



Fact Sheet: Raising the Minimum Wage

Senate Democrats believe that responsible Americans who work full time deserve a fair shot at making a good living and rising out of poverty. But right now the minimum wage leaves too many families struggling to make ends meet. At its current levels, the minimum wage has lost more than 30% of its value since 1968. Restoring the value of the minimum wage is critical to the economic well-being of families across the country and to strengthening the overall economy. The Minimum Wage Fairness Act would raise the federal minimum wage over two years to \$10.10. Democrats are working to raise the minimum to ensure that work is rewarded and that we build a strong economy from the middle out, not the top down.

Middle-class Incomes Are Being Squeezed

Middle-class incomes have flat lined. The median household income in 2012 was \$51,371, nearly the exact same amount from the year before. When adjusted for inflation, average household incomes are down by about 9% from their peak in 1999, and are comparable to levels seen in the mid-1990s. [Census, [9/13](#); NYT, [9/17/13](#); Census; FRED, [9/18/13](#); CAP, [8/30/12](#)]

Income inequality in the United States is at record highs. Recently released data shows that in 2012 the United States broke an 85 year old record for inequality. Last year, the top 1% of households took home more than one-fifth of the nation's entire household income, breaking the previous record set in 1928. Last year also marked record-breaking income concentration for the top 10% of households, who took home more than half on our nation's income. This trend has been building for decades, with the top 1% seeing their incomes rise by 277% from 1979 to 2007. In 1968, the middle class received 53.2% of the nation's income. Now, that share has fallen to the mid-forties. The top 1% has garnered 95% of all income gains seen since the recession officially ended. [NYT, [9/10/13](#); IBT, [9/11/13](#); Saez, [9/3/13](#); CBPP, [3/12/12](#)]

The Minimum Wage has Fallen Behind

The minimum wage has lost one-third of its value. The minimum wage has failed to keep up with inflation or with gains in worker productivity. Since 1968, the value of the minimum wage has declined by 33%. If it had kept up with inflation since that time it would be \$10.71. [CEPR, [7/17/13](#)]

The minimum wage is not high enough to keep full-time workers out of poverty. Until the 1980's, the minimum wage was high enough to keep a single parent out of poverty. However, in 2012 the poverty threshold for a family of 4 with two children was \$22,283, and the poverty threshold for a family of 3 (1 child) was \$18,776, while a full time minimum wage worker (40 hours per week for 52 weeks) would earn only \$15,080 annually. [EPI, [12/19/13](#); U.C. Davis]

Raising the minimum wage will lift families out of poverty. It has been estimated that increasing the minimum wage to \$10.10 would lift 2 million people out of poverty. A more modest estimate from the Congressional Budget Office projected that roughly 900,000 Americans would be lifted out of poverty by raising the minimum wage to \$10.10. Additionally, 58% of those living below the poverty line would no longer struggle with hunger. [CEA, [2/12/14](#); CBO, [2/18/14](#); Huffington Post, [8/1/13](#)]

Raising the minimum wage will reduce reliance on the safety net. Sectors dominated by a low wage workforce have the highest rates of public assistance enrollment, with families of nearly 45% of restaurant workers, 30% of retail workers, and 30% of hospitality workers enrolled in public programs. A recent study of fast food workers found that 52% of employees' families are enrolled in one or more public assistance programs – more than double the rate of the workforce at large. The support that these families receive from programs like Medicaid, the Children's Health Insurance program (CHIP), TANF, and SNAP cost \$7 billion per year. Raising the minimum wage would reduce demand for these programs by improving the economic circumstances of minimum wage workers. [UC Berkeley Labor Center, [10/15/13](#)]

Lifting the Minimum Wage Will Give Millions of Americans a Raise

Lifting the minimum wage will give nearly 27.8 million working Americans a raise. At \$10.10, the fully phased-in minimum wage increase would give Americans a nearly \$3.00 per hour raise over the current minimum wage of \$7.25. According to the Economic Policy Institute, nearly 16.7 million Americans would receive a direct raise under the Fair Minimum Wage Act and nearly another 11.1 million would see their pay increase as overall wages improve, dramatically increasing economic opportunities for these families. Some estimates find that as many as 35 million workers total – roughly one-third of the American workforce – could see an increase in wages from a boost to the minimum wage. A more modest estimate from the Congressional Budget Office found that 16.5 million Americans would see a direct raise, while another 8 million would experience an indirect boost to their wages. [Department of Labor, accessed [11/18/13](#); BLS, accessed [11/18/13](#); EPI, [12/19/13](#); Hamilton, [1/10/14](#); CBO, [2/18/14](#)]

Raising the minimum wage will strengthen middle-class women and families. Women, people of color, and adults raising children would be among those who would see the most gains from raising the minimum wage because they are disproportionately low wage workers. Of those who would benefit from raising the minimum wage: [EPI, [12/19/13](#)]

- 55% are women;
- 26.5% are raising children, among parents that are impacted, nearly 1 in 4 are the sole providers of their family's income, and 14 million children have at least one parent who would benefit;
- 43.7% have some college education or higher educational attainment;
- 87.5% are adults 20 years-old or older, not teenagers; and
- 53.8% are full-time workers and another 32 percent work at least 20 hours a week

Raising the minimum wage would also help workers making more than the new minimum wage. An increase in the minimum wage also creates a beneficial "spillover" effect by increasing the wages of those who are being paid near, but slightly above, the minimum wage. It has been estimated that with just the spillover effect, the wages of 11.1 million Americans would see a boost, including 5.6 million women, amounting to \$2.4 billion in total additional wages over the phase-in period. [EPI, [12/19/13](#)]

Giving American Workers a Raise will Strengthen the Economy

Raising the minimum wage would grow the economy and create 85,000 jobs.

Raising the minimum wage would put more money in the pockets of low-income and middle-class workers, increasing consumer demand and driving economic growth. The Economic Policy Institute found that an increase of the federal minimum wage to \$10.10 would create 85,000 net new jobs and boost GDP by \$22.2 billion over the three years of implementation. [EPI, [12/19/13](#)]

Raising the minimum wage would create more customers for local businesses.

Surveys of small business owners by the conservative-leaning National Federation for Independent Businesses and Small Business Majority have found weak sales and lagging demand are the top concern among small businesses, and previous polling found that 71% of small employers are not hiring because they are “worried revenues or sales won’t justify adding employees.” Two-thirds of small business owners polled believed that an increase in the minimum wage will help the economy because of an increase in sales. By boosting consumer purchasing power, raising the minimum wage would strengthen local businesses. [Media Matters, [6/8/12](#); Gallup, [2/15/12](#); SBM, [4/24/13](#)]

The American Public Supports Raising the Minimum Wage

73% of the American public supports an increase in the minimum wage. Pew Research recently surveyed the public on support for increasing the minimum wage from \$7.25 to \$10.10 per hour. Overall, 73% of Americans approve of this policy, finding backing from 90% of Democrats, 71% of Independents, and 53% of Republicans. [Pew, [1/23/14](#)]

A supermajority of small businesses supports an increase in the minimum wage. A survey conducted by Greenberg Quinlan Rosner for the Small Business Majority found that roughly two-thirds of small business owners support increasing the minimum wage, while the vast majority (85%) already pay ***all*** of their employees more than the minimum wage. [SBM, [4/24/13](#)]