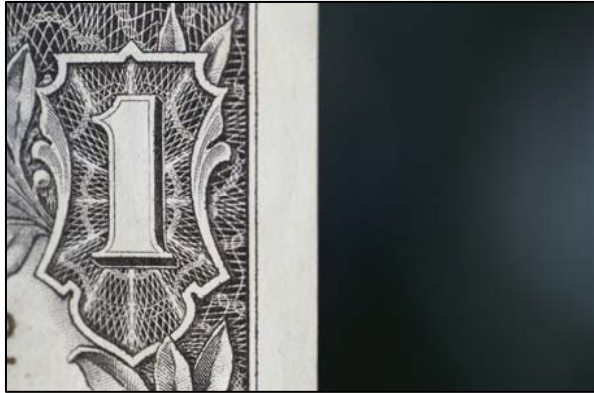


GROWING & STRENGTHENING AMERICA'S MIDDLE CLASS

FIRST MINIMUM WAGE INCREASE IN 10 YEARS



110TH CONGRESS

**THE HONORABLE GEORGE MILLER
CHAIRMAN
COMMITTEE ON EDUCATION AND LABOR
UNITED STATES HOUSE OF REPRESENTATIVES**

July 2007

Fair Minimum Wage Act

The Fair Minimum Wage Act, which was passed by the House on January 10 and signed into law in May, will give a much needed pay raise to up to 13 million of America's lowest-paid workers.

Introduced by Representative George Miller (D-CA), the bill will increase the minimum wage by \$2.10 – from \$5.15 to \$7.25 an hour over two years. The Act will also extend the minimum wage to the Commonwealth of the Northern Mariana Islands, a U.S. territory in the Pacific Ocean where Jack Abramoff and then-House Majority Whip Tom DeLay undermined efforts to provide basic labor standards, and to American Samoa. Minimum wage increases will be phased in under a different schedule for these territories, given that they are at a different level of economic development than the mainland.

How the Fair Minimum Wage Act would work:

On July 24, 2007 (60 days after enactment):

The minimum wage will increase from the current \$5.15 to \$5.85.

On July 24, 2008 (one year after first increase):

The minimum wage will increase to \$6.55.

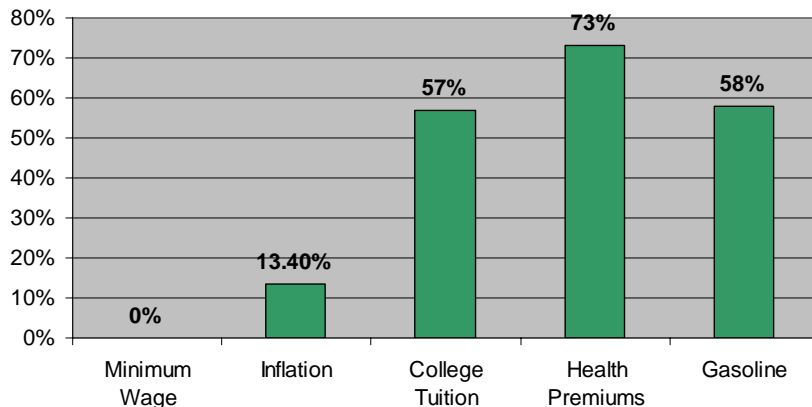
On July 24, 2009 (one year after second increase):

The minimum wage will increase to \$7.25.

Before the Fair Minimum Wage Act, Minimum Wage Value Was At a 51-Year Low

Despite rising health care, college and energy costs, the minimum wage was frozen at \$5.15 per hour for more than nine years. This was the longest period without a minimum wage increase in history. A full-time minimum wage worker in 2006 earned only \$10,712 – which was \$5,888 less than the \$16,600 needed to lift a family of three out of poverty. Before Democrats passed the Fair Minimum Wage Act, the buying power of the minimum wage was at its lowest level in 51 years. Meanwhile, the average CEO was paid 821 times more than a minimum wage worker in 2005. [Source: Economic Policy Institute, 6/06]

**Minimum Wage Frozen While Cost of Basic Items Skyrockets,
2000-2005**



[Source: College Board, U.S. Energy Information Administration, Kaiser Family Foundation, U.S. Bureau of Labor Statistics]

Millions Will Benefit From Increase

Nearly 13 million Americans will likely benefit from the Fair Minimum Wage Act – 5.6 million directly and 7.4 million indirectly.

- ✓ Almost 60% of the 13 million workers who would benefit from a minimum wage increase are women.
- ✓ Nearly 40% are people of color.
- ✓ The vast majority – about 80% – are adults.
- ✓ 53% of them work full time (35+ hours).
- ✓ Families with affected workers rely on those workers for more than half of their family's income. Forty-three percent of all families with affected workers rely solely on the earnings from those workers.
- ✓ 6.4 million children would see their parents' income rise.

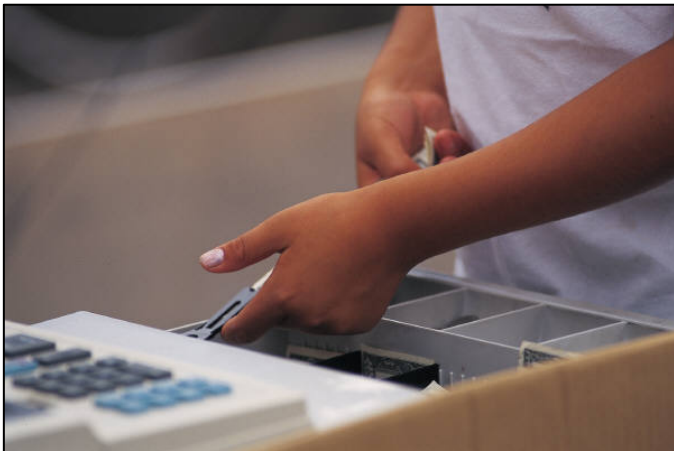
[Source: Economic Policy Institute, 1/07]

*“American workers are long overdue for a raise. ...Imagine working for the better part of an hour and only being able to afford a gallon of milk – how do you ever make ends meet? The answer is: you don't.”
-- Rep. George Miller*

Helping Workers Doesn't Mean Hurting Business

Past minimum wage increases have not had a negative economic impact. In the four years after the last increase, the economy enjoyed its strongest growth in more than three decades, adding nearly 11 million new jobs.

In fact, small business employment grew more in states with a higher minimum wage between 1997 and 2003 than in federal minimum wage states – 9.4% versus 6.6%. Retail establishments – another major minimum-wage sector of the economy – saw their payroll grow by 12.3% in higher minimum wage states and by only 6.4% in low minimum wage states between 1998 and 2003 [Source: Center for American Progress and Policy Matters Ohio, 5/06]



Minimum Wage Increase Will Help Families Afford the Basics

The minimum wage increase will provide an additional \$4,400 a year for a family of three. With this increase, a family could buy:

- ✓ 15 months of groceries
- ✓ More than two years of employer-provided health care
- ✓ 19 months of utilities
- ✓ 20 months of child care
- ✓ 30 months of college tuition at a public, two-year college



[Source: Center for Budget and Policy Priorities, August 2006; Consumer Expenditures Survey, 2003-2004]

Sheryl Wade's Story Kentucky Minimum Wage Worker

“My life story has been marked with struggling to make ends meet. The majority of my life I have been a single mother raising three hard-headed boys working at places like McDonald's and other service jobs making minimum wage or just a little more. ... Without a good paying job, our own housing was out of our reach. Because we had no stable housing, we lived with relatives and friends. Sometimes this meant moving around often, like gypsies. ... After living in [a] shelter for 18 months, I was able to get an apartment based on my income, which has helped a lot. The struggle continues though. I have no healthcare – my employer doesn't provide it and I can't afford it. I have worked so hard to get to a safe place, yet I still have to choose between basic needs some months. ... I have come a long way but I can only dream of making more money to live comfortable without the hassle of living payday to payday.”

Overwhelming Support from Experts and All Americans

✓ **The American people want a minimum wage increase.** In the 2006 elections, voters passed all 6 state ballot initiatives increasing the statewide minimum wage. By January 1, 2007, 28 states and the District of Columbia had higher minimum wages than the federal minimum before the Fair Minimum Wage Act went into effect. A post-election *Newsweek* poll found that 89% of Americans support increasing the federal minimum wage. [Source: Reuters, 11/11/06]

✓ **665 economists agree: raise the minimum wage.** In October 2006, the Economic Policy Institute released a statement in support of the minimum wage increase signed by 665 economists, including 5 Nobel Laureates. According to the statement, the economists “believe that a modest increase in the minimum wage would improve the well-being of low-wage workers and would not have the adverse effects that critics have claimed.” [Source: Economic Policy Institute, 10/06]

Gina Walters’ Story Ohio Minimum Wage Worker

“I earn about eleven or twelve thousand dollars a year. I work this full-time job. I hold my own fort down. ...I have to work two days just to afford the gas bill for one month. I have no car. I can’t afford the health insurance that is offered to me through this business. I never eat out. And look at this hair. Guess who cut it... me. Because I don’t have \$12.50 to go and have a professional do it. I haven’t taken a vacation in six years. And this [federal minimum wage increase will mean an extra] \$40 a week for me, and that will be half the gas bill... It’s hard to explain, but thank you people for helping us.”



Representative George Miller (D-CA)

***CHAIRMAN
Committee on Education and Labor***

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