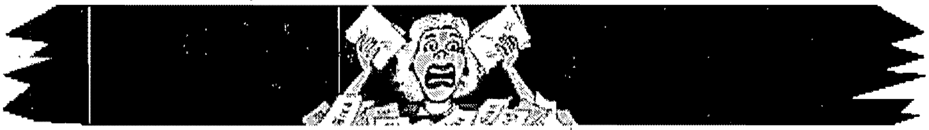
2nd ¶

affects everyone

Haache - Kathy Kerrin go 65%
- Min Wage: Over 60% - stick w/ 60%

In 1998 $7.49
now $7.66 → Labor
1999 # is 3 sig today

- states - stay consistent
- other co-author
- over 2 million men "w/ children"
- But millions almost $3200 below pov line
  HHS #, typically we used census ~~fam~~ poverty thresholds
  $2421 or .83
  "below poverty guideline" (census calls it threshold)



Associated Press Photo Tuesday 28 September 1999

First lady Hillary Clinton smiles as she talks with Sen. Ted Kennedy , D-Mass., Tuesday Sept. 28,1999 in Washington. Clinton and Kennedy urged Congress to pass a bill which would raise the minimum wage by one dollar. (AP Photo/Joe Marquette)

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At event

FIRST LADY HILLARY RODHAM CLINTON
REMARKS FOR MINIMUM WAGE EVENT
CAPITOL HILL
September 28, 1999

I highly recommend this study to anyone who needs to learn women's issue

acknowledgments

Thank you Jody [Mitchell], for sharing your story with us. We all know that Jody is not alone. There are millions of Americans with stories and struggles just like hers. Every day, they work hard at minimum wage jobs to support themselves and their families. And every day, they are finding it harder and harder to make ends meet on $5.15 an hour. We're here today to speak on behalf of all these Americans.

I want every American to recognize just whom we're talking about. As the report we are releasing today reminds us, three out of every five people working for minimum wage in America today are women. One million of them are single mothers struggling to raise their children.

While their pay is low, their work is vital. They are the women who care for our children, who ring up our food at the supermarket, who cook and serve our meals. They are the women who clean our offices, who cut and sew our clothes, who nurse our aging parents and grandparents.

And these working women deserve a raise. As you know, the dollar increase in the minimum wage that the President, Senator Kennedy and Representative Bonior are proposing would mean a direct raise of $2,000 a year.

I have met personally women all across America who have told me the difference $2,000 a year would mean to their families… how it could mean seven months' worth of groceries, or 5 months' rent, or 10 no worry @ whether they need to take a 2nd job + be away from their childr

months' utilities … how that extra dollar an hour could mean that they would ~~no~~ longe~~r have to choose between~~ buying food ~~and staying warm~~.

There will be no better time to raise the minimum wage. Our economy is the strongest in a generation. Because of this Administration's fiscally sound and socially responsible policies, we have 19 million new jobs, the lowest unemployment rate in a generation, and record-breaking homeownership rates. The Earned Income Tax Credit has helped more families work their way out of poverty.

been best [illegible] in history

But there are still millions of Americans who, despite all their hard work, have not felt the benefits of our booming economy.

We know that the value of the minimum wage dropped more than 25 percent during the 1980s. In 1979, a single mother working full time earned enough to lift her family out of poverty; by 1998, that same family would be 18 percent below the poverty line. Our proposal to increase the minimum wage would simply restore the real value of the minimum wage to what it was in 1982. We're not asking for special [illegible]

20 yrs [illegible]

America can afford to raise the minimum wage. The last time we raised the minimum wage -- in 1996 -- 10 million Americans got a raise while the economy created jobs at an unprecedented pace.

Raising the minimum wage is a women's issue. It is a children's issue and a family issue. But it is also an issue of fairness and dignity. Every American who works hard, pays taxes and contributes to our society should be able to live the American Dream. They should not have to raise their children in poverty. It's time to give these hard working Americans a raise.

Now I would like to introduce a man who has been the standard bearer in our fight to raise the minimum wage, who we all know will go down in history as one America's greatest champions of working men and women, Senator Ted Kennedy.

Bonior

re: HRC No one [illegible] has worked harder on these issues — HRC

There are those who say ↑ing min wage costs jobs. To them I say look at the stats

TX gov would support min wage only if states could opt out

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. schedule	Schedule for Hillary Rodham Clinton (partial) (3 pages)	09/28/99	P6/b(6)

COLLECTION:

Clinton Presidential Records
First Lady's Office
Ruby Shamir (Subject Files)
OA/Box Number: 20367

FOLDER TITLE:

Minimum Wage [1]

2012-0565-S
ry1263

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

SCHEDULE FOR HILLARY RODHAM CLINTON
TUESDAY, SEPTEMBER 28, 1999

FINAL

WASHINGTON, DC / NEW YORK, NEW YORK /WASHINGTON, DC

MINIMUM WAGE

LEAD ADVANCE:	**LEIGH FLORES**	
	202/879-9413	**PHONE**
PRESS ADVANCE:	**TOM SMITH**	
	202/720-2948	**PHONE**
HERITAGE AWARDS		
LEAD ADVANCE:	**IAN ALBERG**	
	202/514-5310	**PHONE**
	1-800-759-8352	**#207-8687**
PRESS ADVANCE:	**YAEL BELKIND**	
	202/224-5790	**PHONE**
NEW YORK		
LEAD ADVANCE:	**JUSTIN KRONHOLM**	[001]
	[redacted] P6/(b)(6)	**CELL PHONE**
SCHEDULER:	**EVAN RYAN**	
	202/456-6751	**PHONE**
	202/456-5340	**FAX**
	[redacted] P6/(b)(6)	**HOME**
	WHCA PAGER	**#4223**

PREV RON The White House

8:40 am-
8:55 am

BRIEFING
Map Room
CLOSED PRESS/WH PHOTO

CONTACT: Maureen Shea 202/456-2930

9:00 am-
10:30 am

BREAKFAST WITH RELIGIOUS LEADERS
State Dining Room
Attire: Business
EXPANDED POOL PRESS for remarks/WH PHOTO

FORMAT:
-The President makes remarks and introduces Reverend Byung Chill.

-Reverend Byung Chill gives blessing.

-Breakfast is served.

-Following breakfast, the President opens discussion.

-Upon conclusion of discussion, the President introduces Sister Nancy Sylvester to give benediction.

-Sister Nancy Sylvester gives benediction.

-The President and the First Lady depart.

PARTICIPANTS: 130 guests

10:30 am- **DOWN TIME**
11:00 am

11:05 am **DEPART** South Portico
EN ROUTE Dirksen Senate Office Building
[drive time: 10 minutes]

MOTORCADE MANIFEST
LIMO: HRC
STAFF VAN: ABEDIN, WH PHOTO, VERVEER, RABNER, BERRY

11:15 am **ARRIVE** Dirksen Senate Office Building

GREETERS: Becky Daugherty, Director of Protocol, U.S. Senate

11:20 am- **GREET PROGRAM PARTICIPANTS**
11:25 am Hold: SDG 64
Phone: 202/228-4454
CLOSED PRESS/WH PHOTO

11:30 am- **MINIMUM WAGE EVENT**
12:00 pm Room 430
Dirksen Senate Office Building
Hold: SDG 64
Phone: 202/228-4454
OPEN PRESS

FORMAT:
-Representative David Bonior makes remarks and introduces

Secretary Alexis Herman.

-Secretary Alexis Herman makes brief remarks and introduces Jared Bernstein, economist.

-Jared Bernstein, economist makes brief remarks and introduces Jody Mitchell.

-Jody Mitchell makes remarks and introduces the First Lady.

-The First Lady makes remarks and introduces Senator Ted Kennedy.

-Senator Kennedy makes remarks.

-The First Lady departs.

PARTICIPANTS: 40-50 guests

CONTACT: Nicole Rabner 202/456-7263

12:05 pm **DEPART** Dirksen Senate Office Building
EN ROUTE Rayburn House Office Building
[drive time: 5 minutes]

MOTORCADE MANIFEST
LIMO: HRC
STAFF VAN: ABEDIN, WH PHOTO, VERVEER, RABNER, BERRY

12:10 pm **ARRIVE** Rayburn House Office Building

GREETER:
Bill Livingood, Sergeant-at-Arms

12:15 pm- **HERITAGE AWARDS**
12:30 pm Gold Room [Room 2168]
Rayburn House Office Building
Hold: Room 2174
Phone: tbd
Fax: tbd
PRESS

FORMAT:
-The First Lady proceeds into the room and to her seat while awards are being presented.

-Upon conclusion of bestowing awards, Chairman

Bill Ivey introduces the First Lady.

-The First Lady makes remarks.

-The First Lady briefly works a ropeline.

PARTICIPANTS: 100 guests

12:35 pm- **PHOTO** with Heritage awardees
12:40 pm Room 2172
Rayburn House Office Building
Hold: Room 2174
Phone: tbd
Fax: tbd
CLOSED PRESS/WH PHOTO

PARTICIPANTS: 13 awardees

12:45 pm **DEPART** Rayburn House Office Building
EN ROUTE The White House
[drive time: 10 minutes]

MOTORCADE MANIFEST
LIMO: HRC
STAFF VAN: ABEDIN, WH PHOTO, VERVEER, RABNER, BERRY

12:55 pm **ARRIVE** West Executive Avenue

1:00 pm- **BRIEFING**
1:05 pm Presidential Hall Briefing Room
CLOSED PRESS/WH PHOTO

CONTACT: Ellen Lovell 202/456-2000

1:05 pm- **AMERICA'S MILLENNIUM ANNOUNCEMENT**
1:35 pm Room 450
Old Executive Office Building
Attire: Business
OPEN PRESS

FORMAT:
-The First Lady makes opening remarks and Mayor Anthony Williams.

-Mayor Anthony Williams makes remarks and introduces George Stevens.

SCHEDULE FOR HILLARY RODHAM CLINTON
TUESDAY, SEPTEMBER 28, 1999

-George Stevens makes remarks.

-At conclusion of the program, all participants proceed behind model of Lincoln Memorial for photo before departing.

PARTICIPANTS: 50-100 guests

1:40 pm- **VIDEOS**
2:00 pm Room 459
Old Executive Office Building
CLOSED PRESS/WH PHOTO

CONTACT: Brenda Anders 202/456-5654

2:00 pm **PROCEED** to the White House

2:05 pm- **TEA** with Mrs. Ecevit
2:25 pm Yellow Oval Room
Residence
CLOSED PRESS/WH PHOTO

PARTICIPANTS:
HRC
Melanne Verveer
Phil Gordon, NSC
Mrs. Parris, wife of the U.S. Ambassador
Mrs. Rahan Ecevit, wife of the Turkish Prime Minister
Mrs. Suzan Ersumer, wife of the Deputy Prime Minister and Minister of Energy and Natural Resources
Mrs. Elçin Cern, wife of the Minister of Foreign Affairs
Mrs. Nur Önal, wife of the Minister of State
Mrs. Ilkin, wife of the Turkish Ambassador

CONTACT: Kim Widdess 202/456-6330

2:30 pm- **PRIVATE MEETING**
3:30 pm Residence
CLOSED PRESS/WH PHOTO

PARTICIPANTS:
HRC
Queen Noor

3:35 pm **DEPART** South Portico

SCHEDULE FOR HILLARY RODHAM CLINTON
TUESDAY, SEPTEMBER 28, 1999

EN ROUTE Andrews Air Force Base
[drive time: 20 minutes]

[redacted] [001]

3:55 pm **ARRIVE** Andrews Air Force Base

4:05 pm **WHEELS UP** Andrews Air Force Base
EN ROUTE LaGuardia International Airport
[flight time: 50 minutes]

4:55 pm **WHEELS DOWN** LaGuardia International Airport

5:05 pm **DEPART** LaGuardia International Airport
EN ROUTE Private Residence
[drive time: 30 minutes]

[redacted]

5:35 pm **ARRIVE** Private Residence

GREETERS:
Congresswoman Carolyn McCarthy

5:40 pm- **PHOTO-RECEIVING LINE**
6:30 pm Living Room
Private Residence
CLOSED PRESS/MCCARTHY PHOTO

PARTICIPANTS: 80 guests

PAGE 7

6:40 pm- **CONGRESSWOMAN CAROLYN MCCARTHY FUNDRAISER**
7:15 pm Residence of Sally Minard and Norton Garfinkle
[redacted]
Hold: Third Floor
Phone: [redacted]
Fax: [redacted]
CLOSED PRESS/MCCARTHY PHOTO

FORMAT:

-HRC proceeds to the fireplace area for speaking program.

-Sally Minard makes remarks and introduces Congresswoman Carolyn McCarthy.

-Congresswoman Carolyn McCarthy makes remarks and introduces HRC.

-HRC makes remarks and departs.

PARTICIPANTS: 80 guests

7:20 pm **DEPART** Private Residence
EN ROUTE The Pierre Hotel
[drive time: 5 minutes]

MOTORCADE MANIFEST
LIMO: HRC
STAFF VAN: CRAIGHEAD, SCULL, STEIN, TANDEN

7:25 pm **ARRIVE** The Pierre Hotel

GREETER:
Hotel Manager tbd

7:30 pm- **PHOTOS**
7:40 pm Banquet Room
The Pierre Hotel
Hold: tbd
Phone: tbd
Fax: tbd
CLOSED PRESS/NBCC PHOTO

PARTICIPANTS:
Fran Visco
Ron Perelman
Ellen Barkin - T
Melissa Matheson - T

7:45 pm- **NATIONAL BREAST CANCER COALITION FUND GALA DINNER**
9:45 pm Grand Ballroom
The Pierre Hotel
Attire: Black tie optional
Hold: tbd
Phone: tbd
Fax: tbd

SCHEDULE FOR HILLARY RODHAM CLINTON
TUESDAY, SEPTEMBER 28, 1999

OPEN PRESS

FORMAT:
-Ron Perelman delivers welcoming remarks.

-Fran Visco, National Breast Cancer Coalition President, delivers remarks.

-Presentation of awards to survivors. -T

-Fran Visco presents the Public Leadership Award to HRC.

-HRC delivers remarks.

-Dinner is served.

-Call to action by Ellen Barkin.

-Fran Visco introduces Rosie O'Donnell.

-Rosie O'Donnell conducts auction.

-At the conclusion of the auction, HRC departs.

PARTICIPANTS: 525 guests

9:50 pm **DEPART** The Pierre Hotel
EN ROUTE LaGuardia International Airport
[drive time: 30 minutes]

PAGE 9

[redacted] (b)(7)(c), (b)(7)(e) [001]

10:20 pm **ARRIVE** LaGuardia International Airport

10:30 pm **WHEELS UP** LaGuardia International Airport
EN ROUTE Andrews Air Force Base
[flight time: 50 minutes]

11:20 pm **WHEELS DOWN** Andrews Air Force Base

11:30 pm **DEPART** Andrews Air Force Base
EN ROUTE The White House

SCHEDULE FOR HILLARY RODHAM CLINTON
TUESDAY, SEPTEMBER 28, 1999

[drive time: 20 minutes]

MOTORCADE MANIFEST
LIMO: HRC
STAFF VAN: CRAIGHEAD, SCULL, STEIN

11:50 pm **ARRIVE** South Portico

RON The White House

WEATHER FORECAST FOR WASHINGTON, DC: Cloudy with occasional rain. High 76. Low 64.

WEATHER FORECAST FOR NEW YORK, NEW YORK: Mostly cloudy. High 75. Low 63.

The Minimum-Wage Increase

CONGRESS SEEMS likely to pass an increase in the minimum wage this year. The Republican leaders of both houses are opposed but resigned to the legislation, which they lack the votes to defeat. Rather than give the Democrats the issue in an election year, their inclination is to dispose of it now. They will sweeten the bill with tax breaks of comparable value to small business to offset the cost.

In the past, some opponents have tried to attach other conditions as well. Texas governor and leading Republican presidential candidate George W. Bush said in an interview the other day that he would support an increase in the wage if states were given the choice of opting out. Supporters of the increase say the second half of that position contradicts the first.

The arguments as to an increase are familiar; they have been pretty much the same ever since the wage was established. Opponents observe that many workers at or near the minimum aren't poor, but teenagers and other secondary earners in families that are relatively well-off. That makes the wage an inefficient device for aiding those at lower income levels, they say, the more so because an increase will cause employers to reduce employment of low-wage workers. Some critics go so far as to suggest that, on balance, an increase in the minimum hurts those it is meant to help.

Defenders respond that while many workers at or near the minimum may not be poor, large numbers of poor people also are at or near the minimum. They point to studies indicating that increases such as contemplated in this legislation have at most a negligible effect on employment. An increase in the minimum thus remains a highly effective way of transferring a significant amount of income to lower-income families and offsetting the disturbing trend in the society toward income inequality; so the supporters argue, convincingly, in our view.

They remind as well that much of the contemplated increase would not be an increase in real terms, but a catch-up to inflation since the last time the minimum was raised. That argument should have particular resonance this time around, because Congress has just—rightly, in our view—granted itself a long-delayed cost-of-living increase. The congressional raise of more than $4,000 a year is equal to about 40 percent of the annual earnings of a person who works full-time year-round at the current minimum; such a person will not earn enough to keep a family of three or more above the federal poverty line. Congress deserved its raise; so do those at the lowest income reaches of the economy.

The Washington Post
Monday, September 27, 1999

Victims and Their Rights

THE SENATE Judiciary Committee is poised to consider a constitutional amendment to guarantee rights for victims of violent crime. The goal, a criminal justice system that takes victims into account as it proceeds against defendants, is a laudable one. The amendment, however, should not be adopted. The notion of putting victims' rights on a level playing field with defendants' rights may be rhetorically tempting, but it also reflects a fundamental misunderstanding of why defendants have constitutionally enforceable protections in our legal system.

The policy objectives of the amendment are hard to argue with. The amendment would give victims the right to reasonable notice of and the right to be present at any public proceedings stemming from the offense; to testify at hearings for paroles, plea agreements and sentencing; to notice of the release or escape of a perpetrator; to consideration of the victims' interest in a speedy trial; to an order of restitution from the accused and other such accommodations.

All of this can be—and much of it already has been—accomplished by law. In a variety of areas, the law still can be strengthened.

The only sense in which victims' rights cannot be fully protected by statute is that as long as victims' rights are not in the Constitution itself, they will yield in that small set of cases where they clash with the rights of the accused. This is often regretable, because most defendants are guilty. But it is also correct.

The reason is that the rights of the accused flow out of the susceptibility of the criminal defendant to often dire actions at the hands of government. The Constitution's logic is that government should not be able to deprive a person of his freedom (let alone his life) without granting certain basic protections necessary to conduct a vigorous defense. In the case of the victim, the government is not contemplating such an action. In fact, the prosecution is representing the victim's interest—both individually and as a member of the society—in seeking punishment for the crime committed against that person. In that context, the notion of government-guaranteed rights for the victim is less of a clean fit than it is for the accused.

The criminal justice system can in any number of ways treat victims more sympathetically and respectfully than it does. Enshrining their role in the Constitution is not the best way to do that.

Living With Islam

IN THE PAST 20 years fundamentalism has spread across much of the Islamic world, feeding the social ferment in Arab and non-Arab locales alike, roiling relations with other countries and leading many people in the West to wonder if a fateful clash of civilizations was imminent. As the millennium approaches, the fever is far from burned out; continuing cultural and social alienation make that prospect unlikely any time soon. In a number of countries, nonetheless, the rage has been more or less contained or subdued, and nowhere more conspicuously than in Algeria. Its prime minister, Abdelaziz Bouteflika, was at the United Nations last week energetically advertising a new day in a country that until quite recently had been widely declared to be a sinking and failed state.

In Algeria, a radical Islamic party was on its way to electoral triumph in 1992 when the army intervened, setting off a cruel civil war in which 100,000 people were killed. The army won: Many of the rebels are now taking up an official offer of cease-fire and amnesty and rethinking the terms on which nonviolent fundamentalists could enter the Algerian political arena. Mr. Bouteflika became the leading political beneficiary of his country's transformation under what is essentially a military regime. His election as president last April was at best procedurally dubious, but he regained a measure of balance earlier this month with victory in a public referendum he staged to capture the large and fatigued Algerian peace constituency. Now he says he wishes to steal back the social issues from the fundamentalists, who had shown more concern for the popular welfare than a succession of Algerian governments; an ending to terrorism is an essential ingredient here. Mr. Bouteflika's purpose is to harness the nation's war weariness to his political program of reconciliation and development.

The struggle is not over in Algeria: the horrible killings by a lingering extremist minority continue, though at a much reduced tempo, democracy is still a manipulable thing and the condition of the economy is grim. But the country's progress must be measured first against the trauma it is striving to escape. The same can be said of some of the other countries touched in the past decade or two by extremist fundamentalist currents. Iran is caught in a tense ideological and political struggle between so-called moderates and extremists. Jordan and Lebanon have sought to give a certain political space to law-respecting Islamists. Egypt, facing a hard internal terrorist menace, has fought back with force and a renewed social commitment. Libya's leader insists his country is out of the terrorism business and eligible for Western association. Indonesia, as the daily headlines tell, is on the edge. The trend is not full grown, but notably fewer countries remain, as does, for instance, Afghanistan, in the zone of rage.

Each national effort to come to terms with Islam is distinct. Nonetheless, any single success, or relative success, in standing up to forceful intimidation, in widening the circle of dialogue within the society and in inclining fundamentalists to forsake armed struggle and to turn to democratic ways, affects the overall climate. There lies the potential of Algeria as an imperfect but helpful model of how a country once convulsed by Islam now tries to live with it.

The Washington Post
Monday, September 27, 1999

FIRST LADY HILLARY RODHAM CLINTON
REMARKS FOR MINIMUM WAGE EVENT
CAPITOL HILL
September 28, 1999

Thank you Jody [Mitchell], for sharing your story with us. We all know that Jody is not alone. There are millions of Americans with stories and struggles just like hers. Every day, they work hard at minimum wage jobs to support themselves and their families. And every day, they are finding it harder and harder to make ends meet on $5.15 an hour. We're here today to speak on behalf of all these Americans.

I want every American to recognize just whom we're talking about. As the report we are releasing today reminds us, three out of every five people working for minimum wage in America today are women. One million of them are single mothers struggling to raise their children.

While their pay is low, their work is vital. They are the women who care for our children, who ring up our food at the supermarket, who cook and serve our meals. They are the women who clean our offices, who cut and sew our clothes, who nurse our aging parents and grandparents.

And these working women deserve a raise. As you know, the dollar increase in the minimum wage that the President, Senator Kennedy and Representative Bonior are proposing would mean a direct raise of $2,000 a year.

I have met women all across America who have told me the difference $2,000 a year would mean to their families... how it could mean seven months' worth of groceries, or 5 months' rent, or 10 months' utilities ... how that extra dollar an hour could mean that they would no longer have to choose between buying food and staying warm.

There will be no better time to raise the minimum wage. Our economy is the strongest in a generation. Because of this Administration's fiscally sound and socially responsible policies, we have 19 million new jobs, the lowest unemployment rate in a generation, and record-breaking homeownership rates. The Earned Income Tax Credit has helped more families work their way out of poverty.

But there are still millions of Americans who, despite all their hard work, have not felt the benefits of our booming economy.

We know that the value of the minimum wage dropped more than 25 percent during the 1980s. In 1979, a single mother working full time earned enough to lift her family out of poverty; by 1998, that same family would be 18 percent below the poverty line. Our proposal to increase the minimum wage would simply restore the real value of the minimum wage to what it was in 1982.

America can afford to raise the minimum wage. The last time we raised the minimum wage -- in 1996 -- 10 million Americans got a raise while the economy created jobs at an unprecedented pace.

Raising the minimum wage is a women's issue. It is a children's issue and a family issue. But it is also an issue of fairness and dignity. Every American who works hard, pays taxes and contributes to our society should be able to live the American Dream. They should not have to raise their children in poverty. It's time to give these hard working Americans a raise.

Now I would like to introduce a man who has been the standard bearer in our fight to raise the minimum wage, who we all know will go down in history as one America's greatest champions of working men and women, Senator Ted Kennedy.

September 27, 1999

PROMOTING AN INCREASE IN THE MINIMUM WAGE

Date:	**Tuesday, September 28, 1999**
Time:	**11:15 am – 12:00 pm**
Location:	**Dirksen Building, Capitol Hill Washington, D.C.**
From:	**Nicole Rabner and Ruby Shamir**

I. PURPOSE

To join Senator Kennedy and Representative Bonior to release a new report on the importance of the minimum wage to women and to urge the Congress to pass legislation in this Congress that would increase the minimum wage.

II. BACKGROUND

In his 1999 State of the Union Address, the President proposed to increase the minimum wage by $1 to $6.15 over two years, building on past increases. As you know, Senator Kennedy is the champion of this proposal in the Senate. It is not clear when it will be offered on the Senate floor, but Senator Kennedy continues to explore every option. On the House side, Representative Bonior is pushing for a minimum wage proposal that mirrors the Administration and Kennedy proposal. Moderate Republicans, however, are reportedly working on a proposal with Blue Dog Democrats on an alternative minimum wage increase of $1.30 over four years plus tax cuts.

If the bill passes, it would be the second minimum wage increase during this Administration. In 1996, President Clinton signed into law a minimum wage hike, raising it 90 cents over two years from $4.25 to $5.15. The current proposal to increase the minimum wage by $1 in two equal steps -- combined with the previous increase -- 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.)

New Report

At the event, the Economic Policy Institute will release a report showing that the majority of beneficiaries of an increase in the minimum wage are women (60 percent) and that one million of them are single mothers. The report also provides a state-by-state breakdown revealing that the states with the largest numbers of women who would receive a raise if the minimum wage were increased by a dollar are: Texas (669,000 affected women), California (572,000 affected women), Florida (414,000 affected women), New York (372,000 affected women), Ohio (345,000 affected women), and Pennsylvania (338,000 affected women). One-fifth or more of working women in West Virginia, Arkansas, Mississippi, Montana, Louisiana, and Oklahoma would also receive a raise.

The report also provides data on the age ranges, racial background, types of employment, union status and parental status of women affected by an increase in the minimum wage. The study reports that the majority of women affected are adults (over 75 percent) and that many of the women work in retail (44 percent) and other service related industries. The report also reveals that the vast majority of women directly affected by a dollar increase in the minimum wage are not represented by unions (over 96 percent).

Background on the Minimum Wage

The minimum wage is not enough to make ends meet for many families. Working 40 hours a week, 52 weeks a year, a minimum wage worker still earns just $10,712 a year – below the poverty level for a family of four. Additionally, in 1979, a single mother working full time earned enough to lift her family out of poverty; by 1998, that same family would be 18 percent below the poverty line. For more than 11 million American workers and their families, a one-dollar increase would mean another $2,000 a year, which, for a family of four, would buy groceries for over seven months or pay the rent for over 5 months. Seventy percent of those who would benefit are adults, age 20 and over and it is estimated that the average minimum wage worker brings home half of their household's earnings.

More than 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.

- Since the last increase signed into law by President Clinton became effective (September 1996), well over 8 million new jobs have been added. More than one million (1.12 million) new retail jobs have been added.
- Unemployment has also declined significantly over the same period. The August 1999 unemployment rate of 4.2 percent is at its lowest rate in nearly 30 years.
- African-Americans are experiencing a near historic low unemployment rate at 7.8– down from 10.6 percent in September 1996. Unemployment for Hispanics has dropped from 8.3 percent to 6.5 percent. For high school dropouts, unemployment dropped from 8.2 percent to 6.4 percent. Teenage unemployment declined from 15.7 percent to 13.5 percent. African-American teen unemployment went from 33 percent to 28.6 percent.
- Employment has increased dramatically as well. Employment among African-American women has risen from 57.2 percent to 64.7 percent. And employment for welfare recipients and single mothers with children is continuing to climb, at least partly because of policies that "make work pay" such as a higher minimum wage. According to CEA, the minimum wage increases during this Administration accounted for 10 –16 percent of the 2.7 million reduction in welfare recipients between 1996 - 1998.

Raising the minimum wage is one part of a strategy to reduce poverty that also includes the Earned Income Tax Credit. Between 1993 and 1997, the income families with two children and one minimum wage earner who worked full-time rose by $2,761 because of the expansion of the EITC and the previously enacted increase in the minimum wage.

III. PARTICIPANTS

Bio of Jody Mitchell
Jody Mitchell, the woman who is introducing you, is a 29 year-old, single mother from Philadelphia who has one seven year-old son and lives with her mother. Ms. Mitchell is a participant in Mothers on the Move, a welfare to work program that helped her get a job as a file clerk for the city of Philadelphia, where she earns the minimum wage. Ms. Mitchell also goes to school for training in business, computers and career planning. An increase in the minimum wage would help Ms. Mitchell move out of her mother's home and into a place of her own with her son.

Speaking Program
The First Lady
Representative David Bonior (D-MI)
Labor Secretary Alexis Herman
Jared Bernstien, Economist
Jody Mitchell
Senator Edward Kennedy (D-MA)

IV. SEQUENCE OF EVENTS

- Representative Bonior will make welcoming remarks and introduce Secretary Herman.
- Secretary Herman will make brief remarks and introduce Jared Bernstein.
- Jared Bernstein will make brief remarks and introduce Jody Mitchell.
- Jody Mitchell will make brief remarks and introduce you.
- You will make remarks and introduce Senator Kennedy.
- Senator Kennedy will make remarks and close the program.

V. PRESS PLAN

- Open Press

VI. REMARKS

- Talking Points Provided by June Shih

DRAFT – *Not for Distribution* -- REWARDING WORK: NOW IS THE TIME TO RAISE THE MINIMUM WAGE

President Clinton and Congressional Democrats Propose to Increase the Minimum Wage By $1 in Two Steps To Help Raise Living Standards for More than 11 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 proposal would increase the minimum wage from $5.15 to $6.15 over two years, through two 50-cent increases. For someone who works full-time, this minimum wage increase will mean an additional $2,000 per year.

- **A Higher Minimum Wage Will Help 11.4 Million Americans -- Mostly Adult Workers Trying To Support Their Families.** According to data from the Bureau of Labor Statistics, 11.4 million hourly paid workers earn between $5.15 and $6.14 and would directly benefit from this pay raise. Over two-thirds (70%) of the workers who would benefit are adults, age 20 or over, and three-fifths (59%) are women, many of whom are trying to raise the family on $5.15. Almost half (46%) worked full-time. And the average minimum-wage worker is estimated to bring home half of their household's earnings.

- **Valuing Work: Restoring the Value of the Minimum Wage.** President Clinton's proposal to increase the minimum wage by $1 -- combined with the previous 90-cent increase -- simply restores the real value of the minimum wage to what it was in 1982. 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. Between 1993 and 1997, the income of families with two children and one minimum wage earner who worked full-time rose by $2,761 because of these policies. This increase will help ensure that – as costs continue to rise -- parents who work hard and play by the rules can bring up their children out of poverty.

- **The Impact from Last Minimum Wage Increase Is Clear: 10 Million Workers Got A Raise and There Is No Evidence 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 over 240,000 per month, and the unemployment rate has fallen to 4.2 percent -- its lowest level in nearly 30 years. For teenagers, African-Americans, and women, unemployment is down and employment are up.

- **Empirical Evidence That Shows Moderate Minimum Wage Increases Do Not Cost Jobs.** More than two dozen empirical studies have found that moderate increases in the minimum wage do not have a 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.

GUIDANCE ON MINIMUM WAGE

Question : Kennedy minimum wage proposal – will it get passed into law?

Answer:

- The Kennedy minimum wage proposal is consistent with what the President proposed in the 1999 SOTU. Proposal would increase the minimum wage by $1 to $6.15 over two years, building on past increases. NOTE: 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.

- 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 in 1982. (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.)

- The minimum wage is not enough to make ends meet for many families. Working 40 hours a week, 52 weeks a year, a minimum wage worker still earns just $10,712 a year -- below the poverty level for a family of four. For these workers and their families, a one-dollar increase would make a real difference. It would mean another $2,000 a year.

- Hopeful that it will be passed into law this year.

Question: Doesn't increasing the minimum wage hurt businesses and employment opportunities for entry level jobs for teenagers, African Americans, welfare recipients?

Answer: More than 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.

- Since the last increase signed into law by President Clinton became effective (September 1996), well over 8 million new jobs have been added. More than one million (1.12 million) new retail jobs have been added.
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has risen from 57.2 percent to 64.7 percent. And employment for welfare recipients and single mothers with children is continuing to climb, at least partly because of policies that "make work pay" such as a higher minimum wage. According to CEA, the minimum wage increases during this Administration accounted for 10 – 16 percent of the 2.7 million reduction in welfare recipients between 1996 – 1998.

Question: Who will be helped by the minimum wage proposal?

Answer: For 11.4 million American workers, increasing the minimum wage from $5.15 an hour to $6.15 an hour will help pay the rent, buy the groceries and keep the kids in clothes.

- The minimum wage is not enough to make ends meet for many families. Working 40 hours a week, 52 weeks a year, a minimum wage worker still earns just $10,712 a year. For these workers and their families, a one-dollar increase would make a real difference. It would mean another $2,000 a year.
- When we last raised the minimum wage and expanded the earned income tax credit, we took important steps to reward work and help millions of American raise their families with dignity and move off of welfare. Because of our actions, a full-time working parent with two children does not have to live in poverty. But more must be done to ensure that *all* working families are lifted out of poverty.

$500 per child
tax credit

Question: Aren't most of those who will benefit from the minimum wage increase teenagers in middle income families?

Answer: Seventy percent of those who would benefit are adults, age 20 and over. Three-fifths are women, many of whom are the sole breadwinners in their families. It is estimated that the average minimum wage worker brings home half of their household's earnings.

Question: Is raising the minimum wage the only way to help lift people out of poverty?

Answer: Raising the minimum wage is one part of a strategy that also includes the Earned Income Tax Credit. 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. Between 1993 and 1997, the income families with two children and one minimum wage earner who worked full-time rose by $2,761 because of these policies. 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.

Question: When will Senator Kennedy offer his amendment?

Senator Kennedy intends to offer the minimum wage amendment to the Bankruptcy bill to be considered on the Senate floor next week. This will be the 5th time since September of 1998, that

Senator Kennedy has offered an amendment to increase the minimum wage. Most recently, on July 30, 1999, 46 Senators supported Senator Kennedy's effort to amend the tax bill to include a minimum wage increase. Support continues to grow for this effort to provide American workers with a fair day's pay for a fair day's work.

9/13/99

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- The minimum wage is not enough to make ends meet for many families. Working 40 hours a week, 50 weeks a year, a minimum wage worker still earns just $10,300 a year – below the poverty level for a family of four. For these workers and their families, a one-dollar increase would make a real difference. It would mean another $2,000 a year.

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July 30, 1999, 46 Senators supported Senator Kennedy's effort to amend the tax bill to include a minimum wage increase. Support continues to grow for this effort to provide American workers with a fair day's pay for a fair day's work.

Carl Haacke 09/24/99 03:07:38 PM

Record Type: Record

To: Ruby Shamir/OPD/EOP@EOP

cc:
Subject: FW: basket data

The minimum wage increase we are proposing will buy:

	for 3 people	4 people
Food at home (groceries)	7.2 months	7.1
Utilities	11.0	9.9
Rent	4.9	5.4
Tuition and fees (2 yr public)	18.2	18.2

Good News for Low Income Families: Expansions in the Earned Income Tax Credit and the Minimum Wage

December 1998

A report by
The Council of Economic Advisers

EXECUTIVE SUMMARY

- The strongest labor market in a generation has resulted in particularly large gains among low-wage and disadvantaged workers. From 1979 to 1993, the real wages of low-wage workers fell sharply. Recently, however, low-wage workers have experienced large increases in real wages: For low-wage men, wages are up since 1996 by 5.7 percent after inflation. And for low-wage women, real wages have risen 6.1 percent.

- These strong wage gains have been accompanied by a steep decline in unemployment for low-skilled workers. In 1993, 11.1 percent of workers without a high school degree were unemployed; today that rate has fallen to 7.2 percent. Among high school graduates (with no college), the rate has fallen from 6.6 to 3.9 percent. Low-wage workers are thus gaining both by working more and by earning more for every hour that they work.

- The effects of a strong economy have been reinforced by successful policies designed to make work pay. Expansions in the Earned Income Tax Credit (EITC) since 1993 are supplementing the incomes of low-wage working parents. The EITC is one of our most successful programs for fighting poverty and encouraging work:

  <u>Lifts more than 4 million Americans out of poverty</u>. The EITC lifted 4.3 million Americans out of poverty in 1997 -- more than double the number in 1993.

  <u>Dramatically reduces child poverty</u>. In 1997, the EITC reduced the number of children living in poverty by 2.2 million. This report finds that over half of the decline in child poverty between 1993 and 1997 can be explained by changes in taxes, most importantly the EITC.

  <u>Encourages work among single women with children</u>. In 1992, 73.7 percent of single women with children were in the labor force. In 1997, 84.2 percent of such women were in the labor force. The percentage of single women with children who received welfare and did not work has been cut by more than half -- from 19.3 percent in 1992 to 8.3 percent in 1997. Research studies suggest that the increase in labor force participation among single mothers is strongly linked to the expansion in the EITC.

- Increases in the minimum wage have been important in raising the earnings of low-wage workers. Empirical research suggests that recent minimum wage increases have had little or no adverse effect on employment.

- The combined effects of the minimum wage and the EITC have dramatically increased the returns to work for families with children. Between 1993 and 1997, families with one child and one earner who worked full-time at the minimum wage (i.e., $4.72 in 1993 and $5.15 in 1997, in 1997 dollars) experienced a 14 percent -- $1,402 -- increase in their income, after inflation, just because of these two policies alone. Similar families with two children experienced a 27 percent -- $2,761 -- increase in their income.

GOOD NEWS FOR LOW INCOME FAMILIES: EXPANSIONS IN THE EARNED INCOME TAX CREDIT AND THE MINIMUM WAGE

1. The Labor Market Continues to Perform at a Record Pace

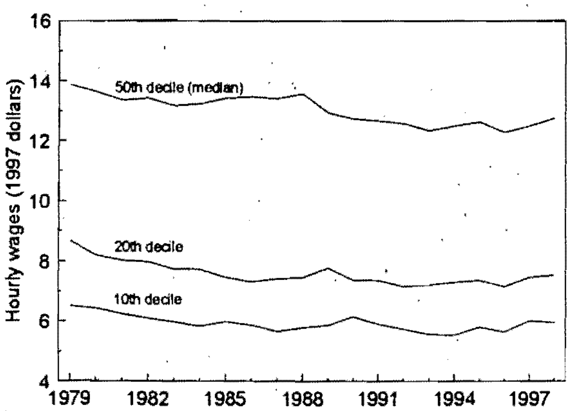
American workers are currently benefiting from the strongest labor market in a generation. Employment is at an all-time high, with 132 million Americans at work in November 1998, up from 119 million in January of 1993. Only 4.4 percent of the labor force is unemployed, having fallen by 2.9 percentage points since this Administration took office; the unemployment rate is now at its lowest level since 1969. Moreover, wages of workers are up sharply in the past several years, with a gain in median wages (after inflation) of 4.4 percent from 1996 through August of this year. As this report indicates, these gains are particularly strong among low-wage and disadvantaged workers, following more than a decade of labor market losses. Administration policies have been important in helping those at the bottom end of the labor market begin to catch up and share in the overall economic growth of the 1990s.

2. Low-Wage and Disadvantaged Workers are Making Particularly Large Gains

Low-wage and disadvantaged workers have experienced substantial gains in wages and employment. The real wages of low-wage male workers have shown large increases in the past few years, in contrast to the period from 1979 to 1993, when they declined by 14.7 percent. (We define low-wage as those workers at the bottom decile of the wage distribution.) Among low-wage women, the decline was 15.8 percent over this period. Charts 1 and 2 show recent significant improvements in real wages among all workers, but with particularly large gains among the lowest paid. Since 1996, men in the bottom decile have increased their earnings by 5.7 percent after inflation (Chart 1), while women have gained 6.1 percent (Chart 2).

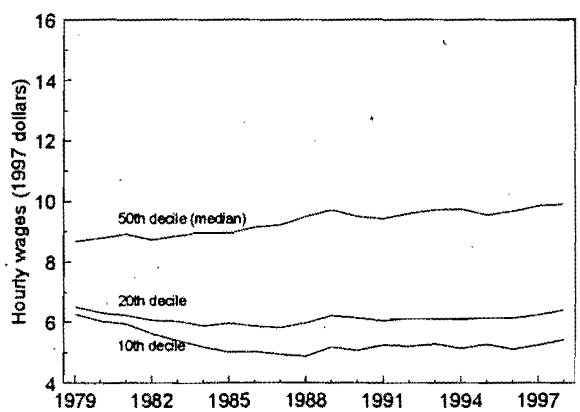
At the same time, unemployment rates among the least skilled have plummeted. When this Administration took office in 1993, 11.1 percent of workers without a high school degree were unemployed; today that rate has fallen to 7.2 percent. Among high school graduates (with no college), the rate has fallen from 6.6 to 3.9 percent. Hence, low-wage workers are working more and earning more for every hour that they work.

Chart 1: Hourly Wages of Men Aged 16 and Over



Note: 1998 figure is the January through August average.

Chart 2: Hourly Wages of Women Aged 16 and Over



Note: 1998 figure is the January through August average.

One group in particular -- single mothers -- has also experienced significant increases in labor force participation during this time period. Labor force participation rates among single mothers began to climb in 1993 after remaining essentially unchanged at 74 percent since 1984. By 1997, 84 percent of single mothers were in the labor force, a marked change for a group that has traditionally had extremely high rates of poverty and welfare usage.

3. Administration Policies Have Played a Key Role in These Gains

The strong overall economy has been an important factor in increasing the wages and employment of less-skilled workers. Typically, employment among workers with less education is more sensitive to changes in the economy, with larger gains in recoveries and larger losses in downturns. This Administration has worked hard to maintain an environment in which economic growth can flourish and American businesses can compete fairly, both at home and abroad. However, the strong economy is not the only reason for these gains among less skilled workers. Administration policies to "make work pay" by expanding the Earned Income Tax Credit and raising the minimum wage have also been important.

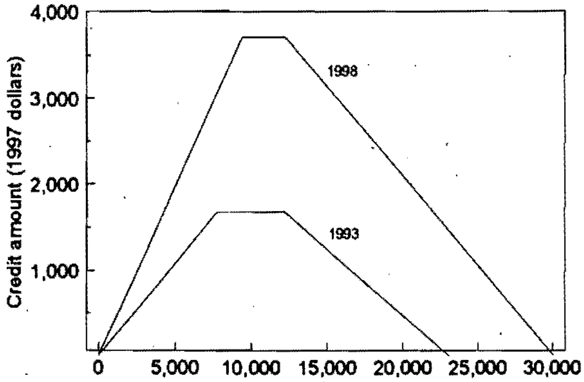
3.1 Expanding the Earned Income Tax Credit

Description of the EITC

The goals of the Earned Income Tax Credit (EITC) are to make work pay, to help ensure that working parents do not have to raise their children in poverty, and to offset the total tax burden of low and moderate income working families. As a result, the EITC eases the transition from welfare to work. To achieve these goals, the EITC consists of a refundable tax credit for working families with low incomes that offsets a family's total tax burden. Because the credit is refundable, individuals can receive the full amount to which they are entitled even if the amount exceeds the individual income taxes they owe. About 80 percent of EITC payments offset individual income, social security, and other Federal taxes borne by families receiving the credit.

Only families that work are eligible for the tax credit, and the amount of the credit depends on a family's labor market earnings. In 1998, for every dollar a low-income worker earns up to an established limit, as much as 40 cents is added to compensation in the form of a tax credit. In particular, the amount of the credit rises with earnings up to a maximum credit of $2,271 for a family with one child and $3,756 for a family with two or more children. The credit is flat for a range of earnings and then is phased out.

Chart 3: The Earned Income Tax Credit in 1993 and 1998



Note: Credit amount depicted is for a family with two or more children

The EITC was significantly expanded in the Omnibus Budget Reconciliation Acts (OBRA) of 1990 and 1993. As a consequence of these expansions, the EITC now provides a greater incentive for labor force participation than in 1993. In 1993, very low-income parents receive an additional 19 to 20 cents for each additional dollar earned. In 1998, a very low income parent with one child will receive 34 cents for additional earnings; if he or she has two children, the EITC will add 40 cents to their take-home pay (Chart 3).

OBRA 1993 significantly increased the credit for families with two or more children. The maximum credit was increased by over $1,500 (1998 dollars), while eligibility for the credit was extended to families with incomes up to $30,050 (or about $3,600 above the prior law level). In addition, the 1993 expansion helped lower taxes for 15 million working families in 1996.

About 19.7 million workers are expected to claim the EITC in tax year 1998, receiving an average credit of $1,547. About 16.5 million of these claims will be for workers living with children, who will receive an average credit of $1,807.

The EITC is a non-bureaucratic way to reward work effort. There are no middlemen service providers, no long lines at government offices, and there is no need to take time off from work to apply for the credit. Working families apply directly to the Internal Revenue Service for the EITC and generally receive the credit as part of their tax refund.

Participation in the EITC

While the EITC offers a substantial incentive to work and move out of poverty, the credit is effective if low-income families apply for it. A relatively high fraction of families eligible for the EITC -- 81 to 86 percent in 1990 -- have claimed the credit.[1] The participation rate has been substantially higher than those for other antipoverty programs, including AFDC (62 to 72 percent in 1986/87), and Food Stamps (54 to 66 percent in 1986/87).[2]

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[1]Scholz, J.K. (1994). "The Earned Income Tax Credit: Participation, Compliance, and Antipoverty Effectiveness." *National Tax Journal,* 59-81.

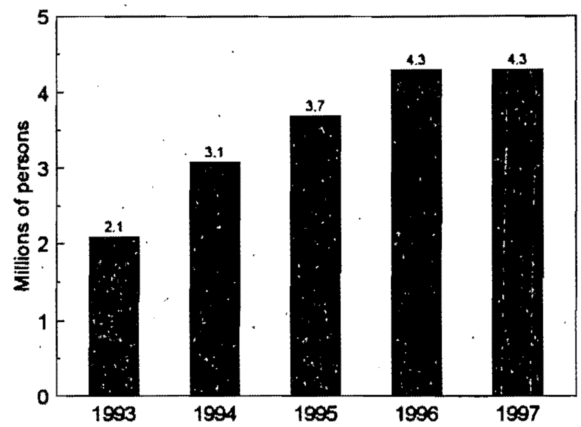
[2]Blank, R. and P. Ruggles (1996). "When Do Women Use AFDC and Food Stamps? The Dynamics of Eligibility vs. Participation." *Journal of Human Resources*, 57-89.

The EITC has reduced poverty

The EITC is targeted to families living in poverty with the goal of lifting their income above the poverty line. As shown in Chart 4, the latest estimate from the Census Bureau shows that the EITC removed 4.3 million persons from poverty in 1997, which is more than double the number who were removed from poverty in 1993.

Over half of the people removed from poverty by the EITC (2.2 million) were children under the age of 18, and 1.8 million were living in families headed by unmarried women. Updating analyses reported in the 1998 Economic Report of the President, it is found that over half of the decline in child poverty between 1993 and 1997 can be explained by changes in taxes, most importantly the EITC (Table 1). In addition, the EITC removed about 1.1 million African-Americans and nearly 1.2 million persons of Hispanic origin from poverty in 1997. It is clear that the EITC has become a major weapon in our fight against poverty.

Chart 4: Number of People Removed from Poverty by the EITC



The EITC has increased the labor force participation of single mothers

Between 1993 and 1997, the real value of the maximum EITC payment increased by 38 percent for single mothers with one child and by 116 percent for single mothers with two or more children.[3] These increases coincided with the period when the proportion of single mothers in the labor force increased dramatically, from 73.7 percent in 1992 to 84.2 percent in 1997.

In contrast, the labor force participation of single women without children -- who became eligible for a very small credit in 1994 if their earnings were very low -- did not change over this period (Chart 5). As Chart 6 indicates, the difference in the labor force participation rates of single women with and without children has closely tracked the growth in maximum EITC

Chart 5: Labor Force Participation Rates of Single Women With and Without Children

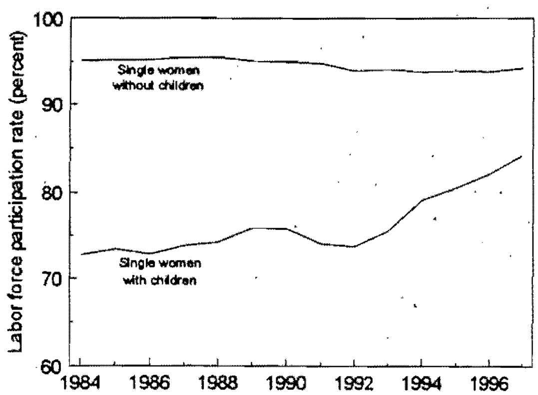
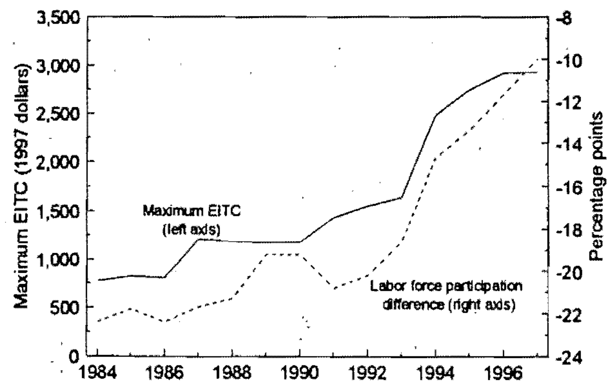


Chart 6: Maximum EITC and Difference in Labor Force Participation Between Single Women With and Without Children



Note: After 1990, the maximum EITC is the average of the maximum for taxpayers with one child and with more than one child.

[3]The same numbers apply to two-parent families.

benefits.[4]

One recent study concluded that as much as 60 percent of the increase in employment of single mothers since 1984 was attributable to expansions in the EITC.[5] For the period between 1992 and 1996, the EITC explains 33 percent of the increase in annual employment. A second study examined the 1986 EITC expansion, which was more modest than the 1993 expansion, and found that it significantly increased labor force participation among single mothers, especially for less educated women.[6] Yet another study found that the EITC could result in an increase in labor supply of 19.9 million hours in 1996 relative to 1993 law and induce 516,000 families to move from welfare into the workforce.[7]

EITC benefits for married couples are based on the combined earnings of both husband and wife. Hence, married couples are more likely than single parent families to fall in the range of earnings where the EITC is being phased out. This has caused some researchers to predict that the EITC might cause a decrease in hours of work among married couples. However, the limited available evidence suggests that the expansions in 1986, 1990, and 1993 had modest disincentive effects of 1.2 percentage points on labor force participation of wives, and they actually had a small positive effect on married men (of 0.2 percentage points).[8]

How is the extra income from the EITC being used?

Most families receive their EITC dollars at tax payment time, in the form of a larger refund. A recent study interviewed low-income workers who had gone to a volunteer tax preparation office in Chicago for assistance with their tax return. The study asked the workers what they planned to do with the EITC they were expecting to receive and found that 61 percent planned to use at least some of their refund for investment purposes, such as to pay for education (9 percent), repair, buy, or finance a car (10 percent), or to pay for a move (5 percent). Twenty-

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[4]Liebman, J.B. (1998). "The Impact of the Earned Income Tax Credit on Incentives and Income Distribution." *Tax Policy and the Economy*, 12, 83-119.

[5]Meyer, B., and D.T. Rosenbaum (1998). "Welfare, the Earned Income Tax Credit, and the Employment of Single Mothers." Department of Economics, Northwestern University.

[6]Eissa, N. and J.B. Liebman (1996). "Labor Supply Response to the Earned Income Tax Credit." *Quarterly Journal of Economics*, 111(2): 605-637.

[7]Dickert, S., S. Houser, and J.K. Scholz (1995). "The Earned Income Tax Credit and Transfer Programs: A Study of Labor Market and Program Participation." *Tax Policy and the Economy*, 9, 1-50.

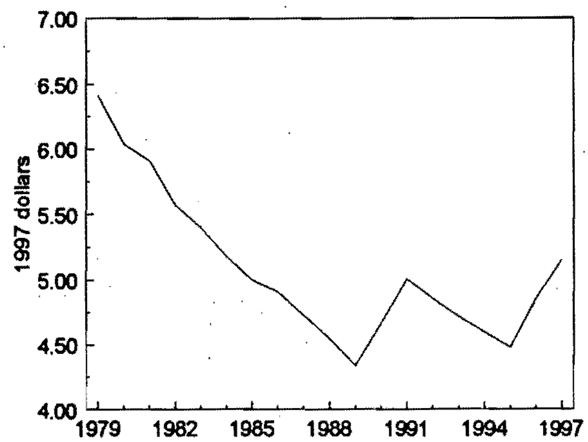
[8]Eissa, N. and H.W. Hoynes (1998). "The Earned Income Tax Credit and the Labor Supply of Married Couples." Department of Economics, University of California, Berkeley.

eight percent said they were saving at least some of the EITC for future use.[9]

3.2 Increasing the Minimum Wage

The Administration has fought for increases in the minimum wage, and on October 1, 1996 the rate was raised from $4.25 to $4.75. The rate was increased again to $5.15 on September 1, 1997. Prior to these increases, it had been five years since the minimum wage was last raised, and its real value had decreased by 15 percent (Chart 7).

Chart 7: The Real Value of the Minimum Wage



As shown in Charts 1 and 2, the wages of low-wage workers increased substantially since 1996, and the recent minimum wage increases are likely to explain much of this rise. It has been estimated that almost 10 million workers benefited from the recent minimum wage hikes.[10]

Most of the workers benefiting from the wage increases are adults from lower income families, and their wages are a major source of their family's earnings. Among workers who were earning between $4.25 and $5.15 just prior to the minimum wage increases, 71 percent were adults (20 or older), 58 percent were women, and one-third were black or Hispanic workers. Almost half of the affected workers (46 percent) worked full-time, and most of the low-wage workers were in low-income households. That is, over half of the benefits from the minimum wage increases were received by households in the bottom 40 percent of the income distribution. And in 1997, the earnings of the average minimum wage worker accounted for 54 percent of their family's total earnings.

One of the potential side effects of increasing the minimum wage is a reduction in employment. That is, with labor more expensive, some firms may hire fewer workers. Many empirical studies have examined this issue, and the weight of the evidence suggests that modest increases in the minimum wage have had very little or no effect on employment. In fact, a recent study of the 1996-97 wage increases used several different methods and found that the employment effects were statistically insignificant. Moreover, the unemployment rates of African-American teens and high school dropouts, who are two groups of workers most likely to be

[9]Smeeding, T., K. Ross, M. O'Connor, and M. Simon (1998). "The Economic Impact of the Earned Income Tax Credit (EITC)." Center for Policy Research, Maxwell School of Public Policy, Syracuse University.

[10]This finding, and the subsequent two paragraphs are based on: Bernstein, J., and J. Schmitt (1998). *Making Work Pay: The Impact of the 1996-97 Minimum Wage Increase.* Economic Policy Institute, Washington, D.C.

affected by the wage hike, are lower today than they were just prior to the increases.

4. The Combined Effects of EITC and Minimum Wage Expansions

Increases in the minimum wage and expansions in the EITC reinforce each other. Among low-wage workers, these changes have produced substantial increases in income. Table 2 demonstrates the combined effect of the two policies (after inflation), comparing 1993 and 1997 (as if the minimum wage was in effect the full year). During this period the minimum wage rose by 9 percent, while the maximum EITC credit rose by 38 percent for one-child families (116 percent for two-child families). For families with one earner working full-time at the minimum wage, their combined earnings-plus-tax refund would have risen 14 percent if they had one child (27 percent if they had two or more children). This is a significant gain in real purchasing power among these parents.

As the bottom of Table 2 demonstrates, full-time work at the minimum wage no longer leaves families below the poverty line. As a result of these policy changes, one and two-child families with a single full-time minimum wage worker now earn enough to escape poverty.

5. Conclusion

The past several years have been very good ones for less-skilled workers in the labor market. Wages are up and unemployment is down. Among single mothers, many more are participating in the labor market, while welfare caseloads have declined steeply. The research evidence indicates that these gains partially reflect the strong economy, but that the gains have been reinforced by Administration policies that have increased the financial rewards for low-wage and less skilled persons to work.

Providing the economic incentives to work are an important legacy of this Administration. These gains mesh well with other goals this Administration has pursued, such as adequate child care for the children of working mothers and available training for those workers who want to increase their skills and work opportunities. In the long run, a healthy strong economy must rely on a trained and hard-working labor force, with opportunities for both the more and less educated. There has been real progress toward this goal in recent years.

Table 1. Factors Accounting for Changes in Child Poverty

	1979-97	1979-89	1989-93	1993-97
Changes to official poverty rate attributable to changes in:				
Family structure	2.1%	1.2%	0.8%	0.3%
Earnings and other before-tax-and-after income	1.4%	1.1%	3.5%	-3.6%
Cash social insurance and welfare payments	0.3%	1.0%	-1.1%	0.5%
Total change in official poverty measure	3.8%	3.2%	3.1%	-2.8%
Change in extended poverty rate attributable to changes in:				
Means-tested food and housing transfers	0.4%	0.4%	-0.3%	0.4%
Taxes	-2.3%	0.3%	0.0%	-2.6%
Total change in extended poverty rate	1.9%	4.0%	2.9%	-5.0%

Table 2. The Effects of Changing Minimum Wage and EITC on Earnings of Single Parents
(All numbers in $1997)

	1993	1997	Percent Change
Program Parameters			
Minimum wage	$4.72	$5.15	9
Maximum EITC			
One-child family	$1,602	$2,210	38
Two-child family	$1,689	$3,656	116
Earnings minus taxes*			
One-child family	$10,320	$11,722	14
Two-child family	$10,407	$13,168	27
Ratio of earnings minus taxes to poverty line			
One-child family	0.93	1.06	
Two-child family	0.80	1.02	

*Assumes one earner works full-time/full-year (2000 hours) at minimum wage. Taxes include income taxes (including the EITC) and employee share of social security taxes.

U.S. DOL

Fair Labor Standards Act of 1938: Maximum Struggle for a Minimum Wage

By Jonathan Grossman*

When he felt the time was ripe,
President Roosevelt asked
Secretary of Labor Perkins,
'What happened to that
nice unconstitutional bill
you had tucked away?'

On Saturday, June 25, 1938, to avoid pocket vetoes 9 days after Congress had adjourned, President Franklin D. Roosevelt signed 121 bills. Among these bills was a landmark law in the Nation's social and economic development -- Fair Labor Standards Act of 1938 (FLSA). Against a history of judicial opposition, the depression-born FLSA had survived, not unscathed, more than a year of Congressional altercation. In its final form, the act applied to industries whose combined employment represented only about one-fifth of the labor force. In these industries, it banned oppressive child labor and set the minimum hourly wage at 25 cents, and the maximum workweek at 44 hours.[1]

Forty years later, a distinguished news commentator asked incredulously: "My God! 25 cents an hour! Why all the fuss?" President Roosevelt expressed a similar sentiment in a "fireside chat" the night before the signing. He warned: "Do not let any calamity-howling executive with an income of $1,000 a day, ...tell you...that a wage of $11 a week is going to have a disastrous effect on all American industry."[2] In light of the social legislation of 1978, Americans today may be astonished that a law with such moderate standards could have been thought so revolutionary.

Courting disaster

The Supreme Court had been one of the major obstacles to wage-hour and child-labor laws. Among notable cases is the 1918 case of *Hammer v. Dagenhart* in which the Court by one vote held unconstitutional a Federal child-labor law. Similarly in *Adkins v. Children's Hospital* in 1923, the Court by a narrow margin voided the District of Columbia law that set minimum wages for women. During the 1930's, the Court's action on social legislation was even more devastating.[3]

New Deal promise. In 1933, under the "New Deal" program, Roosevelt's advisers developed a National Industrial Recovery Act (NRA).[4] The act suspended antitrust laws so that industries could enforce fair-trade codes resulting in less competition and higher wages. On signing the bill, the President stated: "History will probably record the National Industrial Recovery Act as the most important and far-reaching legislation ever enacted by the American Congress." The law was popular, and one family in Darby, Penn., christened a newborn daughter Nira to honor it.[5]

As an early step of the NRA, Roosevelt promulgated a President's Reemployment Agreement "to raise wages, create employment, and thus restore business." Employers signed more than 2.3 million agreements, covering 16.3 million employees. Signers agreed to a workweek between 35 and 40 hours and a minimum wage of $12 to $15 a week and undertook, with some exceptions, not to employ youths under 16 years of age. Employers who signed the agreement displayed a "badge of honor," a blue eagle over the motto "We do our part." Patriotic Americans were expected to buy only from "Blue Eagle" business concerns.[6]

In the meantime, various industries developed more complete codes. The Cotton Textile Code was the first of these and one of the most important. It provided for a 40-hour workweek, set a minimum weekly wage of $13 in the North and $12 in the South, and abolished child labor. The President said this code made him "happier than any other one thing...since I have come to Washington, for the code abolished child labor in the textile industry." He added: "After years of fruitless effort and discussion, this ancient atrocity went out in a day."[7]

A crushing blow. On "Black Monday," May 27, 1935, the Supreme Court disarmed the NRA as the major depression-fighting weapon of the New Deal. The 1935 case of *Schechter Corp. v. United States* tested the constitutionality of the NRA by questioning a code to improve the sordid conditions under which chickens were slaughtered and sold to retail kosher butchers.[8] All nine justices agreed that the act was an unconstitutional delegation of government power to private interests. Even the liberal Benjamin Cardozo thought it was "delegation running riot." Though the "sick chicken" decision seems an absurd case upon which to decide the fate of so sweeping a policy, it invalidated not only the restrictive trade practices set by the NRA-authorized codes, but the codes' progressive labor provisions as well.[9]

As if to head off further attempts at labor reform, the Supreme Court, in a series of decisions, invalidated both State and Federal labor laws. Most notorious was the 1936 case of Joseph Tipaldo.[10]The manager of a Brooklyn, N.Y., laundry, Tipaldo had been paying nine laundry women only $10 a week, in violation of the New York State minimum wage law. When forced to pay his workers $14.88, Tipaldo coerced them to kick back the difference. When Tipaldo was jailed on charges of violating the State law, forgery, and conspiracy, his lawyers sought a writ of habeas corpus on grounds the New York law was unconstitutional. The Supreme Court, by a 5-to-4 majority voided the law as a violation of liberty of contract.[11]

The Tipaldo decision was among the most unpopular ever rendered by the Supreme Court. Even bitter foes of President Roosevelt and the New Deal criticized the Court. Ex-President Herbert Hoover said the Court had gone to extremes. Conservative Republican Congressman Hamilton Fish called it a "new Dred Scott decision" condemning 3 million women and children to economic slavery.[12]

A switch in time. Wage-hour legislation was a campaign issue in the 1936 Presidential race. The Democratic platform called for higher labor standards, and, in his campaign, Roosevelt promised to seek some constitutional way of protecting workers. He tried to pave the way for such legislation in his speeches and new conferences in which he spoke of the breakdown of child labor provisions, minimum wages, and maximum hour standards after the demise of the NRA codes.

When Roosevelt won the 1936 election by 523 electoral votes to 8, he interpreted his landslide victory as support for the New Deal and was determined to overcome the obstacle of Supreme Court opposition as soon as possible. In February 1937, he struck back at the "nine old men" of the Bench: He proposed to "pack" the Court by adding up to six extra judges, one for each judge who did not retire at age 70. Roosevelt further voiced his disappointment with the Court at the victory dinner for his second inauguration, saying if the "three-horse team [of the executive, legislative, and judicial branches] pulls as one, the field will be ploughed," but that the field will not be ploughed if one horse lies down in the traces or plunges off in another direction."[13]

However, Roosevelt's metaphorical maverick fell in step. On "White Monday," March 29, 1937, the Court reversed its course when it decided the case of *West Coast Hotel Company v. Parrish*.[14] Elsie Parrish, a former chambermaid at the Cascadian Hotel in Wenatchee, Wash., sued for $216.19 in back wages, charging that the hotel had paid her less than the State minimum wage. In an unexpected turn-around, Justice Owen Roberts voted with the four-man liberal minority to uphold the Washington minimum wage law.

As other close decisions continued to validate social and economic legislation, support for Roosevelt's Court "reorganization" faded. Meanwhile, Justice Roberts felt called upon to deny that he had switched sides to ward off Roosevelt's court-packing plan. He claimed valid legal distinctions between the Tipaldo case and the Parrish case. Nevertheless, many historians subscribe to the contemporary view of Robert's vote, that "a switch in time saved nine."[15]

A young worker's plea

While President Franklin Roosevelt was in Bedford, Mass., campaigning for reelection, a young girl tried to pass him an envelope. But a policeman threw her back into the crowd. Roosevelt told an aide, "Get the note from the girl." Her note read,

> *I wish you could do something to help us girls.... We have been working in a sewing factory,... and up to a few months ago we were getting our minimum pay of $11 a week... Today the 200 of us girls have been cut down to $4 and $5 and $6 a week.*

To a reporter's question, the President replied, "Something has to be done about the elimination of child labor and long hours and starvation wages."

-FRANKLIN D. ROOSEVELT
Public Papers and Addresses, Vol. V
New York, Random House, 1936), pp. 624-25.

Back to the drawing board

Justice Roberts' "Big Switch" is an important event in American legal history. It is also a turning point in American social history, for it marked a new legal attitude toward labor standards. To be sure, validating a single State law was a far cry from upholding general Federal legislation, but the Parrish decision encouraged advocates of fair labor standards to work all the harder to develop a bill that might be upheld by the Supreme Court.

An ardent advocate. No top government official worked more ardently to develop legislation to help underpaid workers and exploited child laborers than Secretary Frances Perkins. Almost all her working life, Perkins fought for pro-labor legislation. To avoid the sometime pitfall of judicial review, she consulted legal experts in forming legislation. Her autobiographical account of her relations with President Roosevelt is filled with the names of lawyers with whom she discussed legislation: Felix Frankfurter, Thomas Corcoran, Gerard Reilly, Benjamin Cohen, Charles Wyzanski, and many others both within and outside Government.

When, in 1933, President Roosevelt asked Frances Perkins to become Secretary of Labor, she told him that she would accept if she could advocate a law to put a floor under wages and a ceiling over hours of work and to abolish abuses of child labor. When Roosevelt heartily agreed, Perkins asked him, "Have you considered that to launch such a program... might be considered unconstitutional?" Roosevelt retorted, "Well, we can work out something when the time comes."[16]

During the constitutional crisis over the NRA, Secretary Perkins asked lawyers at the Department of Labor to draw up two wage-hour and child-labor bills which might survive Supreme Court review. She then told Roosevelt, "I have something up my sleeve....I've got two bills ...locked in the lower left-hand drawer of my desk against an emergency." Roosevelt laughed and said, "There's New England caution for you.... You're pretty unconstitutional, aren't you?"[17]

Earlier Government groundwork. One of the bills that Perkins had "locked" in the bottom drawer of her desk was used before the 1937 "Big Switch." The bill proposed using the purchasing power of the Government as an instrument for improving labor standards. Under the bill Government contractors would have to agree to pay the "prevailing wage" and meet other labor standards. The idea had been tried in World War I to woo worker support for the war. Then, President Hoover reincarnated the "prevailing wage" and fair standards criteria as conditions for bidding for the construction of public buildings. This act -- the Davis-Bacon Act -- in expanded form stands as a bulwark of labor standards in the construction industry.

Roosevelt and Perkins tried to make model employers of government contractors in all fields, not just construction. They were dismayed to find that, except in public construction, the Federal Government actually encouraged employers to exploit labor because the Government had to award every contract to the lowest bidder. In 1935, approximately 40 percent of government contractors, employing 1.5 million workers, cut wages below and stretched hours above the standards developed under the NRA.

The Roosevelt-Perkins remedial initiative resulted in the Public Contracts Act of 1936 (Walsh-Healey). The act required most government contractors to adopt an 8-hour day and a 40-hour week, to employ only those over 16 years of age if they were boys or 18 years of age if they were girls, and to pay a "prevailing minimum wage" to be determined by the Secretary of Labor. The bill had been hotly contested and much diluted before it passed Congress on June 30, 1936. Though limited to government supply contracts and weakened by amendments and court interpretations, the Walsh-Healey Public Contracts Act was hailed as a token of good faith by the Federal Government -- that it intended to lead the way to better pay and working conditions.[18]

A broader bill is born

President Roosevelt had postponed action on a fair labor standards law because of his fight to "pack" the Court. After the "switch in time," when he felt the time was ripe, he asked Frances Perkins, "What happened to that nice unconstitutional bill you tucked away?"

The bill -- the second that Perkins had "tucked" away -- was a general fair labor standards act. To cope with the danger of judicial review, Perkins' lawyers had taken several constitutional approaches so that, if one or two legal principles were invalidated, the bill might still be accepted. The bill provided for minimum-wage boards which would determine, after public hearing and consideration of cost-of-living figures from the Bureau of Labor Statistics, whether wages in particular industries were below subsistence levels.

Perkins sent her draft to the White House where Thomas Corcoran and Benjamin Cohen, two trusted legal advisers of the President, with the Supreme Court in mind, added new provisions to the already lengthy measure. "Ben Cohen and I worked on the bill and the political effort behind it for nearly 4 years with Senator Black and Sidney Hillman," Corcoran noted.[19]

An early form of the bill being readied for Congress affected only wages and hours. To that version Roosevelt added a child-labor provision based on the political judgment that adding a clause banning goods in interstate commerce produced by children under 16 years of age would increase the chance of getting a wage-hour measure through both Houses, because child-labor limitations were popular in Congress.[20]

Congress-round I

On May 24, 1937, President Roosevelt sent the bill to Congress with a message that America should be able to give "all our able-bodied working men and women a fair day's pay for a fair day's work." He continued: "A self-supporting and self-respecting democracy can plead no justification for the existence of child labor, no economic reason for chiseling worker's wages or stretching workers' hours." Though States had the right to set standards within their own borders, he said, goods produced under "conditions that do not meet rudimentary standards of decency should be regarded as contraband and ought not to be allowed to pollute the channels of interstate trade." He asked Congress to pass applicable legislation"at this session."[21]

Senator Hugo Black of Alabama, a champion of a 30-hour workweek, agreed to sponsor the Administration bill on this subject in the Senate, while Representative William P. Connery of Massachusetts introduced corresponding legislation in the House. The Black-Connery bill had wide Public support, and its path seemed smoothed by arrangements for a joint hearing by the labor committees of both Houses.

Generally, the bill provided for a 40-cent-an-hour minimum wage, a 40-hour maximum workweek, and a minimum working age of 16 except in certain industries outside of mining and manufacturing. The bill also proposed a five-member labor standards board which could authorize still higher wages and shorter hours after review of certain cases.

Proponents of the bill stressed the need to fulfill the President's promise to correct conditions under which "one-third of the population" were "ill-nourished, ill-clad, and ill- housed." They pointed out that, in industries which produced products for interstate commerce, the bill would end oppressive child labor and "unnecessarily long hours which wear out part of the working population while they keep the rest from having work to do." Shortening hours, they argued, would "create new jobs...for millions of our unskilled unemployed," and minimum wages would "underpin the whole wage structure...at a point from which collective bargaining could take over." [22]

Advocates of higher labor standards described the conditions of sweated labor. For example, a survey by the Labor Department's Children's Bureau of a cross section of 449 children in several States showed nearly one-fourth of them working 60 hours or longer a week and only one-third working 40 hours or less a week. The median wage was slightly over $4 a week.[23]

One advocate, Commissioner of Labor Statistics Isador Lubin, explained to the joint Senate-House committee that during depressions the ability to overwork employees, rather than efficiency, determined business success. The economy, he reported, had deteriorated to the chaotic stage where employers with high standards were forced by cut-throat competition to exploit labor in order to survive. "The outstanding feature of the proposed legislation," Lubin said, is that "it aims to establish by law a plane of competition far above that which could be maintained in the absence of government edict." [24]

Opponents of the bill charged that, although the President might damn them as "economic royalists and sweaters of labor," the Black-Connery bill was "a bad bill badly drawn" which would lead the country to a "tyrannical industrial dictatorship." They said New Deal rhetoric, like "the smoke screen of the cuttle fish," diverted attention from what amounted to socialist planning. Prosperity, they insisted, depended on the "genius" of American business, but how could business "find any time left to provide jobs if we are to persist in loading upon it these everlastingly multiplying governmental mandates and delivering it to the mercies of multiplying and hampering Federal bureaucracy?"[25]

Organized labor supported the bill but was split on how strong it should be. Some leaders, such as Sidney Hillman of the Amalgamated Clothing Workers Union and David Dubinsky of the International Ladies' Garment Workers' Union, supported a strong bill. In fact, when Southern congressmen asked for the setting of lower pay for their region, Dubinsky's union suggested lower pay for Southern congressmen. But William Green of the American Federation of Labor (AFL) and John L. Lewis of the Congress of Industrial Organization (CIO), on one of the rare occasions when they agreed, both favored a bill which would limit labor standards to low-paid and essentially unorganized workers. Based on some past experiences, many union leaders feared that a minimum wage might become a maximum and that wage boards would intervene in areas which they wanted reserved for labor-management negotiations. They were satisfied when the bill was amended to exclude work covered by collective bargaining.

The weakened bill passed the Senate July 31, 1937, by a vote of 56 to 28 and would have easily passed the House if it had been put to a vote. But a coalition of Republicans and conservative Democrats bottled it up in the House Rules Committee. After a long hot summer, Congress adjourned without House action on fair labor standards.[26]

Congress-round II

An angry President Roosevelt decided to press again for passage of the Black-Connery bill. Having lost popularity and split the Democratic Party in his battle to "pack" the Supreme Court, Roosevelt felt that attacking abuses of child labor and sweatshop wages and hours was a popular cause that might reunite the party. A wage-hour, child-labor law promised to be a happy marriage of high idealism and practical politics.

On October 12, 1937, Roosevelt called a special session of Congress to convene on November 15. The public interest, he said, required immediate Congressional action: "The exploitation of child labor and the undercutting of wages and the stretching of the hours of the poorest paid workers in periods of business recession has a serious effect on buying power".27

Despite White House and business pressure, the conservative alliance of Republicans and Southern Democrats that controlled the House Rules Committee refused to discharge the bill as it stood. Congresswoman Mary Norton of New Jersey, now chairing the House Labor Committee, made a valiant attempt to shake the bill loose".28 Many representatives had told her that they agreed with the principles of the bill but that they objected to a five-man wage board with broad powers. Therefore, Norton told the House of Representatives that the Labor Committee would offer an amendment to change the administration of the bill from a five-man board to an administrator under the Department of Labor. Urging representatives to sign a petition to jar the bill out of committee, Norton appealed:

> I now hope and urge that these Members will keep faith with me, as I have kept faith with them, and sign the petition . . . we are approaching Thanksgiving Day, . . . I do not see how any Member of this House can enjoy his Thanksgiving dinner tomorrow if he fails to put his name to that petition this afternoon.

Though Norton missed her Thanksgiving Day dead-line, by December 2, the bill's supporters had rounded up enough signers to give the petition the 218 signatures necessary to bring the bill to a vote on the House floor.29

With victory within grasp, the bill became a battle-ground in the war raging between the AFL and the CIO. The AFL accused the Roosevelt Administration of favoring industrial over craft unions and opposed wage-board determination of labor standards for specific indu

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HISTORY OF CHANGES TO THE FLSA

Adapted from *Minimum Wage and Maximum Hours Standards Under the Fair Labor Standards Act*, 1988 Report to the Congress under Section 4(d)(1) of the FLSA.

Early in the administration of the FLSA, it became apparent that application of the statutory minimum wage was likely to produce undesirable effects upon the economies of Puerto Rico and the Virgin Islands if applied to all of their covered industries. Consequently on June 26, 1940, an amendment was enacted prescribing the establishment of special industry committees to determine, and issue through wage orders, the minimum wage levels applicable in Puerto Rico and the Virgin Islands. The rates established by industry committees could be less than the statutory rates applicable elsewhere in the United States.

On May 14, 1947, the FLSA was amended by the Portal-to-Portal Act. This legislation was significant because it resolved some issues as to what constitutes compensable hours worked under FLSA. Matters involving underground travel in coal mines and make-ready practices in factories had been decided earlier in a number of U.S. Supreme Court decisions.

Subsequent amendments to the FLSA have extended the law's coverage to additional employees and raised the level of the minimum wage. In 1949, the minimum wage was raised from 40 cents an hour to 75 cents an hour for all workers and minimum wage coverage was expanded to include workers in the air transport industry. The 1949 amendments also eliminated industry committees except in Puerto Rico and the Virgin Islands. A specific section was added granting the Wage and Hour Administrator in the U.S. Department of Labor authorization to control the incidence of exploitative industrial homework. A 1955 amendment increased the minimum wage to $1.00 an hour with no changes in coverage.

The 1961 amendments greatly expanded the FLSA's scope in the retail trade sector and increased the minimum for previously covered workers to $1.15 an hour effective September 1961 and to $1.25 an hour in September 1963. The minimum for workers newly subject to the Act was set at $1.00 an hour effective September 1961, $1.15 an hour in September 1964, and $1.25 an hour in September 1965. Retail and service establishments were allowed to employ full-time students at wages of no more than 15 percent below the minimum with proper certification from the Department of Labor. The amendments extended coverage to employees of retail trade enterprises with sales exceeding $1 million annually, although individual establishments within those covered enterprises were exempt if their annual sales fell below $250,000. The concept of enterprise coverage was introduced by the 1961 amendments. Those amendments extended coverage in the retail trade industry from an established 250,000 workers to 2.2 million.

Congress further broadened coverage with amendments in 1966 by lowering the enterprise sales volume test to $500,000, effective February 1967, with a further cut to $250,000 effective February 1969. The 1966 amendments also extended coverage to public schools, nursing homes, laundries, and the entire construction industry. Farms were subject to coverage for the first time if their employment reached 500 or more man-days of labor in the previous year's peak quarter. The minimum wage went to $1.00 an hour effective February 1967 for newly covered non-farm workers, $1.15 in February 1968, $1.30 in February 1969, $1.45 in February 1970, and $1.60 in February 1971. Increases for newly subject farm workers stopped at $1.30. The 1966 amendments extended the full-time student certification program to covered agricultural employers and to institutions of higher learning.

In 1974, Congress included under the FLSA all nonsupervisory employees of Federal, State, and local governments and many domestic workers. (Subsequently, in 1976, in *National League of Cities* v.

Usery, the Supreme Court held that the minimum wage and overtime provisions of the FLSA could not constitutionally apply to State and local government employees engaged in traditional government functions.) The minimum wage increased to $2.00 an hour in 1974, $2.10 in 1975, and $2.30 in 1976 for all except farm workers, whose minimum initially rose to $1.60. Parity with nonfarm workers was reached at $2.30 with the 1977 amendments.

The 1977 amendments, by eliminating the separate lower minimum for large agricultural employers (although retaining the over-time exemption), set a new uniform wage schedule for all covered workers. The minimum went to $2.65 an hour in January 1978, $2.90 in January 1979, $3.10 in January 1980, and $3.35 in January 1981. The amendments eased the provisions for establishments permitted to employ students at the lower wage rate and allowed special waivers for children 10-to-11 years old to work in agriculture. The overtime exemption for employees in hotels, motels, and restaurants was eliminated. To allow for the effects of inflation, the $250,000 dollar volume of sales coverage test for retail trade and service enterprises was increased in stages to $362,500 after December 31, 1981.

As a result of the Supreme Court's 1985 decision in *Garcia* v. *San Antonio Metropolitan Transit Authority et.al.*, Congress passed amendments changing the application of FLSA to public sector employees. Specifically, these amendments permit State and local governments to compensate their employees for overtime hours worked with compensatory time-off in lieu of overtime pay, at a rate of 1 1/2 hours for each hour of overtime worked.

Finally, the 1989 amendments established a single annual dollar volume test of $500,000 for enterprise coverage of both retail and non-retail businesses. At the same time, the amendments eliminated the minimum wage and overtime pay exemption for small retail firms. Thus, employees of small retail businesses became subject to minimum wage and overtime pay in any workweek in which they engage in commerce or the production of goods for commerce. The minimum wage was raised to $3.80 an hour beginning April 1, 1990, and to $4.25 an hour beginning April 1, 1991. The amendments also established a training wage provision (at 85% of the minimum wage, but not less than $3.35 an hour) for employees under the age of twenty, a provision that expired in 1993. Finally, the amendments established an overtime exception for time spent by employees in remedial education and civil money penalties for willful or repeated violations of the minimum wage or overtime pay requirements of the law[1].

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[1] In 1990, the Congress enacted legislation under which the Department of Labor issued regulations that provide a special overtime exemption for certain professionals in the computer field who receive not less than 6 and one-half times the applicable minimum wage.

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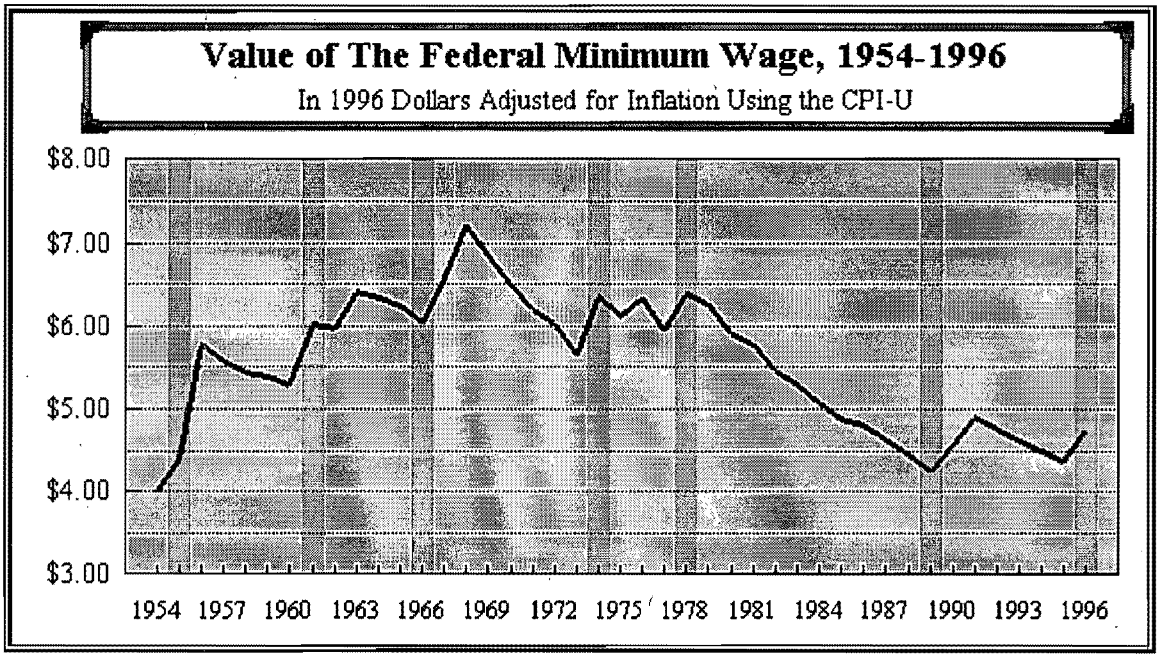
U.S. DOL

Value of The Federal Minimum Wage, 1954-1996

The chart and table below are a representation of the minimum wage over the last 43 years in 1996 dollars adjusted for inflation using the CPI-U. The shaded blocks on the chart below represent years in which the Fair Labor Standards Act was amended to raise the minimum wage.



The table below shows the actual minimum wage (Nominal Dollars) and the relative value of the minimum age (1996 Dollars). The bolded rows represent years in which the Fair Labor Standards Act was amended to raise the minimum wage. This table is also available in PDF format. In order to view and/or print PDF documents you must have a PDF viewer (e.g., Amber or Acrobat Reader) available on your workstation.

Year	Value of the Minimum Wage	
	Nominal Dollars	**1996 Dollars**
1954	$0.75	$4.37
1955	**0.75**	**4.39**
1956	1.00	5.77
1957	1.00	5.58
1958	1.00	5.43
1959	1.00	5.39
1960	1.00	5.30
1961	**1.15**	**6.03**
1962	1.15	5.97

1963	1.25	6.41
1964	1.25	6.33
1965	1.25	6.23
1966	**1.25**	**6.05**
1967	1.40	6.58
1968	1.60	7.21
1969	1.60	6.84
1970	1.60	6.47
1971	1.60	6.20
1972	1.60	6.01
1973	1.60	5.65
1974	**2.00**	**6.37**
1975	2.10	6.12
1976	2.30	6.34
1977	2.30	5.95
1978	**2.65**	**6.38**
1979	2.90	6.27
1980	3.10	5.90
1981	3.35	5.78
1982	3.35	5.45
1983	3.35	5.28
1984	3.35	5.06
1985	3.35	4.88
1986	3.35	4.80
1987	3.35	4.63
1988	3.35	4.44
1989	**3.35**	**4.24**
1990	3.80	4.56
1991	4.25	4.90
1992	4.25	4.75
1993	4.25	4.61
1994	4.25	4.50
1995	4.25	4.38
1996	**4.75**	**4.75**

Source: Bureau of Labor Statistics

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THE MINIMUM WAGE IS A WOMEN'S ISSUE

by Senator Edward M. Kennedy and Hillary Rodham Clinton

Melissa Albis, of North Adams, Massachusetts, works for the local Burger King for $5.25 an hour. She has five children, all under age 12. Melissa is struggling to pay her $550 a month rent. She is looking for less expensive housing because she fears that she and her children will be evicted if she cannot earn more money.

Melissa is one of the millions of Americans and their families struggling to make it on low-paying minimum wage jobs. She and so many other women, men, and their children would benefit from an increase in the federal minimum wage.

To a large extent, raising the minimum wage is a women's issue. Almost 60% of the more than 11 million workers who would get a pay raise as a result of a dollar increase in the federal minimum wage are women, according to a recent study by the Economic Policy Institute and the Institute for Women's Policy Research. The study also found that almost one million of those women are single mothers. African American and Hispanic women would particularly benefit, since they are overrepresented in minimum wage jobs.

The states with the largest numbers of women who would receive a raise if we increased the minimum wage by a dollar are: Texas with 669,000 affected women, California (572,000), Florida (414,000), New York (372,000), Ohio (345,000), and Pennsylvania (338,000). One-fifth or more of working women in West Virginia, Arkansas, Mississippi, Montana, Louisiana, and Oklahoma would see a bigger paycheck.

Representative David E. Bonior (D-MI) and Senator Edward M. Kennedy (D-MA) are sponsoring legislation in Congress to help close this gap by increasing the minimum wage from its current level of $5.15 an hour to $5.65 on January 1, 2000, and to $6.15 an hour on January 1, 2001. But the Republican leadership in the House and the Senate refuses to schedule action on this legislation to raise the wages of the lowest paid workers.

Increasing the minimum wage is a family issue. As the real value of the minimum wage decreased over the past 20 years, parents' ability to support themselves and their families has suffered. In 1979, a woman earning the minimum wage made 70% of the hourly wage of the median female workers. By 1998, that ratio had fallen to 52%. In 1979, a single mother working full time at the minimum wage earned enough to lift a family of three, herself and two children, above the poverty line. But in 1998, that same family would be 18% below the poverty line, according to economists Heidi Hartmann, Jared Bernstein and John Schmitt.

The minimum wage is also a children's issue. Over two million married women and men with children and almost a million single moms would receive a pay raise as a result of a dollar increase in the federal minimum wage. Among these single moms, 85% have total household incomes below $25,000 a year.

The national economy is the strongest in a generation, with the lowest unemployment rate in three decades. Under the leadership of President Clinton, the country as a whole is enjoying a remarkable period of growth and prosperity. Inflation is low and interest rates are low. The stock market continues to break once unthinkable records. Hoache

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But millions of Americans are not sharing in our country's prosperity. Working 40 hours a week, 52 weeks a year, a woman earning minimum wage under current law would earn only $10,712 -- almost $3,200 below the poverty guidelines for a family of three. Each year we fail to act to raise the minimum wage, women and their families across the country continue to fall farther behind. The minimum wage today would have to be $7.49 an hour, instead of the current level of $5.15, to have the same purchasing power it had in 1968.

The proposal is a modest one. It is a down payment to hard-working Americans who toil at minimum wage jobs. They are teacher's aides and child care providers, home health care aides and cashiers. They care for our parents in nursing homes. They mop the floor and empty the trash in thousands of office buildings in communities across the country. They should be treated with dignity.

It is time to raise the minimum wage for the lowest paid workers. Before the Congress adjourns this fall, we should vote to increase the minimum wage. America's working men, women and their families need and deserve a raise. No one who works for a living should have to live in poverty.

TALKING IT OVER

BY HILLARY RODHAM CLINTON

RELEASE: WEDNESDAY, OCTOBER 14, 1998, AND THEREAFTER

Parents who work hard and play by the rules should not have to raise their children in poverty.

Yet, for millions of Americans in minimum-wage jobs -- custodians and department-store clerks, home health-care aides and child-care workers -- as hard as they work, they still struggle to stay afloat. It's time to give them a raise.

It's time to give Diane Mitchell of Brockton, Mass., a raise. Diane, a single mother of three, earns $5.90 an hour at an industrial laundry. She explains that making ends meet is a "constant struggle. Last month, I had my electricity turned off because I had to pay my gas bill. I'm always juggling food and utilities."

Diane knows that an increase of $40 a week doesn't sound like much to most people, but it is very important for her and her family. She won't have to choose between paying the electric bill and the gas bill, and she'll be able to feed her family throughout the month.

It's time to give Cathy Adams, a mother of two daughters, ages 10 and 11, and a home health aide from Viola, Ill., a raise. Cathy works over 11 hours a day, five days a week, caring for a woman with multiple sclerosis. She bathes her, dresses her and feeds her. She does her grocery shopping, laundry and cleaning. She runs errands and schedules doctor's appointments. Cathy likes her job but finds it hard to live on $5.30 an hour. "I literally live paycheck to paycheck," she says. "After paying the bills, whatever is left over goes to groceries. I have $9 in my savings account and worry about being able to save for my girls' education."

Cathy and Diane are not alone. That is why I was so disappointed last month when almost every Republican Senator voted against my husband's proposal to increase the minimum wage from $5.15 to $6.15 over the next two years -- a proposal that would affect 12 million Americans. For those who work full time, this increase would add $2,000 per year to their paychecks.

Let's talk about what $2,000 a year can mean to a family getting by on a minimum-wage paycheck: It can mean over half a year of groceries or seven months of rent. It can mean a year and a half of tuition and fees at a two-year college or more than 15 months of utilities.

Our economy is the strongest it's been in a generation. Since my husband took office, more than 16.7 million jobs have been created. Inflation is down, and unemployment has dropped to its lowest level in 28 years.

Our prosperity is causing incomes to rise and lifting millions out of poverty. Since 1993, when the President launched his economic plan, the typical American family's income has risen more than $3,500, and the overall poverty rate has fallen to 13.3 percent.

Americans at the bottom of the income ladder have done the best, thanks in large measure to the last boost in the minimum wage -- from $4.25 to $5.15 an hour -- which the President signed into law in 1996.

Combined with the expanded Earned Income Tax Credit, a tax cut for working families, this increase raised a full-time worker's annual income from about $10,000 to over $13,000. This is the good news.

The bad news is that there are still millions of workers in this country trying to raise a family and struggling to pay their bills -- workers like Cathy and Diane.

After the 1996 wage boost, 10 million American workers got a raise, and despite the dire predictions of some critics, millions of new jobs were created, and the unemployment rate fell dramatically. For teenagers, African Americans and women, employment rates have risen.

The minimum wage is a women's issue, a children's issue, a civil rights issue, a labor issue, a family issue. Above all, it is a fairness issue, a dignity issue and an issue of responsibility. The wealthiest nation on Earth can afford to do better for its citizens.

A vote against increasing the minimum wage at a time when we have low unemployment and low inflation -- when our prosperity and our economic policies are beginning to improve the lives of millions -- is wrong. We should not deny any American who works hard and pays taxes the opportunity to participate in our prosperity.

The President has said, "If we value work and we value family, we should increase the value of the minimum wage." This is why he will continue to fight to increase the minimum wage and why I hope every member of Congress will support him.

To find out more about Hillary Rodham Clinton and read her past columns, visit the Creators Syndicate web page at www.creators.com.