

# Minimum Wage Boosts Earnings Without Job Loss

May 1998

## *Who Gained From The Recent Increases?*

- 1.66 million California workers received a pay increase as a result of state and federal actions since October 1996. Of these, 1.2 million received a boost due to increases in the federal minimum, with 435,000 benefiting from California's higher minimum wage of \$5.75 per hour. (EPI)
- Slightly over four out of five workers benefiting from the increased minimum wage are adults; over half work full-time (at least 35 hours per week). (EPI)
- Almost half of those receiving a pay increase were women. Hispanics made up the largest single group of workers receiving a boost from California's higher minimum wage. (EPI)

## *Job Growth Remains Strong*

- California added 500,000 jobs in 1997. Between September 1996 and April 1998 -- the period when the minimum wage was increased from \$4.25 to \$5.75 per hour -- 701,300 jobs were added to the California economy and unemployment dropped from 7.0 percent to 5.9 percent. (EDD)
- From March 1997 to March 1998, California's private sector job growth outstripped that of the nation as a whole in every sector. Total nonfarm employment grew by 3.6 percent in California as compared to 2.6 percent for the US, despite the fact that California's minimum wage exceeded the federal standard. During the same period, California's job growth in services surpassed that of the nation (4.8 percent compared to 4.0 percent), as did that in wholesale and retail trade (3.0 percent to 2.3 percent). (DOF)
- Between September 1996 and April 1998, unemployment declined for all ethnic groups, young workers, and women.

## *Why Is An Additional Increase In The Minimum Wage Needed?*

- The purchasing power of California's minimum wage is more than \$2.00 per hour lower than it was in 1968. After adjusting for inflation, today's \$5.75 minimum buys 26 percent less than it did in 1968.
- At the current California minimum, the wages from full-time work (40 hours per week, 52 weeks per year) fail to lift a family of three out of poverty.

## *Who Would Benefit From An Increase To \$6.50 Per Hour?*

- 916,000 California workers earned between \$5.75 and \$6.50 during the past year. Of these, 87 percent are adults and 65 percent work full-time (35 or more hours/week).
- Over half (52 percent) of the workers who would benefit from an increase in the minimum wage are male and just under half (49 percent) are Hispanic.

Sources:

[EPI](#): Economic Policy Institute analysis of Current Population Survey Data

[EDD](#): Employment Development Department, Labor Market Information

[California Department of Finance](#), May Revision 1998-99 Governor's Budget