file minimum wage

E X E C U T I V E   O F F I C E   O F   T H E   P R E S I D E N

19-Aug-1996 09:38pm

TO: (See Below)

FROM: Angus S. King
Office of the Chief of Staff

SUBJECT: minimum wage talking points for Tuesday

President Clinton is Helping Every American
Meet the Challenge of Raising a Family
August 20, 1996

Raising the minimum wage and providing retirement security. Today President Clinton signed into law a 90 cent increase in the minimum wage, helping more than ten million Americans who work hard and play by the rules. The bill will also make it dramatically easier for small businesses to offer pension plans, and lets more Americans take their pensions with them when they change jobs. Finally, the bill will make adoption easier and more affordable for American families.

* A promise made and a promise kept. In Putting People First, Bill Clinton and Al Gore proposed to "increase the minimum wage to keep pace with inflation." The President specifically proposed a 90-cent increase 18 months ago in February 1995.

* Ensuring No Parent Has To Bring Up Their Kids In Poverty. President Clinton's dramatic extension of the Earned Income Tax Credit (EITC) helped lift hundreds of thousands of working families out of poverty. With a 90-cent minimum wage increase and the expanded EITC, we can ensure that no parent who works full-time and plays by the rules will have to bring up their kids in poverty. For a full-time minimum wage worker, a 90-cent increase would raise their yearly income by $1,800 -- as much as the average family spends on groceries in over 7 months

* Helping Adult Workers Trying To Support Their Families. According to the Bureau of Labor Statistics:

  * 69% of those workers who would benefit from an increase are adults, age 20 or over;
  * Three-fifths (59%) are women, many of whom are trying to raise the family on $4.25; and
  * The average minimum wage worker brings home half of their family's earnings.

* Giving A Pay Raise To 10 Million Workers At or Near The Minimum Wage. An estimated 10 million hourly workers earn between $4.25

and $5.14 and would directly benefit from the President's proposal. An increase in the minimum wage could also have a "ripple" effect on the over 3 million workers who earn within 60 cents of the new minimum wage.

EMPIRICAL EVIDENCE SHOWS THAT RAISING THE MINIMUM WAGE WILL NOT COST JOBS. Nearly two dozen empirical studies have found that moderate increases in the minimum wage do not have a significant impact on employment. These studies include state-specific research in California, Texas, and New Jersey that shows that state minimum wage increases did not result in any job loss.

* 101 Economists Including 3 Nobel Prize Winners Agree That A Minimum Wage Increase Won't Cost Jobs. In the fall of 1995, 101 economists -- including 3 Nobel Prize-winners Kenneth Arrow, Lawrence Klein, and James Tobin -- signed a letter supporting the President's proposal to raise the minimum wage, affirming that it would not have a significant effect on employment, and concluding that "overall effects [of an increase] on the labor market, affected workers, and the economy would be positive."

- More -

Tax cuts for small businesses. The minimum wage bill also contains many small business tax cuts proposed and supported by President Clinton:

* Cuts taxes to create jobs for economically disadvantaged workers through a new Work Opportunity Tax Credit.
* Cuts taxes and encourages investment by increasing the small business expensing limit to $25,000 as the President first proposed in 1993 and proposed again in his balanced budget;
* Encourages R&D by reinstating the research tax credit; and
* Encourages businesses to provide workers with education by reinstating the Section 127 tax exclusion for employer-provided educational assistance.

President Clinton's Pension Proposals in the Minimum Wage Bill. While many people are not aware of it, the minimum wage bill also includes many of the Presidents proposals to expand pension coverage, portability, and protections, contained in President's Retirement Savings and Security Act.

* Expands Pension Coverage by Creating a New Small Business 401(k) Plan with no red tape and a simple one-page form to make it easier for small businesses to provider workers with pensions. The President first proposed his small business pension plan in June 1995 at the White House Conference on Small Business. Currently only 24% of workers in small businesses have pensions compared to 76% in large businesses. The bill also simplifies pensions for businesses of all sizes as recommended by Vice President Gore's Reinventing Government initiative and first proposed in June 1995.

* Increases Pension Portability by Taking Away the 1-year Wait to Save at a New Job. The bill contains many of the President's proposals to help workers who change jobs and want to keep saving in their new jobs, including amending the law that encourages employers to make new employees wait a year before they can join their pension.

* Enhances Pension Security by Protecting Government Employees' Savings from Orange-County Style Fiascos by requiring that state and local government pension plans be held in trust so workers do not lose their savings if the government declares bankruptcy.

Making adoption easier and more affordable for America's families. Finally, today's bill takes important steps to ease and encourage adoption for the tens of thousands of children who today are waiting for permanent homes. A $5,000 tax credit ($6,000 for families that adopt children with special needs) allows middle class families -- for whom adoption is often too expensive -- to adopt children to love and nurture. In addition, the bill prohibits states from denying or delaying adoption on the basis of race, color or national origin -- building on the President's longstanding goal to end the historical bias against interracial adoptions.

Distribution:

PRESIDENT WILLIAM J. CLINTON
REMARKS ON MINIMUM WAGE BILL-SIGNING
SOUTH LAWN
August 20, 1996

Thank you, Catherine, for reminding us why we're here today -- and what this bill is really about. I am delighted to be joined by Secretary Reich, and, of course, Senator Kennedy -- who probably broke the wage and hour laws by working so hard to pass this bill. I also thank Leader Daschle, Leader Gephardt, Congressman Bonior, and Congressman Clay, who could not be with us today; the countless labor unions that have championed this bill, led by the truly tireless John Sweeney; and the many religious groups, economists, and business people that have made this cause their concern.

It is with great satisfaction that I will sign this bill to raise the minimum wage -- to give ten million Americans a chance to raise stronger families, and build better futures. By coming together across the lines that too often divide us -- by finding this crucial common ground -- we have made this a real season of achievement for the American people.

At its heart, this bill affirms the most profoundly American values: offering opportunity to all. Demanding responsibility from all. And coming together as a community to do what is right. This bill says to the working people of America: if you're willing to take that responsibility, we're going to honor your hard work. We're going to honor your commitment to your family. We're going to recognize that $4.25 an hour isn't enough to raise that family. Our hardest-pressed families need and deserve this raise. All Americans know this is the right thing to do.

Our economic strategy has given us growth that is both steady and strong. We now make more autos than Japan. We have 900,000 new construction jobs. There is a record number of businesses owned by women. We have cut the deficit by more than half -- and it is now the smallest it has been since 1981. Our economy has created over ten million jobs. And real hourly wages, which fell for a decade, are on the rise again.

Our challenge is to help every American reap the rewards of a changing, expanding economy. When I came into office, I had a plan to ensure that no parent who works hard and plays by the rules would have to raise their children in poverty. The first step was cutting taxes for fifteen million working families in 1993. Today, we complete the second half of that effort. Together with our tax cut for working families, this bill ensures that a parent working full-time at the minimum wage can lift themselves and their children out of poverty.

Look around me. These are some of the hardest-working people in America -- with some of the strongest values in America. Seventy percent of minimum wage earners are adults, and six out of ten are working women. To them, work is about more than a paycheck. It is about their pride as well. They want a wage they can raise their families on.

By raising the minimum wage by 90 cents, this bill gives those families an additional $1,800 a year -- enough to buy seven months of groceries, or several months of rent or child care. For many, this bill will make the difference that keeps their family together.

I want to offer a special word of gratitude to the businesses and small business owners who supported this bill. Many of the minimum wage employers I talk to want to pay more than $4.25 an hour, and know they can do it without hurting their businesses -- as long as their competitors do it at the same time. This bill will allow them to do that. It also includes a number of measures to help the small businesses that are the greatest engines of growth in this economy.

In 1993, I proposed a $15,000 increase in the amount of capital that a small business can expense, to spark the kind of investment that creates growth and jobs. We won half that increase in 1993, and today, I will sign the second half into law. This bill also creates a new Work Opportunity Tax Credit, to provide jobs for the most economically-disadvantaged working Americans. It extends the research tax credit, to help businesses stay competitive in a fast-moving economy. And it extends a tax incentive for businesses that train and educate their employees. That's good news for the people who need those skills -- and it's good news for a country that needs the best-educated workforce to seize the opportunities of the 21st century.

This legislation does even more to strengthen families, by helping millions more Americans to save for their own retirements. This bill makes it dramatically easier for small businesses to offer pension plans, by creating a new small business 401(k) plan. It also lets more Americans keep their pensions when they change jobs, without having to wait a year before they can start saving at their new job.

As many as ten million Americans without pensions today could now earn them as a result of this bill. And I am delighted that we are joined by Shawn Marcell, the C.E.O. of Prima Facie, a fast-growing video monitoring company in Pennsylvania, which now has seventeen employees. Shawn stood with me in April, and promised that if kept our word and made pensions easier and cheaper for small businesses like his, he would give pensions to all of his employees. Today, he has told us that he is making good on that pledge. [ASK SHAWN TO STAND.] I predict that thousands of small business owners will follow his extraordinary example.

Finally, this bill does something that is very important to me, and to Hillary. It breaks down the financial and bureaucratic barriers to adoption, giving more children what every child needs and deserves: loving parents, and strong, stable home. Two weeks ago, we held a celebration for the American athletes who made us so proud in Atlanta. One of them, gold medalist Dan O'Brien, spoke movingly about being adopted, and how much the support of his family has meant in his life. Right now, there are tens of thousands of children waiting for the kind of family that made such a difference to Dan. At the same time, there are thousands of middle class families that want to bring a child into their homes, but cannot afford it. We're offering a $5,000 tax credit, to help bring them together. It gives even more help to families that adopt children with disabilities, or take in two siblings rather than splitting them up. Finally, this bill ends the longstanding bias against interracial adoption, which often means an endless, needless wait for children. As much as we talk about strong, loving families, it is not every day that we enact a law that literally creates them. I'm proud that this is such a day.

Beside me is the desk used by Frances Perkins -- the first woman cabinet member, and one of our nation's greatest secretaries of labor. It was from this desk that many of America's pioneering wage, hour, and workplace laws originated -- including the very first 25-cent minimum wage, signed into law by President Roosevelt in 1938.

Secretary Perkins understood that a living wage was about more than feeding a family, or shelter from a storm. A living wage makes it possible to participate in what she called the "culture of community" -- to take part in the family, community, and religious life we all cherish -- confident in our ability to provide for ourselves and our children, secure in the knowledge that hard work does pay.

By signing this bill, I have the honor of granting a raise to ten million Americans, and honoring their hard work, their responsibility, their dreams for their families. It is in their name that I lift this pen, and give America's new minimum wage the force of law.

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CENTER ON BUDGET AND POLICY PRIORITIES

January 11, 1995

Minimum Wage yes

FOUR YEARS AND STILL FALLING: THE DECLINE IN THE VALUE OF THE MINIMUM WAGE

By Isaac Shapiro

Overview

It has been nearly four years since the minimum wage was last raised. The resulting decline in the purchasing power of the minimum wage compounds the erosion in its value during the 1980s.

From January 1, 1981 to April 1, 1990 the minimum wage stood still at $3.35 an hour. The wage standard was then increased in two steps to $4.25 an hour on April 1, 1991, but this boost made up less than half the ground that had been lost to inflation. And since April 1991 — while the minimum wage has remained constant at $4.25 an hour — the cost-of-living has risen another 11 percent.

As a consequence of these developments, the purchasing power of the minimum wage is now at its second lowest level in four decades. After adjusting for inflation, the value of the minimum wage is above its level in 1989, but is below its level for every other year going back to 1955. The extent of the wage standard's erosion relative to its traditional level of support has been substantial. If the value of the minimum wage were to have the same purchasing power in 1995 as it averaged in the 1970s, it would need to equal about $5.75 an hour.

Recent experience with federal and state minimum wage reforms suggest that a moderate increase in the minimum wage could occur without adverse employment effects of a significant nature. This conclusion is based on an examination of important recent studies which used several different methodologies to assess the effects of raises in the federal minimum wage both across the nation and in particular states, as well as the effects of raising state minimum wages above the federal level. The conclusion is also based on a study that updated the best analysis of the employment effects of the minimum wage during the 1960s and 1970s with information through 1986.

For example, the studies of the federal minimum wage examined the effects of the 90 cent increase in two increments from 1989 to 1991. One of the state studies examined the effects of New Jersey raising its state minimum wage by 80 cents, from $4.25 an hour to $5.05 an hour in 1992; another examined the effects of California increasing its minimum wage 90 cents from $3.35 an hour in 1987 to $4.25 an hour in

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1988 (which would equal about $5.50 in 1995 dollars). All of these studies found that the minimum wage increases did *not* reduce employment opportunities.

After reviewing these and other studies of federal and state minimum wage changes in the late 1980s-early 1990s, the noted Harvard labor economist Richard Freeman concluded:

> "That moderate increases in the minimum [wage] transferred income to the lower paid without any apparent adverse effect on employment ... at the turn of the 1990s is no mean achievement for a policy tool in an era when the real earnings of the less skilled fell sharply."

This analysis examines the value of the minimum wage relative to its previous strength; summarizes the results of the recent minimum wage and employment studies; and assesses the relationship between the minimum wage and the Earned Income Tax Credit.[1] (The recent expansion in the EITC, while very helpful, falls well short of offsetting the effects of the erosion in the value of the minimum wage.) The paper begins with a discussion of the economic context in which minimum wage reforms should be considered and a profile of minimum wage workers.

The Backdrop

The deterioration in the minimum wage has been ill-timed. This trend has occurred at the same time as, and has helped contribute to, several other economic trends of concern.

One corresponding trend has been a drop in the real wages of workers at the bottom of the pay scale since the early 1970s. This drop has occurred at the same time that wages for middle class workers have been stagnant; the wage gains that have occurred have been concentrated among the wealthiest workers. As a result of these divergent trends, wage inequality has grown considerably. And there is mounting evidence that the erosion in the value of the minimum wage has contributed to the increase in wage inequality.[2]

Another trend of concern has been the enduring problem of the working poor. In 1993, some 22 million people — more than half of the poor — lived in households

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[1] The author would like to thank Larry Katz for his comments on a draft of this analysis.

[2] See, for example, John DiNardo, Nicole Fortin, and Thomas Lemieux, "Labor Market Institutions and The Distribution of Wages, 1973-1992: A Semi-parametric Approach," Unpublished paper, University of Montreal, 1994.

with a worker. Among families with children where the householder is employed, the likelihood of being poor has increased from 7.7 percent in 1977 to 11.3 percent in 1993.[3]

The Characteristics of Minimum Wage Workers

A large number of workers, but a relatively small fraction of the workforce, have earnings at or near the minimum wage. This can be seen by examining wage data for workers paid by the hour (the large majority of minimum wage workers are paid by the hour).[4]

- Some 4.2 million workers paid by the hour in 1993 had earnings at or below the minimum wage.[5] This equaled 6.6 percent of hourly workers.

- An additional 9.2 million hourly workers had earnings just above the minimum wage. These are the workers who earned between $4.25 an hour (the 1993 minimum wage level) and the average level of the minimum wage in the 1970s, after adjusting for inflation.[6]

Contrary to the popular stereotype, the large majority of minimum wage workers are not teenagers. Also of interest, most minimum wage workers are not minorities and most are women. In 1993, among workers paid by the hour with earnings at or below the minimum wage:

- Less than one in three — 31 percent — were teenagers. About one in five — 22 percent — were 20 to 24 years old. Nearly half — 47 percent — were aged 25 years or older.

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[3] A comparison of these two years is appropriate because they were at similar points in the economic cycle and had similar unemployment levels.

[4] The data on minimum wage workers paid by the hour comes from the U.S. Department of Labor, Bureau of Labor Statistics. The Bureau has not tabulated corresponding data for minimum wage workers paid on a salaried basis.

[5] Of these workers, 2.5 million received the minimum wage and 1.7 million were paid less than the minimum wage. Many of those paid less than the minimum wage were workers exempt from minimum wage law, others may have been illegally paid less than the minimum wage.

[6] In 1993, the minimum wage would need to have equaled $5.42 an hour if it were to have had the same value that it averaged during the 1970s, after adjusting for inflation.

- Although minorities are overrepresented among minimum wage workers, an estimated 70 percent of hourly workers paid at or less than the minimum wage were non-Hispanic whites.[7]

- More than three of every five minimum wage workers — 62 percent — were women.

Most minimum wage workers are able to escape poverty. This isn't because minimum wage earnings are large enough to lift a family above the poverty line; rather, this largely reflects the fact that minimum wage workers typically live in families with more than one worker. About one in five minimum wage workers live in poverty.

This should not suggest that the level of the minimum wage is of little economic consequence to households with more than one wage earner. Whether the example is a struggling moderate-income household with two earners where the minimum wage income is essential to the family's standard of living, or a young adult trying to earn enough to pay college tuition, these wages can be essential. An analysis of workers affected by the increase in the federal minimum wage from $3.35 an hour to $4.25 an hour found that minimum wage workers accounted for nearly half — 45 percent — of their household's total earnings.[8]

Although most minimum wage workers are not poor, the wage standard is of great importance to poor workers. The majority of poor workers have earnings at or near the minimum wage.[9] Jobs paying at or near the minimum wage are also the most likely ones to be available to adults receiving Aid to Families with Dependent Children benefits. A stronger minimum wage would help facilitate the transition of such families into gainful employment.

It also bears mentioning that minimum wage workers are much more likely to be poor than other workers are. Among hourly workers paid at or below the minimum

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[7] Author's calculation based on Bureau of Labor Statistics data. An estimated 75 percent of *all* hourly workers were non-Hispanic whites.

[8] David Card and Alan Krueger, *Myth and Measurement: The New Economics of the Minimum Wage*, Princeton University Press, 1995.

[9] This statement is based on an examination of the wage rates paid to hourly workers in March 1992 who were determined to be poor based on their families' income in 1991. Some 24 percent of such poor workers had earnings at or below the minimum wage of $4.25 an hour. Another 34 percent were paid between $4.26 an hour and $5.00 an hour; and nine percent more were paid between $5.01 and $5.50 an hour. Only 33 percent were paid more than $5.50 an hour. If the minimum wage in 1992 had equaled its average level of the 1970s, after adjusting for inflation, it would have equaled $5.27 an hour.

wage in March 1992, some 22 percent were poor. By contrast, only six percent of hourly workers earning more than the minimum wage were poor.

Value of the Minimum Wage

From January 1981 to April 1990, the minimum wage remained frozen at $3.35 an hour, despite a 48 percent jump in the cost of living. Legislation signed by President Bush subsequently raised the minimum wage in two steps to its current level of $4.25 an hour.[10] But these raises made up less than half of the ground that had been lost to inflation. In 1991, *after* the minimum wage was increased to $4.25 an hour, its value was 17 percent below its average level in the 1970s.

Since April 1991, the minimum wage has stood still while the cost of living has continued to rise. The purchasing power of the wage standard has deteriorated further. Absent any increase in the minimum wage, and with continued inflation, the value of the minimum wage will continue to fall with each passing month.

In combination, recent action and inaction with respect to the minimum wage has led its value to drop far below two benchmarks commonly used to assess its worth.

- The minimum wage falls well short of its traditional level of purchasing power. (See Figure 1.) If the value of the minimum wage were to have the same purchasing power in 1995 as it averaged in the 1970s, it would need to equal about $5.75 an hour. Its value is now 26 percent below its average value in the 1970s, after adjusting for inflation.

  The real value of the minimum wage is now above its value in 1989 *but is below its value for every other year going back to 1955.* In real terms, it is 35 percent below its peak value in 1968.

  Absent steps to strengthen the wage floor, and even if inflation remains moderate, in 1996 the purchasing power of the minimum wage will drop to its lowest level in four decades.

- Similarly, changes in the minimum wage have not kept pace with changes in the wages of other workers in the economy. In the 1950s and the 1960s, the minimum wage averaged more than half of the average wage of private nonsupervisory workers. In the 1970s, it averaged 46 percent of the average wage. Currently, it equals 38 percent of the average wage. (See Table 1.)

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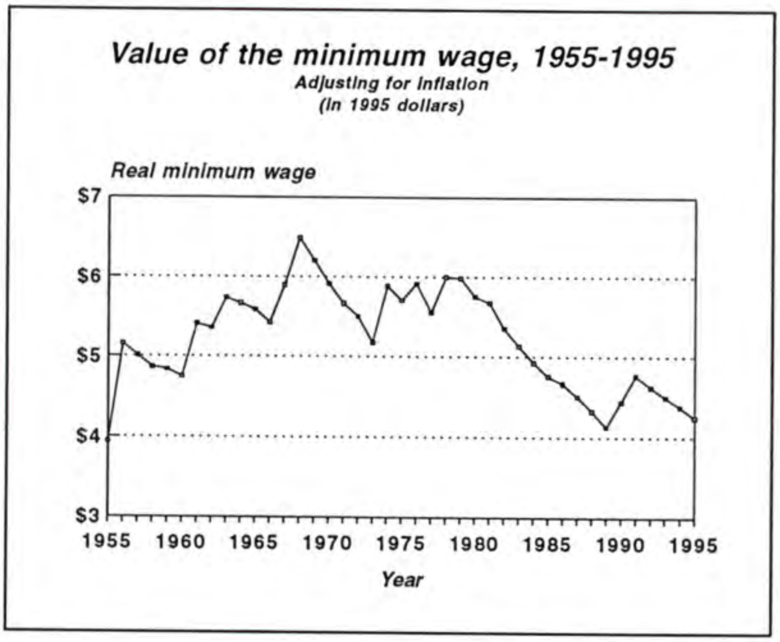
[10] This legislation passed the House by a vote of 382 to 37 and the Senate by 89 to 8. It received the support of virtually all Democratic members and the support of about 80 percent of Republican members.



Another comparison of interest is that during the 1960s and the 1970s, the earnings of a full-time minimum wage worker employed for the entire year typically were enough to lift a family of three out of poverty even without considering other sources of income. In 1995, full-time minimum wage earnings by itself will fall 27 percent below the estimated poverty line for a family of three.

In short, no matter which comparison is examined, the minimum wage currently provides much weaker support than it traditionally has in the past.

Employment Effects

The potential effect of a minimum wage increase on employment has been the principal argument raised in opposition to such an increase. The argument is made that a higher minimum wage would price a large number of workers out of the labor market. The effects are likely to be particularly harsh for teenagers, it is argued, since such a large proportion of young workers have earnings at the minimum wage and their jobs are among the most marginal.

While the potential employment effects of a minimum wage increase surely need to be considered, the weight of the empirical evidence suggests that the effects of a moderate raise from its current level are likely to be negligible. This conclusion is

Table 1. Value of the Minimum Wage

	Purchasing Power of the Minimum Wage in 1995 dollars	Minimum Wage as a Percent of the Average Nonsupervisory Wage
1960s average	$5.65	52.2%
1970s average	$5.74	45.8%
1980s average	$4.93	40.4%
Current	$4.25	37.7%

Note: The Appendix Table includes year-by-year data for 1955-1995.

based on a variety of recent studies employing different methodologies; the studies examined the effects of raises in the federal minimum wage both across the nation and in particular states, as well as the effects of raising state minimum wages above the federal level.

One recent analysis updated what had generally been considered the best study of the employment effects of the minimum wage during the 1960s and the 1970s. The new study used information through 1986. The update found the minimum wage had just a small effect on teenage employment; a 10 percent increase in the minimum wage was associated with a decrease of six-tenths of one percent in teenage employment.[11] (In addition, the effect was not large enough to be statistically significant). The study also found that there was no significant relationship between the level of the minimum wage and the level of employment of adults aged 20 to 24.

More importantly, studies of the impact of the increases in the federal minimum wage in April 1990 and April 1991 generally found that the increases did not reduce employment. David Card of Princeton University examined the effects of the minimum wage increase in 1990 on states with differing proportions of low-wage

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[11] Alison J. Wellington, "Effect of the Minimum Wage on the Employment Status of Youths: An Update," *The Journal of Human Resources*, Winter 1991. Wellington updated the study conducted by economists for the federal Minimum Wage Study Commission, which found a 10 percent increase in the minimum wage to be associated with a one percent decrease in the employment of teenagers and a one-quarter of one percent decrease in the employment of young adults (20 to 24 year olds), and found no strong evidence of any job loss for adults age 25 and over. Charles Brown, Curtis Gilroy, and Andrew Kohen, "Time-Series Evidence of the Effects of the Minimum Wage on Youth Employment and Unemployment," *The Journal of Human Resources*, Winter 1983. Many of the estimates of large job losses made during the debate over the appropriate size of the minimum wage in the late 1980s were based on the high range of studies from the 1960s and the 1970s, often ignoring the review and update of these studies by Brown, Gilroy, and Kohen.

workers. This allowed Card to test if states with relatively more minimum-wage workers fared relatively worse on the employment front when the minimum wage increased. But this was not the case. Card reported: "Comparisons of grouped and individual state data confirm that the rise in the minimum wage increased teenagers' wages. There is no evidence of corresponding losses in teenage employment."[12]

Another notable study of the impact of the recent increases in the federal minimum wage was conducted by Lawrence Katz (of Harvard University) and Alan Krueger (while at Princeton University).[13] Katz and Krueger examined the effects of the increases on the employees of fast-food restaurants in Texas. They analyzed the effects on restaurants with different levels of starting wages to test whether restaurants with lower starting wages — that is, those expected to be affected the most by an increase in the minimum wage — fared relatively worse on the employment front. This theory again did not prove true. Indeed, their findings suggest that the employment effects of the recent minimum wage increases, if anything, seem to be positive rather than negative.[14]

Card and Krueger have also examined the effects of recent increases in *state* minimum wage levels. These studies, too, found that the minimum wage increases did not reduce employment opportunities. For example, when New Jersey recently raised its minimum wage to $5.05 an hour, Card and Krueger found no evidence of a negative effect on employment.[15] (Their study approach included comparing employment trends in fast food restaurants in New Jersey to trends in eastern Pennsylvania, where the minimum wage remained constant. They found that employment trends were stronger in the New Jersey restaurants than in the Pennsylvania restaurants.)

Some recent studies of raises in the minimum wage have found that it had some negative effect on employment. All studies, however, do not deserve equal weight, and at least some of these other studies include methodological problems that affect their results. For example, one of the most widely cited of these studies was conducted

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[12] David Card, "Using Regional Variation in Wages to Measure the Effects of the Federal Minimum Wage," *Industrial & Labor Relations Review*, October 1992.

[13] Alan Krueger is currently on leave from Princeton University and is serving as Chief Economist of the U.S. Department of Labor.

[14] Lawrence Katz and Alan Krueger, "The Effect of the Minimum Wage on the Fast-Food Industry," *Industrial & Labor Relations Review*, October 1992.

[15] David Card and Alan Krueger, "Minimum Wages and Employment: A Case Study of the Fast Food Industry in New Jersey and Pennsylvania," *American Economic Review*, Volume 84, Number 4, September 1994. Also, see David Card, "Do Minimum Wages Reduce Employment? A Case Study of California, 1987-89," *Industrial and Labor Relations Review*, October 1992.

by David Neumark and William Wascher.[16] Their study, however, mistakenly assumes no teenagers are simultaneously attending school and working, when this is in fact a common occurrence. They also use a measure of the minimum wage that skews their findings. Card, Katz and Krueger reanalyzed Neumark and Wascher's data and corrected for these two problems; their reestimates find that the minimum wage does not negatively affect employment.[17]

Richard Freeman of Harvard University — long considered one of the nation's preeminent labor economists — just completed a review of the recent studies of the employment effects of the minimum wage and concluded:

> "...at the level of the minimum wage in the late 1980s, moderate legislated increases did not reduce employment and were, if anything, associated with higher employment in some locales.
>
> Studies based on employment across economic units such as states and counties yield more disparate results. Most studies, however, reject the notion that the late 1980s/early 1990s increases had adverse employment effects, and the studies that find adverse effects prior to those increases obtain small elasticities [meaning small employment effects] which confirm the effectiveness of the minimum in redistributing wage income.
>
> ...That moderate increases in the minimum transferred income to the lower paid without any apparent adverse effect on employment ... at the turn of the 1990s is no mean achievement for a policy tool in an era when the real earnings of the less skilled fell sharply."[18]

Freeman also observed that any net reduction in employment from a higher minimum wage that might occur among teenagers would be mitigated by the extremely high turnover rates of these workers. So even if a higher minimum wage means that it will take some low-wage workers a little longer to find jobs, once they do find a job they will benefit from the higher wages.

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[16] David Neumark and William Wascher, "Employment Effects of Minimum and Subminimum Wages: Panel Data on State Minimum Wage Laws," *Industrial & Labor Relations Review*, October 1992.

[17] David Card, Lawrence F. Katz and Alan B. Krueger, "Comment on David Neumark and William Wascher, 'Employment Effects of Minimum and Subminimum Wages: Panel Data on State Minimum Wage Laws'", *Industrial and Labor Relations Review*, April 1994.

[18] Richard B. Freeman, "Minimum Wages — Again!" *International Journal of MANPOWER*, Volume 15, Numbers 2/3, 1994.

These studies do not suggest or prove that *any* increase in the minimum wage — no matter how large — would have only desirable effects. But the outcomes of the studies suggest that the labor market functions in a more complicated manner than has been assumed by those contending that virtually any rise in the minimum wage results in a significant decrease in employment levels. For example, a higher minimum wage can make it easier for employers to fill vacancies and may decrease employee turnover. Both examples suggest circumstances in which a boost in the minimum wage can boost employment.

The studies do suggest that particularly when the minimum wage is at especially low levels, as it is today, the employment effects of a moderate increase in the minimum wage may be modest or negligible.

The Minimum Wage and the EITC

The recent expansion in the federal Earned Income Tax Credit has helped offset the decline in the value of the minimum wage. But the offset has been far from complete.

The EITC is a refundable tax credit that varies by earnings and family composition. Legislation enacted in 1993 provided for a large expansion in the EITC; under the new credit structure, a family with two or more children will receive an EITC equal to 40 percent of its earnings up to $8,640.[19] The legislation also established a new credit — albeit a small one — for low-income workers without children.

Under the new law, the maximum hourly wage subsidy received through the EITC is 40 percent, since families with two or more children with earnings of less than $8,640 receive 40 cents in EITC benefits for each dollar earned. Minimum wage

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[19] The expansion for two or more children will not take full effect until tax year 1996; the figures cited here reflect the fully phased-in EITC, but they are expressed in 1995 dollars. The EITC will remain at its maximum level (40 percent of $8,640 — or $3,456) for families with two or more children and with incomes between $8,640 and $11,290. Once income exceeds $11,290 the EITC will begin to decline in size. It will fall to zero when family income hits $27,715.

The credit for families with one child is somewhat smaller. It is phased in at a 34 percent rate over a smaller earnings range and is phased out more quickly than the credit for a family with two or more children, falling to zero when family income hits $24,396. For childless workers, the maximum EITC is 7.65 percent of earnings and phases out completely when income hits $9,230.

workers living in other households will receive a smaller wage subsidy through the EITC for each hour worked or no EITC at all.[20]

The new EITC levels — while representing a significant expansion over prior law — do not fully offset the fall in the value of the minimum wage. This is true for a number of reasons.

Even for those few minimum wage workers who qualify for an EITC wage subsidy of 40 percent (those living in families with two or more children with earnings of less than $8,640 a year), the increase in the value of the EITC is less than the decline in the value of the minimum wage.[21] This can be seen by calculating the "net wage" of a minimum wage worker.

For minimum wage earners earning the new *maximum* EITC per hour, the combined value of minimum wage earnings and the EITC, minus payroll taxes, is much less than the average combined value for comparable minimum wage workers at the end of the 1970s.[22] The maximum net hourly pay of a minimum wage worker in 1996 (when the EITC is fully phased in) will be 12 percent below its value in 1979.[23]

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[20] For families with one child, the maximum hourly wage subsidy received through the EITC is 34 percent, which applies to such families with earnings of less than $6,160. For childless workers, the maximum hourly wage subsidy received through the EITC is 7.65 percent, which applies to such workers with earnings of less than $4,100.

[21] AFDC benefits to working poor families have also dropped precipitously since the 1970s. If this decline were included in the calculations in the text, the net income of minimum-wage earners would be shown to have fallen even more since the 1970s.

[22] It is standard practice to subtract out the employee's share of payroll taxes when the value of the EITC is added in; this is done both because the EITC is designed in part to offset payroll taxes and because this is consistent with moving from a *before*-tax calculation (just the value of the minimum wage) to an *after*-tax calculation (adding in the EITC and subtracting payroll taxes).

[23] In inflation-adjusted dollars, the maximum after-tax net hourly pay of a minimum wage worker living in a family with two or more children and earning less than $8,640 will be $5.45 an hour in 1996, down from $6.22 an hour in 1979. The estimates were calculated as follows. If the minimum wage remains unchanged from current law, in 1996 its purchasing power in 1995 dollars will equal $4.11 an hour, the corresponding maximum hourly EITC benefit for a family with two or more children will be $1.65 an hour and payroll taxes will be $.31, yielding a net hourly wage of $5.45. By comparison, in 1979, the minimum wage equaled $5.99 per hour, after adjusting for inflation. For a family receiving the maximum hourly EITC benefit, the hourly value of the EITC was $.60 (the EITC equaled 10 percent of hourly earnings for such families), and the hourly cost of payroll taxes was $.37, yielding a net hourly wage of $6.22.

Some have used the figure that the EITC raises the value of the minimum wage to $6 an hour for certain families with two or more children. This figure differs from the $5.45 an hour calculation both because the $6 calculation neglects to subtract out payroll taxes and because it is expressed in 1996 dollars

(continued...)

Furthermore, only a small fraction of minimum wage workers qualify for a wage subsidy of 40 percent through the EITC. Minimum wage workers who do not live in families that have two or more children and earnings of less than $8,640 will earn a smaller per-hour EITC or no EITC at all. As a result, net hourly pay has fallen much more than 12 percent since 1979 for the large majority of minimum wage workers. Many of these workers are poor themselves or live in families with modest incomes. In 1995, the estimated poverty line for a family of three is $12,192; for a family of four, it is $15,621.

In addition, unless the minimum wage is increased or indexed, the real value of the minimum wage will fall each year, and the net wage gap compared to the 1970s will grow. The EITC expansion is fully phased in as of 1996; under current EITC and minimum wage law, the net income of a minimum wage earner will begin to fall from 1997 onwards. (Although the EITC is indexed to inflation, the minimum wage will fall relative to inflation.)

The increase in the EITC does not fully offset the decline in the minimum wage for another reason as well. The delivery of EITC payments is usually not timely; virtually all EITC recipients receive their benefits in one lump sum payment when they file their taxes. Although there is interest in improving the EITC delivery system, such improvements are difficult to design, and it is unlikely that there will be much progress on this front in the near future. By contrast, the minimum wage is delivered in a more timely manner for struggling families — with each paycheck.

In short, the minimum wage and the EITC are best viewed as complementary policies and not as substitutes for each other. While criticisms of the minimum wage are typically overstated, it remains true that the EITC holds no risk of endangering employment opportunities and is adjustable by family size. On the other hand, the minimum wage has several advantages over the EITC — it does not raise marginal tax rates on any workers and is received in a timely manner throughout the year.[24] Moreover, relying on the EITC alone is likely to place too large a burden on the federal budget. A combined minimum wage/EITC approach reflects a balanced sharing of the burden of "making work pay" between the public and private sectors.

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[23] (...continued)
instead of being expressed in terms of its purchasing power in 1995.

[24] In addition, money received through a private paycheck is, in some ways, inherently preferable to money received through a government program. This is true even when the program is the EITC, where there is no stigma attached.

Conclusion

Restoring the strength of the federal minimum wage is appropriate.[25] The combination of the new EITC and a minimum wage providing closer to its traditional level of support would help "make work pay" for poor and moderate-income workers. In addition to restoring the strength of the minimum wage, Congress should consider indexing the minimum wage to provide for an automatic annual adjustment process and protect against further erosion in the wage standard.[26]

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[25] Recent news reports have indicated that the Clinton Administration is considering endorsing a minimum wage increase of as much as $1.00 per hour. A minimum wage of $5.25 an hour in 1996 would still be 11 percent below its average value during the 1970s, after adjusting for inflation. A minimum wage increase to this level would be unlikely to have detrimental employment effects of a significant nature.

[26] Among the advantages to indexation are that it would result in small, predictable changes to the minimum wage to which labor markets could more easily adjust. It also would protect workers from the long periods of erosion in the value of the minimum wage that they have experienced in recent years. If the minimum wage is indexed, it is advisable to have changes in the wage floor be equivalent to changes in a measure of average wages. This indexation approach means that minimum wage workers would share equally in whatever wage progress is occurring. It also would avoid increases of inappropriate size during periods of general wage stagnation.

Appendix Table. Value of the Minimum Wage, 1955-1995

Year	Value of the Minimum Wage, Nominal Dollars	Value of the Minimum Wage, 1995 Dollars*	Minimum Wage as a Percent of the Average Private Nonsupervisory Wage
1955	$0.75	$3.94	43.9%
1956	1.00	5.16	55.6
1957	1.00	5.01	52.9
1958	1.00	4.87	51.3
1959	1.00	4.84	49.5
1960	1.00	4.75	47.8
1961	1.15	5.41	53.7
1962	1.15	5.36	51.8
1963	1.25	5.74	54.8
1964	1.25	5.67	53.0
1965	1.25	5.59	50.8
1966	1.25	5.43	48.8
1967	1.40	5.90	52.2
1968	1.60	6.49	56.1
1969	1.60	6.21	52.6
1970	1.60	5.92	49.5
1971	1.60	5.67	46.4
1972	1.60	5.51	43.2
1973	1.60	5.18	40.6
1974	2.00	5.89	47.2
1975	2.10	5.71	46.4
1976	2.30	5.92	47.3
1977	2.30	5.56	43.8
1978	2.65	6.00	46.6
1979	2.90	5.99	47.1
1980	3.10	5.76	46.5
1981	3.35	5.68	46.2
1982	3.35	5.36	43.6
1983	3.35	5.14	41.8
1984	3.35	4.93	40.3
1985	3.35	4.76	39.1
1986	3.35	4.67	38.2
1987	3.35	4.51	37.3
1988	3.35	4.33	36.1
1989	3.35	4.13	34.7
1990	3.80	4.44	37.9
1991	4.25	4.77	41.1
1992	4.25	4.63	40.2
1993	4.25	4.50	39.2
1994	4.25	4.38	n/a
1995	4.25	4.25	n/a

*Adjusted for inflation using the CPI-U-X1.

CENTER ON BUDGET AND POLICY PRIORITIES

FOR IMMEDIATE RELEASE:
Wednesday, January 11, 1995

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MINIMUM WAGE DROPS TO SECOND LOWEST LEVEL SINCE 1955, REPORT FINDS

The purchasing power of the federal minimum wage is now at its second lowest level in four decades, according to a report released today by the Center on Budget and Policy Priorities.

The report — *Four Years and Still Falling: The Decline in the Value of the Minimum Wage* — found that after adjusting for inflation, the value of the minimum wage is above its level in 1989 but is below its level for every other year going back to 1955. If the value of the minimum wage were to have the same purchasing power in 1995 as it averaged in the 1970s, it would need to equal about $5.75 an hour. Instead, it equals $4.25 an hour.

Unless steps are taken to strengthen the wage floor, in 1996 inflation will push the purchasing power of the minimum wage below its 1989 level, thereby hitting its lowest annual level since 1955, the report said.

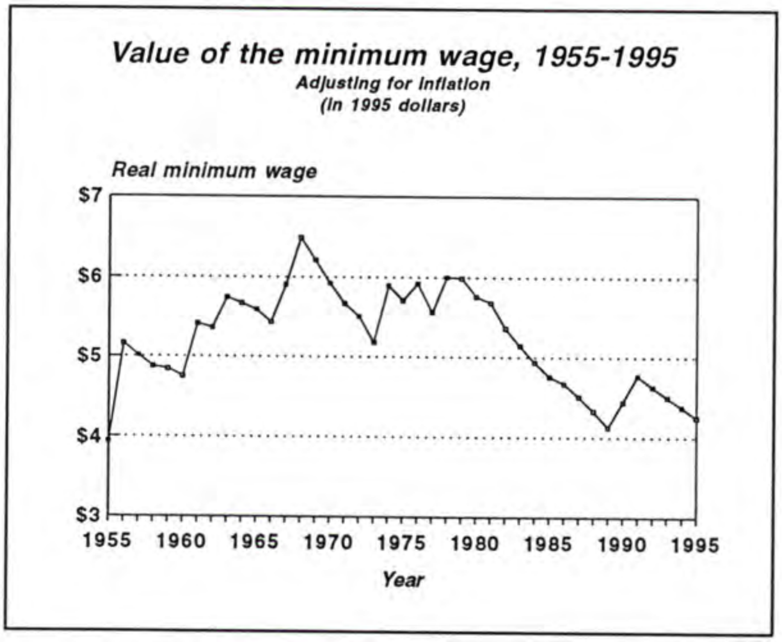
"It has been nearly four years since the minimum wage was last raised" said Isaac Shapiro, author of the Center report. "To help 'make work pay' and to assist struggling families with minimum wage workers, it's time to restore the strength of our nation's wage floor."

The report also examined studies of the effects of changes in the federal and state minimum wage in the late 1980s/early 1990s on employment opportunities. These studies, conducted by several of the nation's leading labor economists, suggest that a moderate increase in the minimum wage would have a negligible effect on employment, the Center found. After reviewing these studies, Harvard labor economist Richard Freeman, a noted expert in the area, concluded that these minimum wage increases did not have "any apparent adverse effect on employment."

The Erosion in the Value of the Minimum Wage

For more than nine years from January 1, 1981 to April 1, 1990, the minimum wage remained frozen at $3.35 an hour, the report said. Legislation signed by President Bush subsequently raised the minimum wage to its current level of $4.25 an hour. These raises, however, made up less than half of the ground that had been lost to inflation. In 1991, *after* the minimum wage was increased to $4.25 an hour, its value was 17 percent below its average level in the 1970s.

— more —



Since April 1991, the report explained, the minimum wage has stood still while the cost of living has risen another 11 percent.

As a consequence of these developments, the value of the minimum wage is now far below its traditional level, said the report. Its value is 26 percent below its average level during the 1970s, after adjusting for inflation. (See Figure.)

The wage standard has also fallen dramatically relatively to other wages, the report found. In the 1970s, the minimum wage averaged 46 percent of the average wage of private nonsupervisory workers. Currently, it equals 38 percent of the average wage.

"The only way to characterize the current value of the minimum wage is that it is extraordinarily low," said Shapiro. "Even if inflation continues at a moderate pace, the purchasing power of the minimum wage will soon drop to its lowest level since President Eisenhower's first term."

New Studies on the Minimum Wage and Employment

The report also reviewed important recent studies that used several different methodologies to assess the employment effects of increases in the federal minimum wage both across the nation and in particular states, as well as the effects of raising state minimum wages above the federal level.

The studies discussed in the report included those that examined the effects of the federal minimum wage increases in 1990 and 1991. One of the state studies examined the effects of an 80-cent increase in the New Jersey state minimum wage, from $4.25 an hour to $5.05 an hour in 1992. Another examined the effects of a 90-cent increase in California's minimum wage from $3.35 an hour in 1987 to $4.25 an hour in 1988. These studies generally found that the minimum wage increases did *not* reduce employment opportunities.

After reviewing these and other studies of federal and state minimum wage changes in the late 1980s and early 1990s, Richard Freeman of Harvard University concluded: "That moderate increases in the minimum [wage] transferred income to the lower-paid without any apparent adverse effect on employment... at the turn of the 1990s is no mean achievement for a policy tool in an era when the real earnings of the less skilled fell sharply."

The Center's report echoes Freeman's observation that any net reduction in employment from a higher minimum wage that might occur among teenagers would be mitigated by the extremely high turnover rates of these workers. That is, even if a higher minimum wage means that it will take some low-wage workers a little longer to find a job, once they do find a job they will benefit from the higher wages.

"These studies do not suggest or prove that *any* increase in the minimum wage — no matter how large — would have only desirable effects," said Shapiro. "But the outcomes of the studies suggest that the labor market functions in a more complicated manner than has been assumed by those contending that virtually any rise in the minimum wage results in a significant decrease in employment levels. The studies suggest that when the minimum wage is at a low level, as it is today, the employment effects of a moderate increase in the minimum wage are likely to be negligible."

Labor Market Backdrop

The deterioration in the minimum wage has come at an unfortunate time, the report said. Over the past two decades, there has been a drop in the real wages of workers at the bottom of the pay scale, wages for middle class workers have been stagnant, and the wage gains that have occurred have been concentrated among the wealthiest workers. As a result of these divergent trends, wage inequality has grown considerably. There is mounting evidence that the erosion in the value of the minimum wage has contributed to the increase in wage inequality.

The report also found that in 1993, some 22 million people — more than half of the poor — lived in households with a worker. Among families with children where the householder is employed, the likelihood of being poor has increased. Some 7.7 percent of these families lived in poverty in 1977; by 1993, some 11.3 percent did.

Among workers paid by the hour, the Center found that workers earning at or below the minimum wage were almost four times as likely to be poor as workers earning above the minimum wage.

"If we want to help ensure that economic gains are shared more evenly among workers and help families earn their way out of poverty, a minimum wage increase is appropriate," Shapiro said.

The Characteristics of Minimum Wage Workers

Contrary to the popular stereotype, the large majority of minimum wage workers are not teenagers, the report found. Nor are they minorities. In 1993, among workers paid by the hour with earnings at or below the minimum wage:

- Less than one in three — 31 percent — were teenagers. About one in five — 22 percent — were 20 to 24 years old. Nearly half — 47 percent — were aged 25 years or older.

- Although minorities are overrepresented among minimum wage workers, an estimated 70 percent of hourly workers paid at or less than the minimum wage were non-Hispanic whites.

- More than three of every five minimum wage workers — 62 percent — were women.

The Minimum Wage and the EITC

The report also found that while the recent expansion in the Earned Income Tax Credit has helped offset the decline in the value of the minimum wage, the offset is only partial. Only a small fraction of minimum wage workers qualify for the maximum EITC on a per-hour basis. Even for those few minimum wage workers earning this maximum EITC, the increase in the value of the EITC has not fully offset the decline in the value of the minimum wage. In 1996 (when the EITC expansion is fully phased in), the *maximum* combined hourly value of minimum wage earnings and the EITC, minus payroll taxes, will be 12 percent below its combined value in 1979, after adjusting for inflation. For most minimum wage workers, the net drop is much larger.

The Center on Budget and Policy Priorities conducts research and analysis on a range of government policies and programs, with an emphasis on those affecting low- and moderate-income people. It is supported primarily by foundation grants.

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file
for minimum wage

WOMEN'S BUREAU
FAX COVER SHEET

Date: 5/10/96

Number of Pages: 5
(including cover)

TO: Melanne Verveer

FAX NO. (including area code): 456-6244

TELEPHONE NO.(including area code):

MESSAGE: Re: Roundtable Quotes

FROM: Ida Castro PHONE#: 202/219-6611

U.S. DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WOMEN'S BUREAU
WASHINGTON, D.C. 20210

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Working Women Count!

TO: MELIANE VERVEER
BETSY MEYERS

FROM: IDA L. CASTRO

RE: QUOTES FROM ROUNDTABLES

DATE: MAY 10, 1996

CC LISA ROSS
CAROLYN CURIEL
ARACELIS RUANO

I am enclosing a copy of the most salient quotes from working women who participated at roundtables I have hosted so far. You will note that the quotes fall within several categories, i.e. Minimum Wage, Corporate Responsibility, Child Care, Welfare transition, etc. I hope these are useful to you.

U.S. Department of Labor • Women's Bureau • 200 Constitution Avenue, NW. • Washington, DC 20210 • (202) 219-6611

NEW YORK WORKING WOMEN SPEAK OUT: "AT THE TABLE" WITH WOMEN'S BUREAU ACTING DIRECTOR IDA L. CASTRO

Part 1 -- Working Women Speak Out On:

Minimum Wage

- Victorina of Brooklyn told us, "It's hard to live off just $4.50 an hour. I have to work 48 hours a week just so I can bring home a check for $173 a week. I feel bad when it's time to pay taxes to know that ... I only made $9,000 ... and this included three jobs. I don't even have kids... Just think about people who have children, just think how hard it is for them. All I ask is to try your very best to change the minimum wage so I or us the people can have a better or decent life to live."

- Joyce of Brooklyn said, "I want you Mr. President to bring minimum wage to (a) livable wage, so good citizens can take care of their families without the assistance of welfare."

- Gloria of Brooklyn told us, "I refuse to go on welfare. I want to work, but was laid off and haven't been able to find a job. If someone will hire you it is for $4.25. I have a son and myself to support."

- Angela of Brooklyn, who is in her early 60s, told us she worked for more than 4 years at a nursing home (6 hours a day, 4 to 5 days at week), at minimum wage without getting a raise. She needed more money so she changed jobs and now she's able to scrape by, but only because she works 8 hours a day, 6 days a week and still at minimum wage.

Corporate Responsibility/Downsizing

- Margaret of Manhattan asked, "How do we address the sense of hopelessness that pervades the workforce today -- particularly in the over 40 group -- who feel that there is no voice for their concerns in the government. I have many friends who experience an ongoing and increasing sense of alienation and I believe the problem has reached crisis proportions for many. How do we ... make it less profitable for corporations to eliminate positions..."

- Peggy of Brooklyn said, "I wish you could come to Brooklyn ... and see what it is like to live on a day-to-day basis. I have four children. They are 15, 9, 7 and 5 years old and I live for them only. ... I worked on a job for 11 years, got laid off, and unemployment ran out. Went to welfare and got denied two times. No income is coming in the home now."

- Olga of Manhattan, who is over 40, told us she was laid off because she is too expensive. "They keep the older workers to train the young ones. Then they boot you when they've gotten everything out of you. I feel like a failure."

Temporary/Contingent Work

- Christine of Manhattan said, "Something has to be done to protect workers who are forced into the temporary workforce from employers who take advantage. Temporary workers should have a place to turn for benefits and employers who take advantage should be penalized."

- Hildy, a 24-year-old contingent worker from Manhattan, told us, "I know I'll be underemployed and underpaid for the rest of my life."

- Ruth of Manhattan, who is over 40, told us, "I am a lower-paid 'permanent temp'. Believe it or not, we exist. I had a full time job that was split in two. Now I have no benefits and much of my previous job has been outsourced to college kids."

- Adrian, a contingent worker in Manhattan told us, "It's a high tech sweat shop. We are placed in front of computers instead of sewing machines. It's just a race to finish the project."

- Melanie of Manhattan said, "Many people my age (29) are working several jobs at once just to 'get by' -- part-time, freelance, independent, contractor and temporary workers, sometimes playing all these roles in one work week. If all the employers were obliged to contribute to health and pension, the contemporary worker may feel a better sense of security and feel more motivated to work."

Home Care Workers/Reduced Hours/Lack of Benefits

- Felicia said "We want to work. We take care of the needy." But the system won't let them. NYC is forcing home care workers to cut their service to 4 hours a day/20 hours a week. Felicia's self esteem is suffering. "You can't live on a 20 hour paycheck."

- Grace Johnson said, "We are not nurses, LPNs or RNs. But we do their work! We also cook, shop, take patients to the doctor and the laundry, clean teeth and ears, clean the house, mend, iron, and deal with violent patients who are alcoholic... We have no one to turn to when struck by a patient. Home health care workers need something (health care) given back to them."

- Ann told us that after 15 years in home care, her work is not being treated with respect. She has been reduced to working 3 hours a day and fewer than 20 hours a week. That means she's not eligible for benefits -- and she only earns $160 a week.

Young Women/Respect and Opportunity

- Jewel of the Bronx told us, "I am currently attending Hunter College. My mother ... makes too much money for me to get financial aid. I can not file independently because I am not over the age of 21 and not pregnant and don't have a child. I work 2 jobs for a little bit over minimum wage so I can pay my tuition. God knows I don't have time to study. I would be thankful if you could help increase minimum wage or set a new standard for financial aid. ... I tell you sometimes I cry because of how hard I work so I can excel in life."

- Latinya of Harlem said, "I am in my early teens (16) and I find it difficult to find a job. I am very qualified to do office work as well as many other various tasks. I come home to a mother with no job.... It hurts me to see her cry. She does not want to be another welfare case but she is. She is trying to find another job to provide for her children."

- Sonia of Harlem told us she's a college graduate with a degree in computer science who found it so hard to get a job that she entered a training program for $4.25 an hour. "I am 24 years old. I don't want any more training. I want a job. I am bored to death. I want to put my skills to work."

- Ada of Harlem said "I'm a teen parent who goes to school and takes care of my son at the same time -- with a little help from my mother. Now I'm at the point that I have to look for a job, but everywhere I go I'm turned down. ... I mean maybe you can help me, please I'm desperate and I don't know where else to turn and lord knows I don't want to go on public assistance. I don't want to be another statistic."

Balancing Work and Family

- When asked what women needed, Susan McCarty of Harlem answered "Daycare! Daycare! Daycare! Women can not continue their education and training and break the cycle of welfare without this."