

# Lost Wages

*Over A Quarter Million Reasons  
To Increase the Minimum Wage Now*

By Jeff Musto

June 2013

Center for Study of Responsive Law  
P.O. Box 19362  
Washington, D.C. 20036

## **Background**

Seventy-five years ago this month, on June 25, 1938, President Franklin Delano Roosevelt signed the Fair Labor Standards Act into law, establishing, among other things, the first lasting federal minimum wage in the United States.<sup>i</sup> Today, the federal minimum wage stands at \$7.25 per hour.<sup>ii</sup> Nearly 3.6 million Americans work for pay at or below the federal minimum wage.<sup>iii</sup>

Unfortunately for these workers, they are being paid less today than they would have been 45 years ago in 1968. Had the minimum wage simply kept pace with inflation since 1968, today it would be about \$10.70 per hour. In that time, however, the minimum wage has lost nearly one third of its value.<sup>iv</sup>

Congress and our Presidents have failed to ensure that the minimum wage has kept up with the steady increase of inflation. Since 1968, they have acted to increase the minimum wage just five times<sup>v</sup> – and each time they failed to keep up with inflation. In so doing, they have failed to carry out President Roosevelt’s vision when he first signed the Fair Labor Standards Act into law; but more importantly, they have failed to look out for millions of hard-working Americans.

Our politicians have provided plenty of excuses for this failure. They have dismissed and brushed aside recent calls for an increase to the minimum wage by claiming that the issue is too politically controversial, that businesses are opposed, and that to pass such policies in the midst of a recession would be too risky. What gets forgotten in the fog of these excuses is that President Roosevelt faced many of these same challenges, but pushed for a minimum wage law in spite of them.

Roosevelt knew that a minimum wage law was necessary for the working class of this country to provide basic necessities for their families. He implored Congress to make sure that this country would provide “all our able-bodied working men and women a fair day’s pay for a fair day’s work.” Roosevelt was pursuing legislation to “end starvation wages and intolerable hours.”<sup>vi</sup> He also knew that, contrary to the talking points of today’s politicians, a depression was precisely the time to pursue this sort of policy, and anything but a legitimate reason for hesitation. Roosevelt explained: “The exploitation of child labor and the undercutting of wages and the stretching of the hours of the poorest paid workers in periods of business recession has a serious effect on buying power.”<sup>vii</sup> And lastly, Roosevelt knew that the objections of big business were overblown and unjustified. In one of his famous fire-side chats, he said,

“Do not let any calamity-howling executive with an income of \$1,000 a day, ...tell you...that a wage of \$11 a week is going to have a disastrous effect on all American industry.”<sup>viii</sup>

It is long past time that we catch back up with 1968, and raise the minimum wage to at least \$10.50 per hour. It is the absolute least we can do for millions of the working poor throughout this country.

## Lost Wages

An individual minimum wage worker in America, who has worked continually for the federal minimum wage since 1968, has ***lost a total of \$293,735.12 in inflation-adjusted wages.***<sup>ix</sup> At almost \$300,000, that represents more than ***13 years of lost wages*** at a \$10.50 minimum wage.<sup>x</sup>

This means every year that inflation rises – which is most years – the value of the dollar decreases with respect to the cost of goods and services. The result is that each time the dollar’s value declines, a single dollar can not be stretched as far as it could in years past – simply put: you can’t buy as many things with it.

Typically in the United States, we have experienced between about 2 to 4 % inflation annually in the past two decades. The long term average in the U.S. since we started tracking inflation is about 3.32 %.<sup>xi</sup> This may not seem like a large amount, but added up over many years, it compounds on itself and has a large impact on the purchasing power of a dollar.

Unfortunately, this process makes it far too easy for Congress to ignore the plight of the working class Americans who have been taking de facto pay cuts for decades. And that is precisely what Congress has allowed to happen to low-wage workers over the last several decades by failing to make sure the minimum wage has kept up with inflation. Congress’ inaction harms working-class Americans.

Every year that the minimum wage is not increased with inflation, members of Congress are telling millions of working-class Americans all over the United States that their hard work, time, and effort is not worth as much as it was the year before.

Table 1A, below, shows how much an individual minimum wage worker lost in wages each year from 1968 to 2013. The average wages lost annually in the last 45 years was \$6,527.45. Today, ***every year*** that Congress and the President fail to raise the minimum wage, a minimum wage worker ***loses seven thousand dollars*** in purchasing power.

In 2012, with 3.6 million Americans working at or below the federal minimum wage, those millions of Americans were ***robbed of an estimated \$15.3 billion in wages.***<sup>xii</sup> And even this figure may be a gross underestimation of how the minimum wage’s failure to keep up with inflation has robbed millions of Americans of deserved pay: It doesn’t include the many millions more who are paid hourly rates *between* \$7.25 and \$10.70 per hour, or account for the 2 million workers making *less* than the federal minimum wage, or for the 429,000 minimum wage workers who report that their “hours vary.”

***Table 1A:***

<b><i>Lost Wages of Minimum Wage Workers Since 1968</i></b>					
<b><i>Year</i></b>	<b><i>Minimum Wage (Nominal \$)</i></b>	<b><i>Minimum Wage (Inflation Adjusted to 2013 \$)</i></b>	<b><i>Annual Income of Minimum Wage Worker (Inflation adjusted to 2013 \$)</i></b>	<b><i>Hourly Wages Lost<sup>1</sup> (Inflation Adjusted to 2013 \$)</i></b>	<b><i>Annual Wages Lost (= \$22,256<sup>2</sup> - Annual Income)</i></b>
1969	\$1.60	\$10.15	\$21,112.00	\$0.55	\$1,144.00
1970	\$1.60	\$9.60	\$19,968.00	\$1.10	\$2,288.00
1971	\$1.60	\$9.20	\$19,136.00	\$1.50	\$3,120.00
1972	\$1.60	\$8.91	\$18,532.80	\$1.79	\$3,723.20
1973	\$1.60	\$8.39	\$17,451.20	\$2.31	\$4,804.80
1974	\$2.00 <sup>3</sup>	\$9.44	\$18,334.88	\$1.26	\$3,921.12
1975	\$2.10	\$9.09	\$18,907.20	\$1.61	\$3,348.80
1976	\$2.30	\$9.41	\$19,572.80	\$1.29	\$2,683.20
1977	\$2.30	\$8.83	\$18,366.40	\$1.87	\$3,889.60
1978	\$2.65	\$9.46	\$19,676.80	\$1.24	\$2,579.20
1979	\$2.90	\$9.30	\$19,344.00	\$1.40	\$2,912.00
1980	\$3.10	\$8.76	\$18,220.80	\$1.94	\$4,035.20
1981	\$3.35	\$8.58	\$17,846.40	\$2.12	\$4,409.60
1982	\$3.35	\$8.08	\$16,806.40	\$2.62	\$5,449.60
1983	\$3.35	\$7.83	\$16,286.40	\$2.87	\$5,969.60
1984	\$3.35	\$7.51	\$15,620.80	\$3.19	\$6,635.20
1985	\$3.35	\$7.25	\$15,080.00	\$3.45	\$7,176.00
1986	\$3.35	\$7.11	\$14,788.80	\$3.59	\$7,467.20
1987	\$3.35	\$6.86	\$14,268.80	\$3.84	\$7,987.20
1988	\$3.35	\$6.59	\$13,707.20	\$4.11	\$8,548.80
1989	\$3.35	\$6.29	\$13,083.20	\$4.41	\$9,172.80
1990	\$3.80 <sup>4</sup>	\$6.77	\$13,665.60	\$3.93	\$8,590.40
1991	\$4.25 <sup>5</sup>	\$7.26	\$14,706.56	\$3.44	\$7,549.44
1992	\$4.25	\$7.05	\$14,664.00	\$3.65	\$7,592.00
1993	\$4.25	\$6.85	\$14,248.00	\$3.85	\$8,008.00
1994	\$4.25	\$6.68	\$13,894.40	\$4.02	\$8,361.60
1995	\$4.25	\$6.49	\$13,499.20	\$4.21	\$8,756.80

### Lost Wages of Minimum Wage Workers Since 1968

<b>Year</b>	<b>Minimum Wage (Nominal \$)</b>	<b>Minimum Wage (Inflation Adjusted to 2013 \$)</b>	<b>Annual Income of Minimum Wage Worker (Inflation adjusted to 2013 \$)</b>	<b>Hourly Wages Lost<sup>1</sup> (Inflation Adjusted to 2013 \$)</b>	<b>Annual Wages Lost (= \$22,256<sup>2</sup> - Annual Income)</b>
1996	\$4.75 <sup>6</sup>	\$7.05	\$13,515.52	\$3.65	\$8,740.48
1997	\$5.15 <sup>7</sup>	\$7.47	\$14,739.52	\$3.23	\$7,516.48
1998	\$5.15	\$7.35	\$15,288.00	\$3.35	\$6,968.00
1999	\$5.15	\$7.20	\$14,976.00	\$3.50	\$7,280.00
2000	\$5.15	\$6.96	\$14,476.80	\$3.74	\$7,779.20
2001	\$5.15	\$6.77	\$14,081.60	\$3.93	\$8,174.40
2002	\$5.15	\$6.66	\$13,852.80	\$4.04	\$8,403.20
2003	\$5.15	\$6.52	\$13,561.60	\$4.18	\$8,694.40
2004	\$5.15	\$6.35	\$13,208.00	\$4.35	\$9,048.00
2005	\$5.15	\$6.14	\$12,771.20	\$4.56	\$9,484.80
2006	\$5.15	\$5.95	\$12,376.00	\$4.75	\$9,880.00
2007	\$5.85 <sup>8</sup>	\$6.57	\$12,749.20	\$4.13	\$9,506.80
2008	\$6.55 <sup>9</sup>	\$7.08	\$13,844.80	\$3.62	\$8,411.20
2009	\$7.25 <sup>10</sup>	\$7.87	\$15,488.00	\$2.83	\$6,768.00
2010	\$7.25	\$7.74	\$16,099.20	\$2.96	\$6,156.80
2011	\$7.25	\$7.50	\$15,600.00	\$3.20	\$6,656.00
2012	\$7.25	\$7.35	\$15,288.00	\$3.35	\$6,968.00
2013	\$7.25	\$7.25	\$15,080.00	\$3.45	\$7,176.00
				<b><u>Total Wages Lost Since 1968:</u></b>	<b>\$293,735.12</b>

**Footnotes:**

*i. The minimum wage was increased 20 cents to \$1.60 on February 1, 1968. This was the equivalent of \$10.70. This was the minimum wage's historical peak; in the 45 following years it has lost nearly one third of its value.*

*1. Lost hourly wages are calculated by determining the inflation adjusted value of each year's hourly federal minimum wage and subtracting it from our baseline inflation adjusted 1968 minimum wage of \$10.70.*

*2. A minimum wage worker being paid for 2,080 hours per year at \$10.70 would have made an inflation adjusted \$22,256. These figures are in 2013 dollars.*

*3. Minimum wage increased \$0.40 on May 1.*

*4. Minimum wage increased \$0.45 on April 1.*

*5. Minimum wage increased \$0.45 on April 1.*

*6. Minimum wage increased \$0.50 on October 1.*

*7. Minimum wage increased \$0.40 on September 1.*

*8. Minimum wage increased \$0.70 on July 24.*

*9. Minimum wage increased \$0.70 on July 24.*

*10. Minimum wage increased \$0.70 on July 24.*

While Congress has chosen to ignore low wage workers throughout America, allowing the value of the minimum wage to decline by one third and individual minimum wage workers everywhere to lose nearly \$300,000 in wages since 1968, they have, however, certainly been attentive to their own pay.

Since 1968, members of Congress have seen their pay increase 25 times, while acting to increase the minimum wage just five times. And in 1989, members of Congress passed a law that put into effect automatic annual increases in their pay, the “Ethics Reform Act of 1989.” The same year, Congress also voted to increase the minimum wage to \$4.25 per hour by 1991 (an inflation-adjusted \$7.17). Since that time, Congress has increased its own annual salary *13 times*, while it has voted *only twice* to increase the minimum wage.<sup>xiii</sup>

It is reprehensible that tens of millions of hard-working Americans have been treated in this way for decades. It is time that it comes to an end. Congress and the President can no longer fall back on the excuses that they didn’t know, or didn’t recognize the scope of the problem, or couldn’t act due to poor political timing.

### **Where Did These Lost Wages Go?**

What happened to all of these lost wages? Workers wages certainly haven’t declined because they have become less productive. In fact, since the 1960s, worker productivity has more than doubled.<sup>xiv</sup> At a U.S. Senate Health, Education, Labor, and Pensions Committee hearing, Senator Elizabeth Warren (D-MA) pointed out that had the minimum wage increased the same amount that worker productivity had since 1960, it would stand at \$22 per hour today. At the hearing, she rightfully asked, “What happened to the other \$14.75? It sure didn’t go to the worker.”<sup>xv</sup>

To find a clue to this answer, one needs to look no further than the corporate suites. At the same time that the minimum wage has lost nearly one third of its inflation-adjusted value in the past 45 years, CEO compensation has skyrocketed over 900 percent!<sup>xvi</sup> Large corporations and their executives have been benefiting from and taking advantage of cheap labor and have achieved windfall profits in the past few decades.

Wage inequality has been increasing at an alarming rate over the last few decades. The Congressional Budget Office (CBO) found that between 1979 and 2007, the income of the top 1 percent of households grew by 275 %, while the middle 60 percent saw their income grow by only 40 %.<sup>xvii</sup> In fact, according to data from Edward Wolff, an economist at New York University, the richest 1 percent control more financial wealth than do the bottom 95 percent.<sup>xviii</sup>

Wall Street and big box retailer executives’ annual income have reached unprecedented heights. The highest paid executive in America last year, John Hammergren of McKesson Corp., received compensation of \$131 million.<sup>xix</sup> He made more in 15 minutes of his workday than a minimum wage worker makes in a year. In an hour, he made the equivalent of \$63,000, which is \$10,000 more than the median *annual* household income in the U.S. In a standard 8-hour work day, he would have made more than *half a million dollars*. According to Forbes, Mike Duke, the CEO of Walmart, brought home \$23.15 million<sup>xx</sup> in 2012; equating to over \$11,000 per hour. And they are not alone. The top 100 highest compensated CEOs on Forbes list all made over \$15 million last year. Making \$15 million annually means making over \$7,000 per hour.

## **Why Else is Increasing the Minimum Wage Important?**

### *A Moral Obligation to Low-Wage Workers*

At a time when the issue of income inequality is in the news, it is surprising that a policy that could help millions of workers throughout the country hasn't been addressed: raising the minimum wage to at least \$10.50 per hour.

Someone working on the current federal minimum wage of \$7.25 per hour makes just \$15,080 per year. This does not come close to the federal government's poverty line for a family of three.

Combine these shamefully low wages with increasing costs of living over the last several decades, and minimum and low-wage workers are left struggling with ever deeper debts just to afford basic necessities such as food, housing, transportation, and healthcare. Individuals and families are working more – and paying more – for less.

At the same time that the minimum wage has lost nearly one third of its inflation-adjusted value:

- Housing prices have nearly doubled. The median housing value of owner-occupied properties has increased by about 80 percent between 1970 and 2009.<sup>xxi</sup>
- The cost of a gallon of gasoline has increased by more than 60 percent between 1978 and 2012.<sup>xxii</sup>
- Health insurance premiums have risen sky-high. From 1990 to 2009, health insurance costs per capita have more than doubled.<sup>xxiii</sup> In slightly over a decade, from 1999 to 2011, the average annual cost of employer-sponsored family health insurance premiums increased more than 90 percent, with workers' contributions toward this cost have increased by 98 percent. And families' out-of-pocket medical expenses, not paid for by health insurance companies, have increased 21 percent from 1996 to 2009.<sup>xxiv</sup>
- The average cost of food for a family of four has increased about 10 percent since 1994.
- All of these figures account for inflation.

Low wage families are being forced to face the impossible task year in and year out of squeezing more and more out of every dollar of income they take home.

### *How Increasing the Minimum Wage Could Act As a Stimulus*

One of the reasons that President Franklin Delano Roosevelt fought for a minimum wage law was to help stimulate the economy, increasing consumer spending, and help bring the country out of the Great Depression. He was far from alone in that thinking, and in fact, a few decades earlier – in 1914 – Henry Ford also recognized the power of increasing his employees' wages. He realized that raising wages would decrease worker turnover, increase productivity, and provide his workers with enough pay that they could afford to buy the very product they were manufacturing. Ford was noted for saying:

“If you cut wages, you just cut the number of your own customers. If an employer does not share prosperity with those who make him prosperous, then pretty soon there will be no prosperity to share. That is why we think it is good business always to raise wages and never to lower them. We like to have plenty of customers.”<sup>xxv</sup>

Since low-wage workers are often living below or close to the poverty line and struggle to simply afford basic necessities like food and shelter for themselves and their children, an increase in their wages is typically met with a corresponding increase in their spending. A study from the Chicago Federal Reserve found that every dollar increase to the hourly pay of a minimum wage worker resulted in \$2,800 in new consumer spending from that worker’s household over the year.<sup>xxvi</sup> In this way, raising the minimum wage has the potential to be a far better – and more direct – means of stimulating a stagnating economy than the failed “trickle down” economic policies of the past several decades.

Additionally, according to data from the Economic Policy Institute (EPI), increasing the federal minimum wage to just \$10.10 in tiered phases by 2015 would raise the wages of about 30 million workers. These workers would receive about \$51 billion in additional wages over that time period. EPI also estimates that the GDP would increase by about \$32.6 billion and 140,000 net new jobs would be created.<sup>xxvii</sup>

### *Profile of a Minimum Wage Worker*

In 2012, there were 3.6 million workers making at or below the federal minimum wage of \$7.25 per hour. In the past decade, the number of workers being paid at or below minimum wage has increased by nearly 40 percent. Almost 1.5 million more workers are being paid minimum wage today than they were in 2002.<sup>xxviii</sup>

Nearly two thirds - 64.4 percent - of all workers being paid at or below the federal minimum wage are women.<sup>xxix</sup>

The minimum wage also disproportionately impacts minorities. Black workers make up slightly more than 11.5 percent of the civilian labor force, but over 15 percent of all minimum wage workers are black. Similarly, the civilian labor force is composed of nearly 15 percent Hispanic workers, whereas Hispanics represent nearly 19 percent of minimum wage workers.<sup>xxx</sup>

Contrary to what opponents of increasing the minimum wage claim, it is not an issue that is just about young people and summer or part-time jobs. Of those making the federal minimum wage, 75.9 percent of them are 20 years of age or older.<sup>xxxi</sup>

Warnings that increasing the minimum wage would harm small businesses are likewise overblown. According to a report from the National Employment Law Project (NELP), two-thirds of minimum wage workers are employed by large, multi-national corporations like Walmart and McDonald’s.<sup>xxxii</sup>

### *Not Only Should We Catch Up With 1968, But Also the Rest of the Industrialized World*

When compared with other western, industrialized countries, the United States has one of the lowest minimum wages. There are ten countries that have minimum wages above the United

States'. They include Australia, Belgium, Canada, France, Ireland, Luxembourg, the Netherlands, New Zealand, San Marino, and the United Kingdom.

Based on the most recent data available, of the ten countries with higher minimum wages than the United States, eight of them have unemployment rates at or below that of the United States. Australia, for instance, has a minimum wage at about \$16 per hour – more than double the United States' \$7.25. Their unemployment rate in April 2013 was 5.5 percent. The United States' in the same month was 7.5 percent.

For many of the other western nations, it isn't that they have a lower minimum wage – but that they simply don't have a minimum wage law at all. But the reason for this might not be what one would expect. Particularly in Europe and the Norwegian countries, many of these countries have a labor force that is largely unionized and paid high median wages relative to the United States. One reason many of these countries don't have a minimum wage law is not that they fear that it would harm business – but instead that they want to protect their unions and already high wages and fear that a minimum wage law could undercut unions' efforts or result in *lower wages* than they have currently.

### *A Low Minimum Wage Perverts Capitalism and Siphons Money to the 1 Percent*

Two thirds of minimum wage workers are employed by large, highly profitable corporations. These corporations tend to pay many of their workers at or near minimum wage. When the workers are paid such low wages, they typically can't afford to buy the food, pay the rent, or get the health care they need. As a result, these workers and their families resort to the taxpayer-funded safety net and make use of programs like food stamps, Medicaid, the earned income tax credit, and low-income and affordable housing programs. Taxpayers end up footing the bill for the unconscionably low wages being paid by largely profitable corporations.

These low wages don't end up just harming minimum wage workers; the negative effects radiate to taxpayers. By allowing these large corporations to pay their workers such low wages, the federal government is effectively forcing businesses that pay above the minimum wage – and taxpayers – to subsidize the low wages they pay. Walmart, which had net sales over \$330 billion in the U.S. last year<sup>xxxiii</sup>, even goes as far as to provide its workers with detailed advice about how to apply for public assistance programs.

According to an MO Healthnet Employer Report, in Missouri during the first quarter of 2011 (the most recent data) the total cost to the state of the top 50 employers whose employees rely most heavily on Medicaid was about \$43.5 million.<sup>xxxiv</sup> Data from Ohio's Department of Job and Family Services, and a report from Policy Matters Ohio, examined the 50 employers with the most employees taking advantage of food stamps, Medicaid, or other cash assistance programs.<sup>xxxv</sup> According to this information, these employers' low wages cost the state of Ohio a total of \$115.5 million for workers making use of these programs in 2007 (\$111.5 in Medicaid costs and \$4 million in cash assistance). However, that only includes Ohio's share of these costs. The federal government paid for \$96.9 million in food stamps for these workers, \$6.5 million in cash assistance programs, and the federal share of Medicaid costs came to another \$182 million. This brought the total cost of these employers' low wages in one year and in just one state to \$400.9 million. Unsurprisingly, at the top of these lists in both states were Walmart, McDonald's, Yum Brands! (owners of Taco Bell, Kentucky Fried Chicken, and Pizza Hut), and other large, profitable employers known for taking advantage of low-wage labor.

The next time you hear someone complain about “welfare queens,” perhaps you should point them to the overwhelming amount of corporate welfare, like the examples above, that are simply and knowingly built into the system.

### **Where Do We Go From Here?**

For forty five years, Congress and Presidents have largely stood by while the value of the minimum wage slowly depreciated. Not only have the working poor in this country had to face a declining minimum wage, but they were recently hit hardest by the Wall Street crash of 2008-2009.

Poll after poll has shown that about 70 percent of the American public supports increasing the minimum wage.<sup>xxxvi</sup> It is time for Congress to choose: Do they side with millions of their constituents who want a minimum wage increase or with their political donor class? Congressman Alan Grayson (FL-9) introduced H.R. 1346, the “Catching Up to 1968 Act of 2013,”<sup>xxxvii</sup> which would raise the minimum wage to \$10.50 per hour and index it to inflation. Congress can rectify this unconscionable situation by passing this bill.

It is a long time coming for a raise. Millions of Americans need to earn at least what workers in 1968 earned, inflation adjusted, now! It is time to catch up with 1968.

<sup>i</sup> Grossman, Jonathan. “Fair Labor Standards Act of 1938: Maximum Struggle for a Minimum Wage.” *Monthly Labor Review*. June 1978. <<http://www.dol.gov/oasam/programs/history/flsa1938.htm>> Accessed through U.S. Department of Labor website, on May 28, 2013.

<sup>ii</sup> U.S. Department of Labor. “Wages: Minimum Wage” <<http://www.dol.gov/dol/topic/wages/minimumwage.htm>> Accessed on May 28, 2013.

<sup>iii</sup> U.S. Department of Labor, Bureau of Labor Statistics. “Characteristics of Minimum Wage Workers: 2012.” <<http://www.bls.gov/cps/minwage2012.htm>> Accessed May 28, 2013.

<sup>iv</sup> U.S. Department of Labor. “History of Federal Minimum Wage Rates Under the Fair Labor Standards Act, 1938 – 2009.” <<http://www.dol.gov/whd/minwage/chart.htm>> Accessed May 28, 2013.;

U.S. Department of Labor, Bureau of Labor Statistics. “CPI Inflation Calculator.”

<[http://www.bls.gov/data/inflation\\_calculator.htm](http://www.bls.gov/data/inflation_calculator.htm)> Accessed May 28, 2013.;

Adjusting the 1968 \$1.60 minimum wage to 2013 dollars using the inflation calculator returned a value of \$10.69 on May 28, 2013.

<sup>v</sup> U.S. Department of Labor. “History of Federal Minimum Wage Rates Under the Fair Labor Standards Act, 1938 – 2009.” <<http://www.dol.gov/whd/minwage/chart.htm>> Accessed May 28, 2013.

<sup>vi</sup> Grossman, Jonathan. “Fair Labor Standards Act of 1938: Maximum Struggle for a Minimum Wage.” *Monthly Labor Review*. June 1978. <<http://www.dol.gov/oasam/programs/history/flsa1938.htm>> Accessed through U.S. Department of Labor website, on May 28, 2013.

<sup>vii</sup> Ibid.

<sup>viii</sup> Ibid.

<sup>ix</sup> This figure can be found in Table 1A. It is calculated using the following methodology: Our “baseline” hourly minimum wage is the 1968 inflation adjusted minimum wage, which comes to about \$10.70. Using this minimum wage, the annual income of a minimum wage worker in 2013 dollars would be \$22,256 per year based on 52 work weeks and a 40-hour work week. Now, take each year’s nominal minimum wage from 1969 to 2013 and determine its inflation adjusted value in 2013 dollars. Use this inflation adjusted hourly wage and determine an inflation adjusted annual income. When determining annual income, account for years in which the minimum wage was increased mid-year (1974, 1990, 1991, 1996, 1997, 2007, 2008, 2009). Subtract each year’s inflation adjusted annual income from \$22,256. Add all of these values from 1969 to 2013 together.

<sup>x</sup> This figure is calculated by determining the annual income a minimum wage worker would make in 52, 40-hour work weeks: \$21,840. Divide the value we determined above for total wages lost (\$293,735.12) by \$21,840. This comes to 13.45 years.

<sup>xi</sup> The Federal Reserve Bank of Minneapolis. “Consumer Price Index 1913 – “

<[http://www.minneapolisfed.org/community\\_education/teacher/calc/hist1913.cfm?](http://www.minneapolisfed.org/community_education/teacher/calc/hist1913.cfm?)> Accessed May 28, 2013.

<sup>xii</sup> Data from:

United States Department of Labor, Bureau of Labor Statistics. “Characteristics of Minimum Wage Workers: 2012.” Table 9. <<http://www.bls.gov/cps/minwage2012tbls.htm#9>> Accessed June 5, 2013.

Methodology (for estimate of \$15.3 billion lost wages in 2012 for minimum wage workers):

The above data from the Bureau of Labor Statistics provides the range of hours worked per week by minimum wage workers. In order to estimate the total wages minimum wage workers “lost” in 2012, we take the midpoint of each hourly range (i.e. for 20-24 hrs, we take 22 hrs; for 41-44 hrs we take 42.5 hrs, etc) and multiply that by the “hourly wages lost” for that year found in Table 1A (\$3.35 / hr in 2012). Then take that result, multiply by 52 weeks. And finally multiply that result by the number of minimum wage (or below) workers within that range of hours worked per week. This method of achieving this estimate does a decent job of accounting for part-time workers. However, the reason we believe it to be a gross underestimation of the annual “lost wages” is that it does not account for: 2 million workers who are making *below* the federal minimum wage, for the many millions more hourly workers who make *between* \$7.25 per hour and what their minimum wage should be of \$10.70 per hour, or for the 429,000 minimum wage workers who did not report an average for the hours they worked per week – and so were recorded as “hours vary,” making it impossible to include them in this calculation.

<sup>xiii</sup> Brudnick, Ida A. “Salaries of Members of Congress: Recent Actions and Historical Tables.” Congressional Research Service. March 22, 2013. <[http://www.senate.gov/CRSReports/crs-publish.cfm?pid=%27\\*2%404P\[%3A%22%40%20%20%0A](http://www.senate.gov/CRSReports/crs-publish.cfm?pid=%27*2%404P[%3A%22%40%20%20%0A)> Accessed May 28, 2013.

<sup>xiv</sup> U.S. Department of Labor, Bureau of Labor Statistics. “Updated charts and data associated with the paper ‘The compensation-productivity gap: a visual essay,’ by Susan Fleck, John Glaser, and Shawn Sprague.” <[ftp://ftp.bls.gov/pub/special.requests/opt/gap\\_update.2012.06.26.zip](ftp://ftp.bls.gov/pub/special.requests/opt/gap_update.2012.06.26.zip)> Accessed May 28, 2013.

- 
- <sup>xv</sup> U.S. Senate Committee on Health, Education, Labor, and Pensions. Committee Hearing. “Keeping Up With A Changing Economy: Indexing the Minimum Wage.” <<http://www.help.senate.gov/hearings/hearing/?id=b7e4d7fc-5056-a032-52f3-dcd089d46121>> Accessed May 28, 2013.
- <sup>xvi</sup> Forbes. “Historical Chart: Two Decades of CEO Pay.” 2011. <<http://www.forbes.com/lists/2011/12/ceo-pay-20-year-historical-chart.html>> Accessed May 28, 2013.;
- Brookman, Jeffrey T., Tomas Jandik, and Craig G. Rennie. “A Comparison of CEO Compensation Data Sources.” <<http://comp.uark.edu/~tjandik/papers/methodology.pdf>> Accessed May 28, 2013.
- <sup>xvii</sup> Congressional Budget Office. “Trends in Distribution of Household Income Between 1979 and 2007.” October 25, 2011. <<http://www.cbo.gov/publication/42729>> Accessed June 11, 2012.
- <sup>xviii</sup> Wolff, Edward N. “Recent Trends in Household Wealth in the United States: Rising Debt and the Middle-Class Squeeze.” Levy Economics Institute of Bard College and the Department of Economics, New York University. Page 11, Table 2, “Nonhome Wealth”. June 2007. <[http://www.levyinstitute.org/pubs/wp\\_502.pdf](http://www.levyinstitute.org/pubs/wp_502.pdf)> Accessed June 5, 2013.
- <sup>xix</sup> Forbes. “America’s Highest Paid Chief Executives.” 2012. <[http://www.forbes.com/lists/2012/12/ceo-compensation-12\\_rank.html](http://www.forbes.com/lists/2012/12/ceo-compensation-12_rank.html)> Accessed May 28, 2013.
- <sup>xx</sup> Ibid.
- <sup>xxi</sup> U.S. Department of Housing and Urban Development and U.S. Department of Commerce. Annual Housing Survey: 1973, page XIX. <<http://www2.census.gov/prod/ahsscans/h150-73A.pdf>> Accessed May 28, 2013; U.S. Department of Housing and Urban Development and U.S. Department of Commerce. American Housing Survey for the United States: 2009, Page 63, Table 3-14. <<http://www.census.gov/prod/2011pubs/h150-09.pdf>> Accessed May 28, 2013.
- <sup>xxii</sup> U.S. Energy Information Administration. Monthly Energy Review, May 2013. Table 1.6 “Cost of Fuels to End Users in Real (1982-1984) Dollars” <<http://www.eia.gov/totalenergy/data/monthly/index.cfm#summary>> Accessed May 29, 2013.
- <sup>xxiii</sup> United States Census Bureau. 2012 Statistical Abstract, Health & Nutrition: Health Expenditures. Table 137, “Health Consumption Expenditures – Per Capita Spending by Type of Expenditure and Source of Funds” <[http://www.census.gov/compendia/statab/cats/health\\_nutrition/health\\_expenditures.html](http://www.census.gov/compendia/statab/cats/health_nutrition/health_expenditures.html)> Accessed May 28, 2013.
- <sup>xxiv</sup> “Health Care Costs: A Primer. Key Information on Health Care Costs and Their Impact.” The Henry J. Kaiser Family Foundation. Pages 18-21. May 2012. <<http://www.kff.org/insurance/upload/7670-03.pdf>>
- <sup>xxv</sup> Ford, Henry and Samuel Crowther. “Great Today and Greater Future.” 1926. Kessinger Publishing, LLC (June 26, 2003). Page 198 – 199.
- <sup>xxvi</sup> Aaronson, Daniel, Sumit Agarwal, and Eric French. “The Spending and Debt Responses to Minimum Wage Increases.” Federal Reserve Bank of Chicago. Revised February 8, 2011. <[http://www.chicagofed.org/digital\\_assets/publications/working\\_papers/2007/wp2007\\_23.pdf](http://www.chicagofed.org/digital_assets/publications/working_papers/2007/wp2007_23.pdf)> Accessed May 28, 2013.
- <sup>xxvii</sup> Cooper, David and Doug Hall. “Raising the Federal Minimum Wage to \$10.10 Would Give Working Families, and the Overall Economy, a Much-Needed Boost.” Economic Policy Institute. March 13, 2013. <<http://www.epi.org/publication/bp357-federal-minimum-wage-increase/>> Accessed May 28, 2013.
- <sup>xxviii</sup> U.S. Department of Labor, Bureau of Labor Statistics. “Characteristics of Minimum Wage Workers: 2002.” <<http://www.bls.gov/cps/minwage2002.htm>> Accessed May 28, 2013.
- <sup>xxix</sup> U.S. Department of Labor, Bureau of Labor Statistics. “Characteristics of Minimum Wage Workers: 2012; Table 1 - 10” Table 1. <<http://www.bls.gov/cps/minwage2012tbls.htm>> Accessed May 28, 2013.
- <sup>xxx</sup> Ibid.
- <sup>xxxi</sup> Ibid.
- <sup>xxxii</sup> National Employment Law Project. “Big Business, Corporate Profits, and the Minimum Wage.” July 2012. <[http://nelp.3cdn.net/24befb45b36b626a7a\\_v2m6iirxb.pdf](http://nelp.3cdn.net/24befb45b36b626a7a_v2m6iirxb.pdf)> Accessed May 28, 2013.
- <sup>xxxiii</sup> Walmart 2013 Annual Report. Page 19. Growth: Net Sales <[http://az204679.vo.msecnd.net/media/documents/2013-annual-report\\_130108806067963477.pdf](http://az204679.vo.msecnd.net/media/documents/2013-annual-report_130108806067963477.pdf)> Accessed June 5, 2013.
- <sup>xxxiv</sup> Missouri Department of Social Services. “MO Healthnet Employer Match Report: First Quarter 2012.” February 2013. Table 7, Page 56-63. <<http://dss.mo.gov/mhd/general/pdf/emp-match.pdf>> Accessed June 5, 2013.
- <sup>xxxv</sup> Van Lier, Piet. “Public Benefits Subsidize Major Ohio Employers: A 2008 Update.” *Policy Matters Ohio* Report. July 31, 2008. <[http://www.policymattersohio.org/wp-content/uploads/2011/10/PublicBenefits2008\\_0731.pdf](http://www.policymattersohio.org/wp-content/uploads/2011/10/PublicBenefits2008_0731.pdf)> Accessed June 5, 2013.

---

<sup>xxxvi</sup> John Zogby. “New Poll by John Zogby Finds 70 % of Likely Voters Would Support Legislation to Raise the Minimum Wage.” John Zogby Poll. June 21, 2012. <<http://thejohnzogby.com/index.html>> Accessed June 5, 2013; Dunn, Alex, Daniel Gotoff, and Celinda Lake. “Public Support for Raising the Minimum Wage.” Lake Research Partners. <[http://nelp.3cdn.net/0be1c6315f2430afa6\\_arm6bq9wu.pdf](http://nelp.3cdn.net/0be1c6315f2430afa6_arm6bq9wu.pdf)> Accessed June 5, 2013; Delaney, Arthur. “Two-Thirds of Americans Support Raising the Minimum Wage: Poll.” Huffington Post. October 6, 2010. <[http://www.huffingtonpost.com/2010/10/06/americans-minimum-wage-poll\\_n\\_752921.html](http://www.huffingtonpost.com/2010/10/06/americans-minimum-wage-poll_n_752921.html)> Accessed June 5, 2013.

<sup>xxxvii</sup> H.R. 1346. Introduced by Rep. Alan Grayson (FL-9) on 3/21/2013. “Catching Up to 1968 Act of 2013.” <<http://hdl.loc.gov/loc.uscongress/legislation.113hr1346>> Accessed June 5, 2013.