THE IMPACT OF A $9.80 FEDERAL MINIMUM WAGE

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The Employment Policies Institute (EPI) is a nonprofit research organization dedicated to studying public policy issues surrounding employment growth. Among other issues, EPI research has quantified the impact of new labor costs on job creation, explored the connection between entry-level employment and welfare reform, and analyzed the demographic distribution of mandated benefits. EPI sponsors nonpartisan research that is conducted by independent economists at major universities around the country.

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Executive Summary

Congress is considering a series of proposals to raise the $7.25 federal minimum wage.

- The "Fair Minimum Wage Act of 2012," to be introduced by Rep. George Miller (D-CA), which would raise the federal minimum wage by 35 percent to $9.80 and index it for inflation;

- The "Rebuild America Act," introduced by Sen. Tom Harkin (D-IA) and Rep. Rosa DeLauro (D-CT), which would raise the federal minimum wage by 35 percent to $9.80 and index it for inflation;

- The "Catching Up to 1968 Act of 2012," introduced by Rep. Jesse Jackson, Jr (D-IL), which would raise the federal minimum wage by 38 percent to $10 an hour and index it for inflation;

All three bills would also set the minimum wage for employees who receive tip income to 70 percent of the full minimum—a greater than 200 percent increase.

EPI's analysis of these proposals, based on Census Bureau data, finds that they would be poorly targeted to the low-income families they're intended to help. This is consistent with a wide body of economic research finding that minimum wages are a poor way to reduce poverty, and also reduce employment opportunities among the least-skilled.

Among the key findings:

- The average family income of a beneficiary of a wage hike to $9.80 is $50,662—well above the $15,080 year-round income figure cited by proponents of wage hikes

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- Well over half—nearly 57 percent—of the beneficiaries of a $9.80 minimum wage are either living at home with family, or have a spouse who also works. Less than 10 percent are single parents with children.

- Beneficiaries of a $9.80 minimum wage tend to be young—41.5 percent of those directly affected are age 25 or under.

- The two industries with the greatest number of impacted employees are Retail Trade (e.g. grocery stores or gas stations), and Arts, Entertainment, Accommodations, and Food Services (e.g. restaurants or hotels.)

- Earlier studies have projected at least 467,500 lost jobs following a wage hike of this magnitude. Accounting for the smaller labor force post-Recession, job losses in the range of 256,200 to 768,600 are projected based on results found in earlier economic literature.

Introduction

Representative George Miller (D-CA) will soon introduce a bill—the Fair Minimum Wage Act of 2012—that would raise the federal minimum wage from $7.25 to $9.80. Senator Tom Harkin (D-IA), Representative Rosa DeLauro (D-CT) and Representative Jesse Jackson, Jr (D-IL) have introduced bills that would accomplish a similar goal.

The bills' proponents argue that the higher wage will improve the lives of the country's low-income families, with an added benefit of stimulating consumer spending and thus bolstering the economy. They also point out that the wage would already be above $10 an hour had it been linked to inflation since 1968.

Minimum wage increases tend to poll well. Recent survey data from ORC International, for instance, finds that more than 80 percent of the public supports an increase in the minimum wage.[1] However, support plummets to below 50 percent when respondents are informed of the policy's consequences—consequences that wage hike proponents are less than forthcoming about.

A large body of economic research has found little to no relationship between a higher minimum wage and a decrease in poverty or family hardship. Three factors help explain this:

- The rising cost of labor may cause some less-experienced employees to lose hours or their jobs, leaving them worse off than before;
- A majority of the individuals in poverty don't work and thus cannot benefit from a higher minimum wage;
- The benefits of a rising minimum wage are poorly-targeted to families in poverty.

In the report that follows, we offer new evidence based on Census Bureau data which suggests that the current wage increase under consideration will have similarly disappointing results.[2]

Recent History of the Minimum Wage

The federal minimum wage was last increased by Congress in the Fair Minimum Wage Act of 2007. As a result, the minimum wage rose approximately 40 percent in three steps, from $5.15 to $7.25. Economists at Miami and Trinity Universities studied the impact of this minimum wage increase on teen employment, and found that—even accounting for the effects of the bad economy—over 114,000 fewer teens were employed as a result of the wage increase.[3]

Why Does a Higher Minimum Wage Reduce Teen Employment?

According to the Bureau of Labor Statistics, employees working at or near the current minimum wage of $7.25 tend to be young—nearly 50 percent are under age 25. They also tend to work in service occupations—over 60 percent of those paid the minimum wage work in a service-related industry. 43 percent work in food preparation and serving occupations. In the service sector and in the food industry especially, profit margins are in the low single-digits. When the cost to hire and train these young employees rises, and when their employers can't offset the rising labor costs with higher prices, they have to figure out how to do more with less. The result is a loss of hours, employment, or both.

[1]ORC International, CARAVAN Survey, May 17-20, 2012
[2]Current Population Survey, Outgoing Rotation Groups, January 2011-December 2011
[3]Even and Macpherson (2010)

Individuals in Hardship Frequently Lack Employment—and Don't Benefit from a Higher Minimum Wage	
Hardship	**Percent Not Working**
Missed Utility Bill	52.8%
Did Not Pay Rent	53.6%
Did Not Meet Expenses	52.9%
Housing Cost Exceeds 50% of Total Income	43.5%

*Includes all individuals ages 16 to 64 without a high school diploma. Adapted from Nielsen and Sabia (2012)

State increases to the minimum wage have an equally disappointing track record of success. For instance, 28 states raised their minimum wage between 2003 and 2007. Writing in the *Southern Economic Journal*, economists from American and Cornell Universities found no associated reduction in poverty, citing poor targeting to low-income families.[4] A separate study from an economist at San Diego State University that expanded the analysis back to 1997 found that each 10 percent increase in a state's minimum wage reduced teen employment by as much as 3.6 percent.[5]

A more recent study identified a separate problem with minimum wage increases over this same time period—a majority of the families in hardship or in poverty weren't in a position to benefit from them.[6] Specifically, larger numbers of individuals who were falling behind on their bills or unable to pay rent didn't have a job. Recent data from the Census Bureau found that two-thirds of those below the poverty line hadn't worked in the past year.[7]

To summarize, the experience from the last decade—on both the state and federal level—suggests that increases to the minimum wage have done little to reduce poverty. Moreover, they've been actively harmful to some of the least-skilled and least-experienced employees.

Age, Family Status, and Family Income of Affected Employees

A recent study from the Bureau of Labor Statistics reported that employees earning the current $7.25 federal minimum wage "tend to be young."[8] About half are under age 25—a significant fraction, considering that this younger age group represents about 14 percent of the total civilian labor force.[9]

Age of Employees Affected by $9.80 Minimum Wage	
Age 25 and Under	41.5%
Age 21 and Under	25.4%
Age 22-25	16%
Age 26-50	40.7%
Age 51-65	14.5%
Older than Age 65	3.3%

While raising the minimum wage to nearly $10 an hour would increase the fraction of older employees covered by the wage law, beneficiaries still remain relatively young. For instance, more than 40 percent of the people directly impacted by an increase in the minimum wage to $9.80 are age 25 and under; one-quarter are age 21 and under. The median age of an affected employee is 29.

To be sure, a portion of the beneficiaries are older. However, these employees don't neatly fit the image of a minimum wage earner that advocates have put forth.

[4]Burkhauser and Sabia (2010)
[5]Sabia (2011)
[6]Nielsen and Sabia (2012)
[7]United States Census Bureau (2011)
[8]Bureau of Labor Statistics (2012)
[9]Current Population Survey, Household Data Annual Averages, 2011

A Majority of Beneficiaries Live with Family or Have a Working Spouse	
Single Adults	24.6%
Unmarried Single Earners with/without children	9.2%
Married Single Earners with/without Children	9.3%
Married Dual Earners with/without Children	20.6%
Living with Family (e.g. Parent(s) or Relative)	36.3%

Note: The last category includes minimum wage earners living with directly-related parent(s) or relatives, as well as sub-family members living at home.

Campaigns for a higher minimum wage tend to focus on difficult cases that elicit public sympathy—for instance, a single parent supporting children on his or her own. But the data show that very few people who would be impacted by a $9.80 federal minimum wage fit that description. Less than 10 percent are single parents supporting children; by contrast, over half are either living at home with family (e.g. a teen a living with a parent or relative) or have a spouse who also works. (Note: A state-by-state breakdown of beneficiaries is available in this report's appendix.)

As a result, the family income of a typical beneficiary of an increase in the federal minimum wage to $9.80 is far higher than the $15,080 full-time, year-round income figure cited by the proposal's advocates. In fact, the average family income of an employee affected by the proposed wage increase is above $50,000 a year.

These data are consistent with a report from economists at Cornell and American University, which found that more than 60 percent of minimum wage earners are in households with incomes over twice the poverty line—and more than 40 percent are in households with incomes over three times the poverty line.[10]

By contrast, a majority of the families that are living below the poverty line don't work (see earlier discussion.) It demonstrates why a higher minimum wage is unlikely to reduce poverty: Many of the people who would benefit are not living in poor families, and the intended beneficiaries frequently don't have a job.

Average Family Income of the Beneficiary of a $9.80 Minimum Wage	
Average (Mean) Family Income of Beneficiary	$50,662

Industries Affected by a $9.80 Minimum Wage

Because minimum wage employees tend to be young and/or less-experienced, they're often employed in industries that require less work experience or formal education. Approximately one-quarter of the people impacted by an increase in the minimum wage

Top 5 Industries Impacted by $9.80 Minimum Wage, by Employee Concentration	
Retail Trade (e.g. grocery stores, gas stations, hardware)	24.3%
Arts, Entertainment, Recreation, Accommodations, and Food Services (e.g. restaurants, hotels)	22.4%
Health Care (e.g. doctor's office, nursing care facilities)	9%
Manufacturing (e.g. landscaping, building services)	6.6%
Educational Services (e.g. colleges, elementary schools)	6.1%

Note: For a list of more specific industries and definitions, see Census Bureau industry codes. census.gov/hhes/www/housing/nychvs/2002/ind2000t.pdf

[10]Burkhauser and Sabia (2010)

from $7.25 to $9.80 an hour work in the retail trade (e.g. grocery stores or gas stations.) Another 22 percent work at recreation, food service, and accommodations-related businesses (e.g. restaurants or hotels.)

This industry composition provides some insight as to why a loss of hours or employment occurs following a minimum wage increase. For instance, in a typical full-service restaurant, profit margins are about three percent; at a typical grocery store, that figure is just over one percent.[11] When labor costs rise by 35 percent or more (as they would under the wage proposals that Congress is considering) business can't just absorb the increase: They either have to raise prices, or provide the same service with less labor.

Employment and a $9.80 Minimum Wage

Over the last two decades, 85 percent of the most credible empirical studies on the minimum wage have found that raising the minimum causes job loss for the least-skilled and least-experienced employees.[12] Although studies vary on the magnitude of the employment loss, the estimates generally fall in the one to three percent range—that is, employment for the target population falls by one to three percent for each 10 percent increase in the minimum wage.

Projected Employment Loss from a $9.80 Minimum Wage	
1 percent	256,203 jobs
3 percent	768,608 jobs
6 percent for young high school dropouts, 2 percent for others	674,613 jobs

Note: Percentages are "elasticities" that reflect projected employment decline for each 10 percent increase in the minimum wage.

In a 2010 study in the *Southern Economic Journal*, economists from Cornell and American Universities provided a range of job loss estimates for a $9.50 federal minimum wage, as proposed by President Obama during his campaign in 2008.[13] At the low end, they projected a loss of at least 467,500 jobs. In their preferred specification, where the wage had a more negative impact on those with less than a high school education, produced an estimate of approximately 1.3 million lost jobs.

Approximately 18.8 million people would be directly impacted by a wage increase to $9.80. Applying accepted estimates of minimum wage-related job loss to recent Census Bureau data (which accounts for the smaller size of the labor force post-recession) provides a rough approximation of the wage hike's impact. A one-to-three percent loss of employment among affected employees would cause job losses in the range of 256,200 to 768,600 jobs. (Note: State-by-state job loss estimates are available in the study's appendix.)

The exact job loss figure likely lies between these estimates. But the important takeaway is that economic research shows conclusively that job loss *will* occur. The unemployment rate for the country's teens has been above 20 percent for nearly 4 years. These new wage proposals, which make this vulnerable group over 30 percent more expensive to hire and train, could have a devastating impact on their career development.

The Impact on Tipped Employees

A unique feature of this new generation of wage bills is the impact on employees who earn additional tip income (e.g. servers or bartenders.) The federal minimum wage for employees who earn tip income is $2.13 an hour; the legislation under consideration would raise this amount to approximately $6.86—a 220 percent increase.

[11] *Restaurant Industry Operations Reports*; Food Marketing Institute
[12] Neumark and Wascher (2007)
[13] Burkhauser and Sabia (2010)

What is the Tipped Wage?

The Labor Department permits employers to pay a lower $2.13 base wage as long as the employee earns the full federal minimum wage of $7.25 when their tips are included. (Employers make up the difference if tips fall short.) Current Population Survey data from the Census Bureau shows that the average hourly wage for a restaurant employee earning tip income is $11.82.

Full-service restaurants keep about 3 cents of each food dollar after paying expenses, which means higher labor costs (via a higher tipped wage) can't just be absorbed. Faced with cost-conscious customers sensitive to higher prices, restaurants have to do more with less. That might mean having servers bus their own tables, creating larger table sections, or utilizing technology that allows customers to order and pay at the table.

Thirty-one states (including the District of Columbia) have increased their tipped wage above this federal level. Economists from Miami and Trinity University studied the impact of higher tipped wages, and found a direct relationship between these increases and a reduction in tipped employee hours.[14] Specifically, each 10 percent increase in the tipped wage reduces employees' hours of work by just over five percent.

The study's authors applied their findings to estimate the impact on tipped employee hours of a 220 percent increase in the federal tipped wage, and found that wage increases resulted in over 316,000 fewer full-time equivalent restaurant employees. (Note: State estimates of the loss of full-time equivalents are available in the appendix.)

Common Objections

Proponents of a higher minimum wage have put forth a series of talking points in favor of their proposal. Three of the most common arguments are briefly answered below:

- **The minimum wage would be over $10 an hour today if indexed for inflation since 1968**

  Advocates point to the inflation-adjusted minimum wage in 1968 and argue that public policy should aim to link the minimum wage to that benchmark. But that particular year was selected for political reasons, not economic ones. If the minimum wage had kept pace with inflation since it was first created, in 1938, it would only be about $4 an hour today.

  The inflation adjustment argument also presumes that the minimum wage is losing value because employees are "stuck" earning it. The research shows otherwise; two-thirds of minimum wage employees earn a raise in their first 1-12 months on the job.[15] The key is having a job at which to obtain that experience.

- **"Study after study" show that the minimum wage has no impact on employment**

  Though proponents reference a handful of outlying studies in their defense of a higher minimum wage, the economic consensus on the subject is clear: Raising the minimum wage reduces employment for the least-skilled and least-experienced jobseekers.

  This consensus was documented by economists David Neumark of the University of California-Irvine and William Wascher of the Federal Reserve Board. Reviewing the literature on the subject, they found that

[14]Even and Macpherson (2011)
[15]Even and Macpherson (2004)

85 percent of the most credible studies on the minimum wage from the last two decades point to job loss after a wage increase.[16]

- **Raising the minimum wage would provide a boost to the economy**

A team of three economists at the Federal Reserve Bank of Chicago found that an increase in the minimum wage leads to a temporary spending increase in vehicle purchases—specifically, an increase in debt-financed vehicle purchases. The economists found no relationship between a higher minimum wage and the purchase of nondurable goods (e.g. groceries), and noted that their findings said nothing about the net effect of a minimum wage. In particular, they pointed to "compelling" evidence that a higher minimum wage reduces employment for young adults.[17]

Advocates for a higher minimum wage have taken this modest result, ignored the authors' caveat about lost jobs, and used it to claim that raising the minimum wage will boost the economy. But the evidence doesn't back it up. Most recently, research from an economist at San Diego State University found no relationship between increases in the minimum wage and changes in Gross Domestic Product.[18]

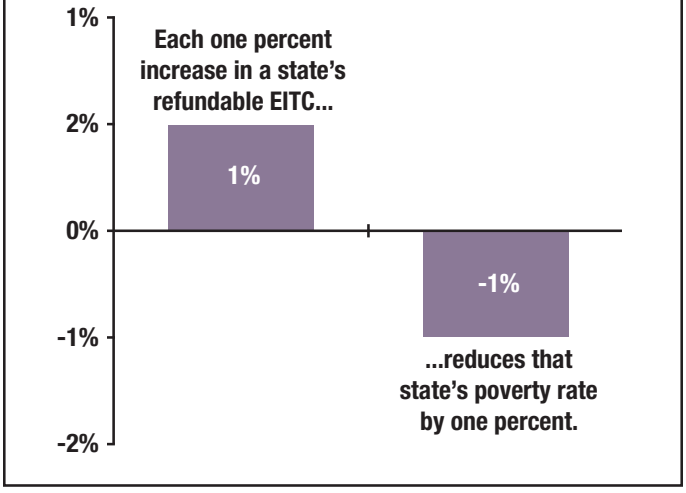
Implications

The data suggest that raising the federal minimum wage from $7.25 an hour to $9.80 hour would not be well-targeted at the individuals that proponents are trying to help. There's also strong evidence to suggest that a higher minimum wage would reduce employment among the country's youth and other less-experienced jobseekers, who already face an unemployment rate approximately three times the national rate.

There are more effective and less harmful alternatives for policymakers interested in reducing poverty. Economists have praised the Earned Income Tax Credit (EITC), which is better-targeted at low-income families and doesn't risk the same unintended consequences (such as a loss of hours or jobs) associated with a higher minimum wage.[19] Recent research shows that a one percent increase in the EITC is associated with a one percent drop in state poverty rates.[20]

The federal EITC was temporarily increased as part of the American Recovery and Reinvestment Act of 2009. Instead of raising the minimum wage, policymakers could pursue a long-term extension of these EITC changes, which would be far more helpful to low-income families—and far less harmful to low-skilled employees.

A Better Alternative for Poverty Reduction
The Earned Income Tax Credit



[16]Neumark and Wascher (2007)
[17]Aaronson et al (2007)
[18]Sabia (2011)
[19]Neumark & Wascher (2008)
[20]Nielsen and Sabia (2012)

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Appendix

Projected Employment Loss from a $9.80 Minimum Wage			
State	One Percent	Three Percent	6 Percent for Young Dropouts, 2 Percent for All Others
All States	-256,203	-768,608	-674,613
Alabama	-5,031	-15,093	-13,236
Alaska	-238	-714	-620
Arizona	-4,742	-14,227	-12,991
Arkansas	-3,728	-11,185	-9,000
California	-21,241	-63,724	-53,480
Colorado	-3,358	-10,075	-8,918
Connecticut	-868	-2,605	-2,273
Delaware	-652	-1,955	-1,726
District of Columbia	-99	-298	-234
Florida	-11,970	-35,910	-29,583
Georgia	-10,389	-31,167	-27,126
Hawaii	-1,137	-3,411	-2,457
Idaho	-1,937	-5,812	-5,115
Illinois	-4,993	-14,979	-13,120
Indiana	-6,547	-19,640	-18,389
Iowa	-3,622	-10,867	-10,788
Kansas	-3,379	-10,137	-9,230
Kentucky	-4,730	-14,189	-12,684
Louisiana	-4,596	-13,788	-12,531
Maine	-973	-2,920	-2,619
Maryland	-3,822	-11,467	-10,279
Massachusetts	-2,800	-8,399	-8,615
Michigan	-9,486	-28,457	-23,836
Minnesota	-4,399	-13,196	-12,724
Mississippi	-3,763	-11,289	-9,764
Missouri	-6,435	-19,304	-18,280
Montana	-935	-2,805	-2,520
Nebraska	-2,175	-6,526	-6,546
Nevada	-958	-2,874	-2,317
New Hampshire	-890	-2,670	-2,547
New Jersey	-7,060	-21,181	-18,590
New Mexico	-1,592	-4,777	-3,848
New York	-14,496	-43,489	-37,516
North Carolina	-9,152	-27,455	-22,344

Projected Employment Loss from a $9.80 Minimum Wage			
State	One Percent	Three Percent	6 Percent for Young Dropouts, 2 Percent for All Others
North Dakota	-727	-2,180	-2,355
Ohio	-11,878	-35,634	-30,948
Oklahoma	-3,884	-11,653	-9,956
Oregon	-1,282	-3,846	-3,212
Pennsylvania	-12,260	-36,780	-35,236
Rhode Island	-825	-2,475	-2,228
South Carolina	-4,745	-14,234	-12,107
South Dakota	-827	-2,481	-2,318
Tennessee	-6,643	-19,930	-15,666
Texas	-31,042	-93,125	-80,848
Utah	-2,649	-7,946	-7,283
Vermont	-173	-518	-518
Virginia	-7,603	-22,808	-19,462
Washington	-852	-2,555	-2,227
West Virginia	-2,202	-6,605	-5,774
Wisconsin	-5,899	-17,696	-17,202
Wyoming	-519	-1,557	-1,428

Average Family Income of Beneficiary of a $9.80 Minimum Wage	
State	Mean
All States	$50,662
Alabama	$43,143
Alaska	$66,057
Arizona	$49,648
Arkansas	$42,425
California	$48,361
Colorado	$56,072
Connecticut	$77,751
Delaware	$54,617
District of Columbia	$49,246
Florida	$47,939
Georgia	$40,866
Hawaii	$55,334
Idaho	$42,361
Illinois	$53,456
Indiana	$49,140
Iowa	$45,837
Kansas	$48,912
Kentucky	$41,176
Louisiana	$54,886
Maine	$51,657
Maryland	$74,259
Massachusetts	$75,890
Michigan	$56,091
Minnesota	$56,136
Mississippi	$32,589
Missouri	$49,790
Montana	$37,874
Nebraska	$47,126
Nevada	$45,988
New Hampshire	$76,769
New Jersey	$76,693
New Mexico	$42,793
New York	$58,551
North Carolina	$41,953
North Dakota	$47,976
Ohio	$51,889

Average Family Income of Beneficiary of a $9.80 Minimum Wage	
State	Mean
Oklahoma	$46,955
Oregon	$43,424
Pennsylvania	$56,222
Rhode Island	$61,148
South Carolina	$43,033
South Dakota	$41,698
Tennessee	$42,070
Texas	$42,527
Utah	$51,819
Vermont	$51,445
Virginia	$62,669
Washington	$55,952
West Virginia	$41,879
Wisconsin	$53,817
Wyoming	$47,777

Family Status of Employees Impacted by a $9.80 Minimum Wage					
State	Single Adults	Unmarried Single Earners with Children	Married Single Earners with or without Children	Married Dual Earners with or without Children	Living with Family (e.g. Parents or Relatives)
All States	**24.6%**	**9.2%**	**9.3%**	**20.6%**	**36.28%**
Alabama	25.5%	12%	12.9%	17%	32.58%
Alaska	29.3%	5.2%	12.2%	18.9%	34.38%
Arizona	25.2%	10%	11%	15.7%	38.13%
Arkansas	29.7%	8.5%	9.4%	22.1%	30.36%
California	23.4%	8.4%	10.9%	19.1%	38.2%
Colorado	29.7%	7.4%	7.1%	19.6%	36.11%
Connecticut	19.2%	6.8%	4.7%	18.4%	50.95%
Delaware	19%	8%	9.1%	20.7%	43.27%
DC	37.9%	10.8%	5%	15.4%	30.89%
Florida	27.3%	9.7%	12%	21.4%	29.58%
Georgia	27.5%	11.1%	8.8%	24%	28.67%
Hawaii	23.3%	7.5%	10.3%	17.7%	41.23%
Idaho	23.8%	6%	12.2%	31.7%	26.32%
Illinois	23.9%	10.2%	11.2%	20.2%	34.45%
Indiana	24.9%	9.4%	8.3%	24.1%	33.35%
Iowa	28.2%	6.7%	6%	23.8%	35.33%
Kansas	28.9%	8.4%	3.4%	25.9%	33.39%
Kentucky	28.8%	9.5%	9.1%	22.3%	30.36%
Louisiana	18.7%	15.8%	8.7%	20%	36.83%
Maine	26.4%	7.9%	9.1%	16%	40.57%
Maryland	24.1%	6.4%	6.3%	21.7%	41.53%
Massachusetts	16.1%	4.9%	5%	17.6%	56.33%
Michigan	21.3%	9.3%	7.6%	22.9%	38.9%
Minnesota	29.2%	7.5%	5.1%	16%	42.28%
Mississippi	24.2%	16.2%	6.7%	22.9%	29.95%
Missouri	24.7%	9.6%	7.5%	22.1%	36.11%
Montana	40%	9%	8.6%	16.9%	25.58%
Nebraska	23%	7.7%	6.7%	23.5%	39.15%
Nevada	31.9%	10.6%	10.8%	16.1%	30.63%
New Hampshire	20.1%	4.7%	6.6%	18.6%	49.99%
New Jersey	20.7%	6.7%	7.3%	16.9%	48.32%
New Mexico	28.2%	15.9%	9.5%	17.6%	28.83%
New York	22%	9.4%	9.1%	18.3%	41.23%
North Carolina	27.6%	9.8%	13%	18.8%	30.86%
North Dakota	30.6%	8.2%	3.9%	18.8%	38.47%

Family Status of Employees Impacted by a $9.80 Minimum Wage					
State	Single Adults	Unmarried Single Earners with Children	Married Single Earners with or without Children	Married Dual Earners with or without Children	Living with Family (e.g. Parents or Relatives)
Ohio	26.6%	6%	7.1%	20.7%	39.5%
Oklahoma	24.5%	13.7%	10.9%	21.8%	29.03%
Oregon	30.5%	5.1%	8.2%	20.3%	35.86%
Pennsylvania	22.8%	6%	6.9%	19.6%	44.68%
Rhode Island	21.8%	9.6%	7.4%	18.8%	42.38%
South Carolina	23.6%	12.9%	8.2%	17.8%	37.43%
South Dakota	32.8%	8.8%	8.9%	21.4%	28.15%
Tennessee	29.7%	7.8%	11.2%	28.8%	22.51%
Texas	22.3%	12.3%	10.5%	21.4%	33.37%
Utah	17%	8.5%	10%	29.7%	34.8%
Vermont	32.7%	8.9%	7.1%	16.4%	34.84%
Virginia	24.3%	5.6%	8.8%	21.9%	39.38%
Washington	28.4%	9.5%	7.2%	15.7%	39.16%
West Virginia	20%	11.3%	16%	23.5%	29.27%
Wisconsin	26.5%	7.4%	7.1%	18.7%	40.22%
Wyoming	31.7%	7.1%	6.5%	25.8%	28.78%

Employment Simulations for a $6.86 Cash Wage						
State	2011 Cash Wage	2011 FTE Employment in Restaurant Industry	2011 Number of Tipped Workers	2011 FTE Employment of Tipped Workers	Tipped Worker FTEs if Cash Wage increased to $6.86	Loss of Tipped Workers FTEs due to Increase in Cash Wage
Alabama	2.13	119,555	36,007	7,249	4,526	-2,723
Alaska	7.75	18,112	3,950	901	901	0
Arizona	4.35	173,345	49,778	10,559	8,789	-1,770
Arkansas	2.63	61,109	18,980	3,366	2,288	-1,078
California	8.00	871,359	229,723	171,584	171,584	0
Colorado	4.34	169,593	53,886	27,533	22,897	-4,636
Connecticut	5.69	74,928	30,613	10,178	9,439	-738
Delaware	2.23	27,447	8,508	6,073	3,863	-2,211
DC	2.77	21,894	5,969	1,780	1,235	-545
Florida	4.27	582,901	201,821	120,504	99,563	-20,941
Georgia	2.13	289,637	89,924	68,419	42,719	-25,700
Hawaii	7.00	48,395	11,881	6,423	6,423	0
Idaho	3.35	37,394	11,985	3,739	2,801	-937
Illinois	4.95	339,673	116,430	64,066	56,177	-7,889
Indiana	2.13	236,347	75,850	29,615	18,491	-11,124
Iowa	4.35	81,109	23,651	9,594	7,986	-1,608
Kansas	2.13	87,485	28,509	12,274	7,663	-4,610
Kentucky	2.13	119,851	33,856	21,641	13,512	-8,129
Louisiana	2.13	117,810	30,937	12,098	7,554	-4,544
Maine	3.75	39,866	11,440	5,422	4,251	-1,171
Maryland	3.63	150,710	49,871	21,248	16,444	-4,804
Massachusetts	2.63	212,799	64,401	31,498	21,409	-10,088
Michigan	2.65	299,148	83,199	40,792	27,812	-12,980
Minnesota	7.25	166,526	50,552	30,510	30,510	0
Mississippi	2.13	70,444	11,971	980	612	-368
Missouri	3.63	154,454	50,060	30,839	23,866	-6,973
Montana	7.35	32,036	8,483	1,648	1,648	0
Nebraska	2.13	56,184	15,450	4,118	2,571	-1,547
Nevada	8.25	86,998	28,754	9,571	9,571	0
New Hampshire	3.27	33,189	10,484	7,219	5,357	-1,862
New Jersey	2.13	189,820	70,588	42,040	26,249	-15,791
New Mexico	2.13	56,030	20,909	2,512	1,569	-944
New York	5.00	543,825	172,304	100,284	88,291	-11,993
North Carolina	2.13	240,703	81,727	33,116	20,677	-12,439
North Dakota	4.86	20,753	6,175	1,983	1,726	-257

Employment Simulations for a $6.86 Cash Wage						
State	2011 Cash Wage	2011 FTE Employment in Restaurant Industry	2011 Number of Tipped Workers	2011 FTE Employment of Tipped Workers	Tipped Worker FTEs if Cash Wage increased to $6.86	Loss of Tipped Workers FTEs due to Increase in Cash Wage
Ohio	3.70	379,731	112,731	51,977	40,536	-11,441
Oklahoma	2.13	94,816	28,043	8,930	5,576	-3,354
Oregon	8.50	110,687	30,403	12,539	12,539	0
Pennsylvania	2.83	385,776	106,257	67,395	47,182	-20,214
Rhode Island	2.89	39,548	10,840	6,841	4,830	-2,011
South Carolina	2.13	145,458	41,746	28,923	18,059	-10,864
South Dakota	2.13	23,925	7,719	4,051	2,529	-1,522
Tennessee	2.13	192,272	63,038	28,183	17,597	-10,586
Texas	2.13	671,683	216,363	144,064	89,950	-54,114
Utah	2.13	73,067	13,925	2,770	1,729	-1,040
Vermont	3.95	16,196	4,820	1,834	1,469	-366
Virginia	2.13	269,770	83,360	33,475	20,901	-12,574
Washington	8.67	202,228	48,816	20,441	20,441	0
West Virginia	2.13	43,692	10,706	1,941	1,212	-729
Wisconsin	2.33	162,814	42,599	20,188	13,069	-7,119
Wyoming	2.13	15,466	3,206	1,135	708	-426
US		8,658,555	2,623,198	1,386,063	1,069,301	-316,760

Employment Policies

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