



The Effects of the Proposed Missouri Minimum Wage Increase

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Table of Contents

Executive Summary	5
Introduction.....	6
The Data	6
Who Will Be Affected by the Minimum Wage Increase?	6
What Will Be the Impact on the Distribution of Family Income?	7
How Many Workers Will Be Laid Off?.....	7
What Will Be the Cost to Employers and the Income Loss to those Laid Off?	8
Summary and Conclusions.....	8
References	10
Data Appendix.....	11
Endnotes	13
Tables.....	14

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Executive Summary

In recent years, the movement to increase minimum wage has been active in states across the country. Advocates of these wage hikes argue that the increases will help low-income families escape poverty. While this argument is emotionally compelling, it ignores the unintended consequences that the proposed increase would create—such as job loss among the most vulnerable employees and displacement of low-skilled adults by wealthy teens. Even worse, the mandated increase overwhelmingly confers its benefits on employees who are not poor, while those who bear a disproportionate share of the costs.

This paper by economist Dr. David Macpherson from Florida State University analyzes the proposed initiative to increase the minimum wage in Missouri. By using Current Population Survey data and labor demand estimates (as reported by a consensus of economists), this research shows that the proposed increase will be an expensive mandate on the employers—and citizens—of Missouri. Even more troubling, this enormous expense will do little to increase the quality of life for the state's poor—and it will greatly worsen conditions for those who lose their jobs following the increase.

Employees who will be affected by the Missouri proposal will be younger and less educated than the average Missouri employee. The majority (86.3%) will be teens who are living with their parents or relatives, single earners without children, or dual earners. This explains why the

average family income of an affected employee is \$46,167.

The poor targeting of this proposal is clear in the distribution of benefits that are anticipated from the increase. About four-fifths of the benefits will go to families above the poverty line, with 30% of the benefits going to families with annual incomes of over \$60,000.

Unfortunately, it is the families that are living in poverty that will bear the brunt of the attendant job loss, with almost 30% of the job loss accruing to families with annual incomes of less than \$25,000. The least skilled members in the workforce will also suffer disproportionately, bearing over 45% of the total job loss. Meanwhile, employers would see labor costs rise \$44.4 million a year.

Overall, the minimum wage increase is projected to cause 1,552 employees to lose their jobs, with one-third of the job losses occurring in the leisure and hospitality industries. This job loss would cause the affected employees to suffer from an annual income loss of \$15.1 million.

The findings reported in this paper, and the calculation of the enormous economic cost of a mandated wage increase, ought to caution voters against supporting a minimum wage increase, especially since the proposed wage increase would confer most of its benefits on families that are not poor and impose a disproportionate share of its costs on those who are poor.

The Effects of the Proposed Missouri Minimum Wage Increase

I. Introduction

“Living wage” laws have been enacted in over one-hundred states and cities.¹ According to their proponents, a living wage is approximately one-half of the average local or state wage. In an attempt to increase the wages of low-income workers to meet this goal, living wage supporters have proposed minimum wage levels greater than the federal minimum wage of \$5.15 an hour.

This paper examines, in a variety of dimensions, the effects of one such proposal. In Missouri, the minimum wage is proposed to rise from \$5.15 to \$6.50 in January 2007, and indexed to inflation starting in January 2008. This study reaches several conclusions regarding the proposed minimum wage increase. First, the workers who would be affected by this proposed increase tend to be younger and less educated than the average Missouri worker. Second, only about one-sixth of the affected workers are the sole earner for a family supporting one or more children. Third, about four-fifths of the income gains will go to families above the poverty line. Fourth, the minimum wage increase is projected to cause 1,552 workers to lose their jobs, with one-third of the job losses in the leisure and hospitality industries. This would cause an annual income loss of \$15.1 million. Fifth, the cost to employers would be substantial. It is estimated to raise labor costs by \$44.4 million per year.

This study is organized as follows: the data employed to calculate the consequences of a higher minimum wage are described in Section 2, and a statistical portrait of the workers affected by the

minimum wage increase is provided in Section 3. The impact of the increase on the distribution of family income is discussed in Section 4. An analysis of the employment effects of the minimum wage increase is presented in Section 5, and an investigation of the cost to employers, as well as the income loss to laid-off workers is reported in Section 6. Lastly, Section 7 provides a summary and conclusion.

II. The Data

To analyze the effects of the proposed Missouri minimum wage increase, data was drawn from the May 2004 through April 2006 Current Population Survey (CPS) Outgoing Rotation Group (ORG) files. The CPS ORG has the important advantage of being a large and representative sample of the population.

The main sub-sample of the CPS ORG data employed here includes wage and salary workers who are residents of Missouri, 16 years of age or older, and whose hourly wage is between \$5.15 and \$6.50 in January 2007 dollars.² Observations that were missing data that was necessary to compute the hourly wage, family income, or other relevant variables were deleted from the sample. The data appendix describes the calculation of the hourly wage variable and other data issues.

III. Who Will Be Affected by the Minimum Wage Increase?

A vivid statistical portrait of the workers affected by the minimum wage increase (*i.e.*, earning \$5.15–\$6.50 in January 2007 dollars) emerges from Table 1, which presents the mean demographic variables for such workers. For

comparison purposes, the mean for all Missouri residents and workers who are 16 years of age and older are also included. The results reveal that a large fraction of workers affected by the higher minimum wage are young. In fact, 39.2% of the affected workers are between 16 and 19 years of age, and an additional 18.1% are between 20 and 24 years of age. Thus, 57.3% of affected workers are 24 years old or younger.

Additionally, the affected workers differ from the average Missouri resident in several other demographic characteristics. The affected workers are substantially less educated than the average Missourian, as over one-third have not graduated from high school. Also, the affected workers are much more likely to be never-married (62.1%) and female (66.7%). Workers impacted by the minimum wage increase are less likely to be supporting a family than the typical Missouri worker. For example, 45.5% of the workers are living with their parent or parents, while only 9.6% of all Missouri workers are in this category. Also, they are much less likely to be a dual earner as a part of a married couple than the typical Missouri worker (16.2% versus 42.7%). Lastly, about one-sixth of the affected workers are a single head, or a single earner in a married couple supporting a family with children.

The family income of the affected worker is somewhat lower than the average Missouri resident (\$46,167 versus \$57,839). However, only 20% of the minimum wage workers are part of families with an income of less than \$15,000. In fact, 67% are a part of families making an income of \$25,000 or more.

The affected workers are less involved in the labor market than the average Missouri worker. About 57% of the affected workers are employed part-time, while only 18.1% of all Missouri employees work part-time. In addition, the affected workers are employed 3.8 fewer weeks per year than the typical worker.

The location of the affected workers differs from the typical Missouri worker. The affected workers are much more likely to live in

Non-Metro/Small Metro Areas (41.6%) than the average Missouri worker (27.2%). On the other hand, they are less likely to live in St. Louis (25.4%) than the average Missouri worker (38.6%).

IV. What Will Be the Impact on the Distribution of Family Income?

Table 2 provides calculations of the annual income increases for workers affected by the minimum wage increase, as well as the resulting impact on family income. The top row shows that the mean increase in annual income is \$704. Since the average family income of the affected families is \$46,154 per year, the resulting increase in average family income would be 1.5%.³

Column 4 of Table 2 presents the percentage share of the total income gains resulting from the minimum wage increase that accrue to families in various family income groupings. The gains are roughly proportional to the percentages of affected families in each grouping. For example, 20.4% of the affected families have incomes of less than \$15,000, a rough approximation of the poverty threshold.⁴ The share of total income gains going to these families is only 19.9%. In other words, about four-fifths of the total income gains will go to affected families living above the poverty level.

To provide a broader view of the impact on income distribution, Table 3 presents calculations of the impact of the minimum wage increase on before-tax family income across all families. The mean increase in family income across persons 16 and over is \$21. Since the average income of all families is \$49,856 per year, the resulting increase in average family income would be less than 0.1%.

A problem with minimum wage increases is that many low-income persons are not affected by them since they do not work. The impact of this problem is shown when the results are broken out by income. For persons in families below the poverty level, the increase in

income would be \$23. These numbers are substantially less than the corresponding figures presented in Table 2.

How Many Workers Will be Laid Off?

An important effect of the minimum wage increase is that some workers will lose their jobs since it will be no longer profitable for firms to employ them. In order to estimate the job loss, the following procedure was used. First, the fractional wage gain, due to the minimum wage increase, is computed for the each affected worker and then averaged across the sample. Second, the estimated fractional wage gain is used in the following formula to calculate employment loss:

$$(1) \text{ Employment Loss} = \frac{\text{Fractional Wage Gain} \times \text{Affected Worker Employment}}{\text{Labor Demand Elasticity}}$$

This study uses an estimate of labor demand elasticity (-0.22) for minimum wage workers reported by Neumark and Wascher (2000). An elasticity of -0.22 implies that a 10% increase in wages results in a 2.2% decrease in employment of the affected group.⁵

Table 4 presents the results of these calculations for all of the affected workers as well as subgroups of workers. Overall, the analysis indicates that 1,552 workers are projected to lose their jobs due to the minimum wage increase. The breakdowns by age, family income, and location are not surprising. More than one-half of the layoffs would occur among workers under the age of 25. More than one-quarter of the layoffs would occur among workers with a family income below \$25,000. More than two-fifths of the job losses (717) would occur in the non-metro/small metro areas. About one-fifth of the job losses would occur in the Kansas City and St. Louis metropolitan areas.

The results by industry indicate that more than one-third of the job losses are projected to occur in the leisure and hospitality industry (541 jobs). This is not surprising since more than one-eighth of the workers in the leisure and

hospitality industry will be affected by this increase. Another 302 (or 19.5%) of the losses are projected to occur for workers in the retail trade industry. Lastly, about one-fifth of the job losses are projected to occur in the educational and health services industry.

The findings by occupation show that more than two-fifths of the losses are predicted to be for those in service occupations. Another 20.4% would occur for those in sales occupations.

VI. What Will Be the Cost to Employers and the Income Loss to Laid-off Workers?

Another critical issue that must be examined is the cost to employers of the minimum wage increase. The higher costs that the employers are faced with will either be passed on to consumers through higher prices or profits will be reduced for firms. Also, an important cost to workers is the loss of income due to the layoffs that were caused by the minimum wage increase.

These costs are calculated in the following manner: first, the increase in labor costs that would occur if no workers are laid off is calculated. This figure is estimated by multiplying the annual increase in wages due to the minimum wage increase by the number of affected workers. Second, the lost income to workers (and thus reduction in labor cost) due to the layoffs is estimated.⁶ This number is calculated by multiplying the number of workers who are projected to lose their jobs by their average wage before the minimum wage increase. Third, the net increase in the labor cost to employers is calculated by taking the difference between the cost to employers if no layoffs occurred, and the reduction in costs due to the layoffs of the employees.

Table 5 presents the results of these calculations. The first row of the table indicates that if no layoffs occurred then the cost of labor to employers would rise by \$59.6 million.⁷ The projected worker layoffs of 1,552 will cause \$15.1 million of worker income to be lost. The net rise in the cost of labor to employers is estimated to be \$44.4 million.

The results by industry and location indicate these costs are clearly concentrated in certain industries and locations. In the leisure and hospitality industry, net labor costs will rise by \$12.9 million and the income of laid-off workers will be reduced by \$5 million. For the education and health services industry, the net employer cost will rise by \$10.8 million and the income loss to displaced workers will be \$3.7 million. The net labor cost to employers in the Kansas City area will rise by \$11.1 million, while fired workers will suffer an income loss of \$3.3 million. For the non-metropolitan/small metropolitan areas, the employer costs will rise by \$19.6 million and laid off workers are projected to have a \$7.0 million reduction in income.

VII. Summary and Conclusions

This paper examines, in a variety of dimensions, the effects of the proposed rise in the Missouri

minimum wage to \$6.50 in January 2007. The study reaches several conclusions regarding this proposed minimum wage increase. First, the workers affected by this increase tend to be younger and less educated than the average Missouri worker. Second, about one-sixth of the affected workers are the sole earner for a family supporting one or more children. Third, much of the wage gains would go to low-wage workers who are part of higher-income families, rather than those most in need. For example, over one-half of the wage gains would go to workers in families with incomes of \$40,000 or greater. Fourth, the minimum wage increase is projected to cause 1,552 workers to lose their jobs, with about one-third of the job losses in the leisure and hospitality industry. This will cause an annual income loss to these workers of \$15.1 million. Fifth, the cost to employers will be quite substantial. Labor costs will rise by \$44.4 million per year.

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Data Appendix

Hourly Wage

This study uses data from the May 2004 through April 2006 Current Population Survey (CPS) Outgoing Rotation Group (ORG) files. The main sub-sample of the CPS data employed here includes wage and salary workers who are residents of Missouri, 16 years of age or older, and whose hourly wage is between \$5.15 and \$6.50 in January 2007 dollars, or tipped workers whose wages before tips was between \$2.58 (the current Missouri minimum) and \$3.25 (the proposed minimum wage before tips in Missouri).

The hourly wage is constructed to account for problems caused by workers with variable hours, “top coded” or “capped” earnings, tips, commissions, and overtime, inflation, and changes in the minimum wage.

The first step is to assign a wage for workers who do not have these difficulties. Non-top coded workers who are paid by the hour and receive tips, commissions, or overtime are assigned their reported hourly earnings. For all non-hourly workers, the hourly wage is constructed by dividing usual weekly earnings (which includes tips, commissions, and overtime pay) by usual hours worked per week.

The second step is to estimate usual weekly earnings for workers whose weekly earnings are top coded or capped at a maximum value. The CPS ORG files have a topcode of \$2,885 per week or about \$150,000 per year for year-round workers. If the earnings of topcoded workers were not adjusted, average earnings would be understated. To estimate the mean earnings of topcoded workers it is assumed that the upper tail of weekly earnings distribution follows a Pareto distribution. The estimated mean values for the CPS ORG files are presented in Hirsch and Macpherson (2005) by gender and year, and are used in this study.

The third step is to estimate the usual weekly hours for workers who indicate their weekly hours are variable. This is calculated by using the results of a regression model based on a sample of workers that have non-missing data on usual

hours worked. The model is estimated by gender and year and includes controls for hours worked in the prior week, full-time status, marital status, years of schooling, age, race and ethnic status, broad occupation, and broad occupation interacted with full-time status. The parameters from this regression model are then used to estimate the usual hours for those whose weekly hours are variable.

The next step is to assign a wage for hourly workers who receive tips, commissions, or overtime pay or are topcoded workers. In this case, their hourly wage is constructed by dividing usual weekly earnings (adjusted for topcodes) by usual hours worked (or estimated usual hours if usual hours are missing).

The last step is to adjust the wages of workers for inflation and changes in the minimum wage. Wages of workers are adjusted for inflation to January 2007 using the CPI-U (a 2.5% percent annual inflation rate is assumed for the period between June 2006 and January 2007). Workers who earned exactly the minimum wage at the time of the survey were assigned a wage of \$5.15 in January 2007 dollars. Workers whose wage at the time of the survey was less than the legal minimum wage (\$5.15 per hour) were deleted from the sample.

Family Income

Family income is reported as a categorical variable in the CPS ORG, and it includes all sources of money income received in the prior 12 months. The income ranges are:

less than \$5,000; \$5,000–\$7,499;
\$7,500–\$9,999; \$10,000–\$12,499;
\$12,500–\$14,999; \$15,000–\$17,499;
\$17,500–\$19,999; \$20,000–\$24,999;
\$25,000–\$29,999; \$30,000–\$34,999;
\$35,000–\$39,999; \$40,000–\$49,999;
\$50,000–\$74,999; \$75,000–\$99,999;
\$100,000–\$149,999; and \$150,000
and up.

To assign a dollar value to these categories, the mean values of family income for persons in each income range was calculated from a sample of Missouri residents in the March 2005 CPS (which reports family income received in the prior year as a continuous variable).

Annual Income

Though the CPS ORG provides measures of hourly earnings and hours worked, it does not

indicate the number of weeks worked per year. Thus, to generate annual income estimates for workers affected by the higher minimum wage, an alternative data source must be used and merged with the CPS ORG. Fortunately, the April 1993 CPS provides such a measure and the mean number of weeks worked was calculated for all workers earning \$5.15-\$6.50 per hour in January 2007 dollars.

Endnotes

1. See Employment Policies Institute (2005).
2. Hourly wages are adjusted for changes in the minimum wage and inflation and for other data issues. See the data appendix for a more detailed explanation. The sample also includes tipped workers whose wages before tips was between \$2.575 (the current Missouri minimum) and \$3.25 (the proposed minimum wage before tips in Missouri).
3. These calculations are based on the assumption that all affected workers increase their wage to the new minimum wage of \$6.50 per hour. Hence, we are not allowing for noncompliance or exemptions from the law.
4. The Earned Income Tax Credit (EITC) would bring a single worker supporting two children slightly above the poverty level for such a family.
5. The average elasticity reported by a survey of labor economists at leading universities is -0.21 . See Fuchs, Krueger, and Poterba (1998). Other research confirms that a 10 percent hike leads to at least a 2% decrease in employment for employees affected by the hike. See, *e.g.*, Neumark, Schweitzer, and Wascher (2004) (for employees at the minimum wage, a 10% increase in the minimum wage reduces employment by about 2% and reduces hours of work by about 6%). Some studies using micro-data on individuals, or panel data using year and state and the unit of observation, have documented much higher negative employment effects. See Neumark, Schweitzer, and Wascher (2004) and Burkhauser, Couch, and Wittenberg (2000). Longer-term effects are likely to be larger because there is more time for employers to make adjustments.
6. Workers may reduce this income loss if they are able to obtain employment in a job not covered by the minimum wage.
7. This calculation ignores the cost of payroll taxes. If they were included, the cost to employers would be at least 7.65% higher (the employer portion of the Social Security tax).

Tables

Table 1				
Means for Selected Variables				
Variable	Affected Workers		All Workers	All 16 +
	Percent	Population	Percent	Percent
Age:				
16 to 19	39.2%	30,209	5.4%	7.4%
20 to 24	18.1%	13,976	11.1%	8.7%
25 to 29	6.9%	5,304	11.3%	8.3%
30 to 39	11.9%	9,138	22.8%	17.4%
40 to 64	20.2%	15,565	46.4%	41.4%
65 to 99	3.7%	2,882	3.0%	16.9%
Average	29.5		39.4	45
Years of Schooling:				
0 to 8	1.6%	1,242	1.3%	4.0%
9 to 11	36.8%	28,367	8.9%	13.5%
12	34.4%	26,493	33.1%	33.8%
13 to 15	22.3%	17,163	30.8%	27.0%
16 or more	4.9%	3,809	17.1%	14.3%
Average	11.9		13.5	13.0
Race:				
White	84.9%	65,454	86.7%	86.7%
Black	10.2%	7,832	10.4%	10.2%
Asian	0.6%	489	1.2%	1.2%
Other Race	4.3%	3,299	1.8%	1.8%
Ethnic Status:				
Hispanic	3.5%	2,712	3.3%	2.7%
Non-Hispanic	96.5%	74,362	96.7%	97.3%
Gender:				
Male	33.3%	25,633	50.7%	48.0%
Female	66.7%	51,441	49.3%	52.0%
Marital Status:				
Married, Spouse Present	24.3%	18,708	54.7%	53.9%
Divorced, Separated, Widowed	13.7%	10,524	17.1%	20.6%
Never Married	62.1%	47,842	28.3%	25.6%

Table 1 (Continued)

	Affected Workers		All Workers	All 16 +
Family Status:				
Single Individual	12.5%	9,630	22.4%	NA
Single Head	11.3%	8,675	10.8%	NA
Single Head with no children	2.2%	1,727	1.6%	NA
Single Head with 1 child	4.2%	3,245	5.2%	NA
Single Head with 2 children	3.4%	2,636	2.7%	NA
Single Head with 3+ children	1.4%	1,067	1.2%	NA
Single Earner in Married Couple	8.1%	6,251	11.9%	NA
Single Earner with no children	3.4%	2,616	5.6%	NA
Single Earner with 1 child	4.1%	3,192	2.2%	NA
Single Earner with 2 children	0.6%	443	2.3%	NA
Single Earner with 3+ children	0.0%	0	1.8%	NA
Dual Earner in Married Couple	16.2%	12,457	42.7%	NA
Dual Earner with no children	6.1%	4,696	15.5%	NA
Dual Earner with 1 child	5.2%	4,001	10.3%	NA
Dual Earner with 2 children	3.4%	2,614	11.2%	NA
Dual Earner with 3+ children	1.5%	1,146	5.7%	NA
Living with Parent(s)	45.5%	35,047	9.6%	NA
Other Relative	6.5%	5,014	2.5%	NA
Family Income:				
< \$15,000	19.9%	15,317	7.0%	13.4%
\$15,000-\$24,999	13.1%	10,103	9.2%	12.0%
\$25,000-\$39,999	18.9%	14,601	19.0%	20.1%
\$40,000-\$49,999	7.4%	5,671	10.1%	9.4%
\$50,000-\$59,999	11.9%	9,158	12.3%	10.4%
\$60,000-\$74,999	14.1%	10,892	15.6%	12.2%
\$75,000 or more	14.7%	11,332	26.8%	22.5%
Mean	\$46,167		\$63,181	\$57,235
Median	\$37,099		\$54,599	\$44,069
Location:				
Non-Metro/Small Metro Areas	41.6%	32,082	27.2%	25.2%
Columbia	4.4%	3,402	2.1%	6.0%
Joplin	4.2%	3,244	2.8%	3.5%
Kansas City	20.6%	15,911	22.8%	13.7%
St. Louis	25.4%	19,597	38.6%	18.2%
Springfield	3.7%	2,838	6.4%	14.2%
Hours Per Week:				
Full-time	30.0		38.5	NA
Weeks Worked Per Year	42.7%		81.9%	NA
Population	46.2		50.0	NA
Sample Size	77,074		2,528,460	4,449,000
	184		6,000	10,628

Source: May 2004 to April 2006 Outgoing Rotation Group Current Population Survey files.

Table 2				
Income Increases for Families of Workers Affected by Minimum Wage Increase to \$6.50				
Group	% in Class Before Increase	Annual Income Increase	% Increase In Family Income	% share of Total Income Increase
All	100.0%	\$704	1.5%	100.0%
Family Income:				
< \$15,000	20.4%	\$672	8.3%	19.5%
\$15,000–\$24,999	12.9%	\$723	3.8%	13.2%
\$25,000–\$39,999	18.3%	\$553	1.7%	14.3%
\$40,000–\$49,999	7.5%	\$969	2.2%	10.4%
\$50,000–\$50,999	12.1%	\$757	1.4%	13.0%
\$60,000–\$74,999	13.6%	\$659	1.0%	12.7%
\$75,000 or more	15.2%	\$781	0.7%	16.9%
Mean Family Income	\$46,154			

Source: May 2004 to April 2006 Outgoing Rotation Group Current Population Survey files.

Table 3				
Income Distribution Impact of Minimum Wage Increase to \$6.50 Across All Families				
Group	% in Income Class Before Increase	Annual Income Increase	% Increase In Family Income	% share of Total Income Increase
All	100.0%	\$21	0.0%	100.0%
Family Income:				
< \$15,000	17.8%	\$23	0.3%	19.5%
\$15,000–\$24,999	14.0%	\$20	0.1%	13.2%
\$25,000–\$39,999	21.4%	\$14	0.0%	14.4%
\$40,000–\$49,999	9.3%	\$23	0.1%	10.4%
\$50,000–\$50,999	9.6%	\$28	0.1%	13.0%
\$60,000–\$74,999	10.5%	\$26	0.0%	12.8%
\$75,000 or more	17.5%	\$20	0.0%	16.9%
Mean Family Income	\$49,856			

Source: May 2004 to April 2006 Outgoing Rotation Group Current Population Survey files.

Table 4**Employment Levels and Job Losses by Sector for Minimum Wage of \$6.50**

Group	Employment All Workers	Affected Workers	Projected Job Loss	Percent of all Job Loss
All	2,528,460	77,074	1,552	100.0%
Age:				
16-19	137,391	30,209	706	45.5%
20-24	281,070	13,976	224	14.4%
25-29	286,718	5,304	123	7.9%
30-39	575,612	9,138	172	11.1%
40-64	1,173,052	15,565	280	18.0%
65-99	74,617	2,882	47	3.0%
Family Income:				
< \$15,000	177,072	15,317	238	15.3%
\$15,000–\$24,999	232,583	10,103	219	14.1%
\$25,000–\$39,999	480,649	14,601	244	15.7%
\$40,000–\$49,999	256,420	5,671	158	10.2%
\$50,000–\$50,999	310,303	9,158	195	12.6%
\$60,000–\$74,999	393,617	10,892	259	16.7%
\$75,000 or more	677,816	11,332	239	15.4%
Gender:				
Male	1,282,337	25,633	496	32.0%
Female	1,246,123	51,441	1,056	68.0%
Race:				
White	2,192,100	65,454	1,352	87.1%
Black	262,165	7,832	125	8.1%
Asian	29,533	489	3	0.2%
Other Race	44,662	3,299	72	4.6%
Ethnic Status:				
Hispanic	82,595	2,712	46	2.9%
Non-Hispanic	2,445,865	74,362	1,506	97.0%
Years of Schooling:				
0 to 8	32,757	1,242	16	1.0%
9 to 11	224,438	28,367	699	45.1%

Table 4 (Continued)

Group	Employment All Workers	Affected Workers	Projected Job Loss	Percent of all Job Loss
13 to 15	779,358	17,163	328	21.1%
16 or more	655,203	3,809	44	2.8%
Location:				
Non-Metro/Small Metro Areas	688,853	32,082	717	46.2%
Columbia	54,116	3,402	43	2.8%
Joplin	70,660	3,244	67	4.3%
Kansas City	576,604	15,911	329	21.2%
St. Louis	976,575	19,597	332	21.4%
Springfield	161,652	2,838	64	4.1%
Industry:				
Agriculture, forestry, fishing, and hunting	12,407	1,817	44	2.8%
Mining	8,134	-	-	0.0%
Construction	159,312	962	20	1.3%
Manufacturing	339,809	2,790	16	1.0%
Wholesale trade	87,577	862	6	0.4%
Retail trade	325,991	15,131	302	19.5%
Transportation and utilities	152,878	1,567	31	2.0%
Information	69,036	1,542	21	1.4%
Financial activities	178,830	2,372	45	2.9%
Professional and business services	179,262	3,394	57	3.7%
Educational and health services	572,612	13,940	332	21.4%
Leisure and hospitality	206,320	27,706	541	34.8%
Other services	122,172	4,688	131	8.5%
Public administration	114,120	303	6	0.4%
Occupation:				
Management, business, and financial occupations	294,493	536	4	0.3%
Professional and related occupations	515,751	9,427	211	13.6%
Service occupations	386,419	34,761	690	44.5%
Sales and related occupations	276,336	12,520	323	20.8%
Office and administrative support occupations	420,829	7,633	130	8.4%
Farming, fishing, and forestry occupations	11,526	1,817	44	2.8%
Construction and extraction occupations	141,339	1,217	31	2.0%
Installation, maintenance, and repair occupations	109,461	-	-	0.0%
Production occupations	186,669	2,782	20	1.3%
Transportation and material moving occupations	185,637	6,381	98	6.3%

Source: May 2004 to April 2006 Outgoing Rotation Group Current Population Survey files.

Table 5**Cost to Employers and Lost Income to Workers
of Minimum Wage Increase to \$6.50**

Group	Rise in Labor Cost if no Layoffs of Workers	Lost Income due to Layoffs	Net Rise in Cost of Labor to Employers
All	\$59,555,663	\$15,112,457	\$44,443,206
Industry:			
Agriculture, forestry, fishing, and hunting	\$1,701,453	\$526,279	\$1,175,174
Mining	\$-	\$-	\$-
Construction	\$857,515	\$210,676	\$646,839
Manufacturing	\$1,262,360	\$178,355	\$1,084,005
Wholesale trade	\$950,206	\$54,765	\$895,441
Retail trade	\$9,440,880	\$2,643,039	\$6,797,841
Transportation and utilities	\$2,184,948	\$383,434	\$1,801,514
Information	\$536,425	\$155,177	\$381,248
Financial activities	\$1,929,502	\$430,088	\$1,499,414
Professional and business services	\$2,991,816	\$601,821	\$2,389,995
Educational and health services	\$14,505,516	\$3,735,822	\$10,769,694
Leisure and hospitality	\$17,866,741	\$4,961,150	\$12,905,591
Other services	\$5,015,713	\$1,212,925	\$3,802,788
Public administration	\$312,586	\$68,769	\$243,817
Location:			
Non-Metro/Small Metro Areas	\$26,630,428	\$7,008,472	\$19,621,956
Columbia	\$1,573,586	\$386,599	\$1,186,987
Joplin	\$1,686,146	\$386,983	\$1,299,163
Kansas City	\$14,358,476	\$3,257,228	\$11,101,248
St. Louis	\$12,967,406	\$3,460,678	\$9,506,728
Springfield	\$2,339,622	\$582,386	\$1,757,236

Source: May 2004 to April 2006 Outgoing Rotation Group Current Population Survey files.

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