

**NLWJC - Kagan**

**DPC - Box 035 - Folder 007**

**Labor - Minimum Wage**

## REWARDING WORK BY RAISING THE MINIMUM WAGE

February 12, 1998

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

- **A Higher Minimum Wage Will Help 12 Million Americans -- Mostly Adult Workers Trying To Support Their Families.** According to data from the Bureau of Labor Statistics, 12 million hourly paid workers earn between \$5.15 and \$6.14 and would directly benefit from this pay raise. Three-quarters (74%) of the workers who would benefit are adults, age 20 or over, and three-fifths (60%) are women, many of whom are trying to raise the family on \$5.15. About two-fifths of the workers who will benefit from the increase are the sole wage earner in their household, and the average minimum-wage worker brings home half of their family's earnings.
- **Valuing Work: Restoring the Value of the Minimum Wage.** President Clinton's proposal to increase the minimum wage by \$1 in two equal steps -- combined with the previous 90-cent increase -- simply restores the real value of the minimum wage to what it was when President Reagan took office in 1981. During President Reagan's eight years in office, the real value of the minimum wage *fell* more than 25 percent. This increase -- in percentage terms -- is in line with previous ones that helped low-wage workers without adversely affecting the economy: both this proposal and the last one increase the minimum wage by about 20 percent.
- **Helping Ensure Parents Can Raise Their Children Out of Poverty.** In 1993, President Clinton expanded the Earned Income Tax Credit (EITC), helping to lift hundreds of thousands of working families out of poverty. Today, with the previous minimum wage increase and the expanded EITC, parents who work full-time do not have to bring up their children in poverty. This increase will help ensure that -- as costs continue to increase -- parents who work hard and play by the rules can bring up their children out of poverty.
- **Evidence from Last Minimum Wage Increase Is Clear: 10 Million Workers Got A Raise and No Jobs Were Lost.** The last minimum wage increase provided a pay raise to 10 million workers, and since the President signed the minimum wage increase into law in August 1996, the economy has created new jobs at an historically high pace of 250,000 per month; the inflation rate has declined from 2.9 percent to 1.7 percent; and the unemployment rate has fallen to 4.7 percent -- its lowest level in 25 years. For teenagers, African-Americans, and women, unemployment is down and employment rates are up.
- **This Is Consistent With Empirical Evidence That Shows Moderate Minimum Wage Increases Do Not Cost Jobs.** Two dozen empirical studies have found that moderate increases in the minimum wage do not have significant effects on employment. These studies include state-specific research in California, Texas, and New Jersey that shows that state minimum wage increases did not result in any job loss.

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