

## **Minimum Wage**

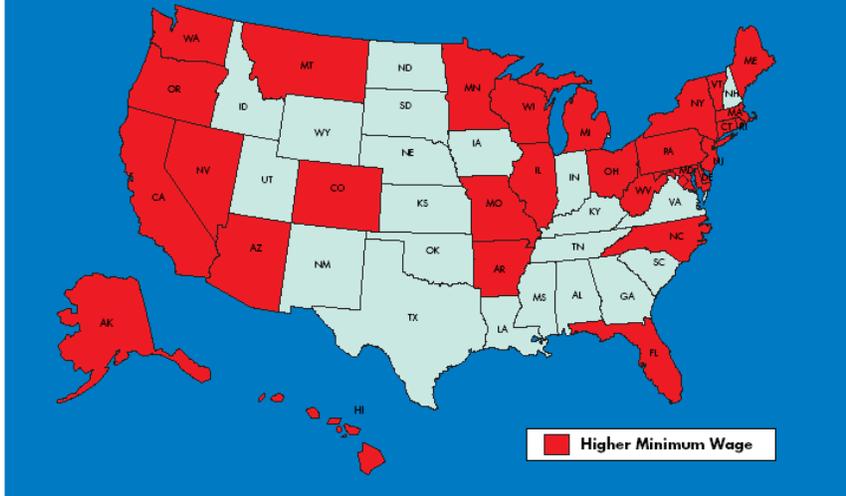
### **Is there a need for the minimum wage?**

- As Congress considers an increase to the federal minimum wage, there are several questions that need to be answered.
- To begin with, the Senate should ask whether the federal government really needs to intervene to increase the minimum wage.
- Does Congress need to force numerous states and companies, from Wall Street to the local mom and pop shop, to increase the minimum wage?
- It is important to understand the magnitude of what Congress is proposing to do. Congress is mandating a higher wage that every employer must pay. In other words, it will be illegal for any employer in the United States to pay a wage they and their employees seem fair if that wage is below \$7.25.
- The proposed increase is a substantial increase — 41 percent over the current federal minimum wage. In fact, the 41 percent increase would be the largest ever in the history of the federal minimum wage.

### **What are the states doing with the minimum wage?**

- One place to look for an answer to see whether the Senate needs to pass a much higher minimum wage is to look at what's happening in the states.
- 29 states and the District of Columbia already have minimum wages above the federal minimum.

## 29 States & DC Currently Have a Minimum Wage Higher Than the Federal Minimum Wage



- Fourteen of the 21 states with minimum wage levels the same as the federal level have at least one bill pending in their legislatures or pending as a ballot initiative to raise the state minimum wage.

## 14 States Considering A Minimum Wage Increase In 2007



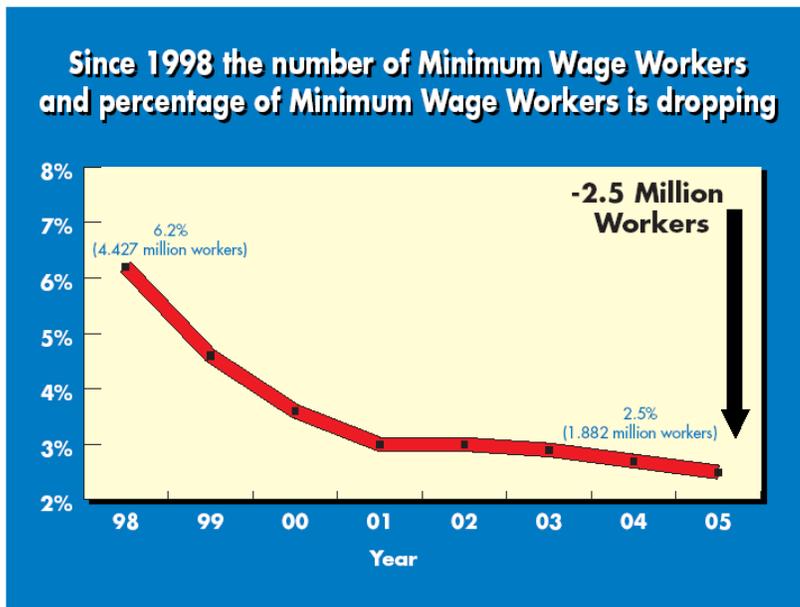
- That leaves only seven states that aren't above the federal minimum wage or aren't considering moving above the federal minimum wage. That does not sound like an overwhelming need that requires immediate Senate attention.
- The states are working on this. Either they're already way ahead of the federal government, or considering action to move ahead of the federal government.
- There is no need for the Congress to usurp state action. Just last year, six new states increased their minimum wage.
- When states are acting, a new trend is developing. That new trend is to tie a minimum wage increase to yearly inflation through the Consumer Price Index. This results in the minimum wage increasing every year.
- So in several states and the list is growing, \$7.25 is going to automatically be left behind in just the span of a few years.
- Leaving this up to the states is the right way and the best way to handle the minimum wage since governors and state legislatures are much more in tune than Congress with local market conditions, job conditions and the local cost of living.
- HR 2 is a national solution to a local issue and the Senate should not get involved.

### **Who are minimum wage workers:**

- Another item to consider is who the minimum wage workers in the country are today and what other government assistance benefits are available to them?
- According to the most recent Current Population Survey, 75.6 million American workers reported being paid by the hour which represents 60.1 percent of all wage and salary workers.

- Of those 75.6 million American workers being paid by the hour only 479,000 reported earning exactly \$5.15/hour. An additional 1.4 million make below \$5.15 for a total of about 1.9 million American workers at or below the minimum wage.
- There are 9.54 million workers making between \$5.15 and \$7.25, but of all American workers being paid by the hour, only 2.5 percent are at or below the minimum wage.
- The data about minimum wage workers is interesting because the number of those workers at or below the minimum wage is actually going down and has been dropping since the last minimum wage increase in 1997.

- In 1998, the percent of hourly workers at or below the minimum wage was 6.2 percent or just more than 4.4 million workers.



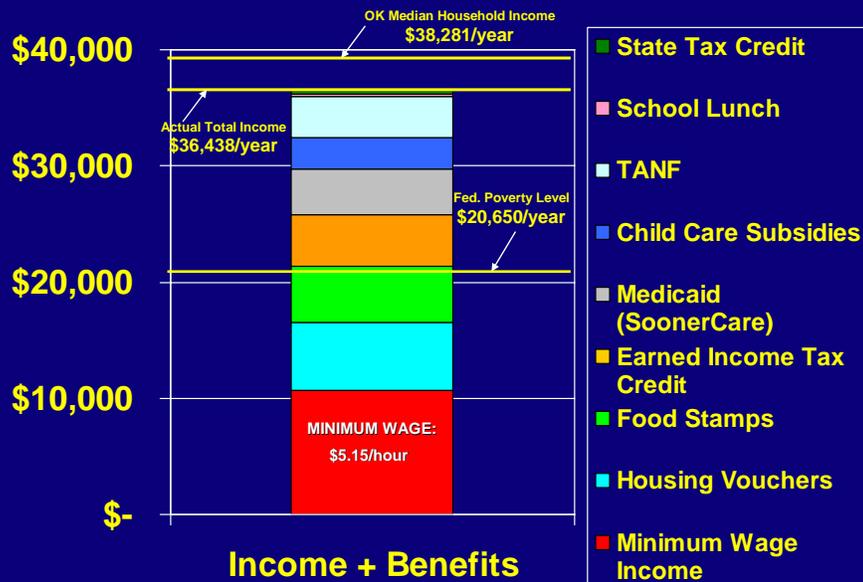
- 2.5 million less workers are making the minimum wage than they were eight years ago. The trend is moving in the right direction without the federal government acting or intervening.
- There is a myth this increase will mainly benefit the single mom with two or three kids working at her minimum wage job. It does not reflect the facts of who the minimum wage workers are.
- Of those wage earners who would directly have their wage increased if Congress passes the proposed minimum wage legislation, 85 percent are not raising a family just on one minimum wage job. The overwhelming majority of workers are either teenagers living with their working parents, adults living alone, or dual-earner married couples.
- The average family income for those 85 percent who are earning wages below \$7.25, is more than \$43,000 per year. Definitely not the poor single mom myth that is out there.

- In fact, according to the Department of Labor, the total number of single mothers that would be directly impacted by this bill is 843,000. That is less than 8 percent of all those making less than \$7.25.
- So the myth is just false that this bill will help the single mom trying to make ends meet. That myth is not true for 92 percent of the workers making wages that will be increased by this bill.
- The data also shows the majority of those at the minimum wage get raises without the government doing anything. A 20 year study found that 2/3 of those starting at minimum wage, earned a raise within the first year on the job.
- The reason for that is simple. Most of these jobs are entry-level, low-skill jobs where once the worker shows the capacity to do more and increases their skills, they get a promotion and a raise. It's a simple process of our free-market system that as a worker increases their skills, they are able to increase their wages.

### **What government assistance benefits are available to these low-wage workers?**

- What hasn't been mentioned in the Senate debate is what government assistance benefits are available to those making the minimum wage.
- This is particularly important because these benefits are tax free so they really make a significant impact in raising a family's income.

# THE TRUE INCOME OF MINIMUM WAGE WORKERS OKLAHOMA: \$36,438 per year



Sources: Bureau of Labor Statistics; U.S. Census Bureau; Nat'l Center for Children in Poverty; OK Health Care Authority; U.S. Dept. of Housing and Urban Development; U.S. Dept. of Treasury

## OKLAHOMA BENEFIT CHANGES AFTER MINIMUM WAGE INCREASE<sup>[1]</sup>

MINIMUM WAGE	\$5.15	\$7.25	Earnings LOST
Child Care	COPAY \$22/month	COPAY \$95/month	\$876/year
TANF	\$3,504/yr	\$2,604/yr	\$900/year
Food Stamps	\$3,588/year	\$2,808/yr	\$780/year
Housing Subsidy	\$4,140/year	\$3,096/yr	\$1,044/year
Medicaid (SoonerCare)	4 of 4 covered	2 of 4 covered	\$1,000+ /year
		<b>TOTAL BENEFITS LOST:</b>	<b>\$4,600/year</b>
		<b>WAGE INCREASE:</b>	<b>\$4,368/year</b>
		<b>DIFFERENCE:</b>	<b>\$-232/year</b>

[1] US Dept. of Health and Human Services; <http://marriagecalculator.acf.hhs.gov/marriage/report.php?showstate=40>