

**APPENDIX D - DATA ON UNEMPLOYMENT, DISPLACED
WORKERS, EARNINGS, AND THE MINIMUM WAGE**

CONTENTS

Unemployment	D-2
Displaced Workers	D-9
Real Weekly Earnings.....	D-22
Earnings by Level of Education	D-24
The Distribution of Earnings.....	D-25
The Federal Minimum Wage	D-27

The following tables and charts provide statistical data on unemployment, displaced workers, earnings, and the minimum wage. These statistics are key indicators of the performance of the economy, measuring how well individuals fare in the labor market. These estimates receive substantial Congressional attention and are used in policy decisions in many areas including economic stimulus packages, extending of unemployment benefits, and funding of employment and training programs. These statistics are useful indicators of how the overall economy and how individuals within the economy are faring.

Increasing unemployment rates imply that some of the labor input (human capital) available to the economy is not used, suggesting production and/or efficiency losses. Displaced worker statistics may help to identify and quantify the substantial costs experienced by incumbent workers and their families from the loss of a job as well as associated losses experienced by society. These worker and family costs include loss of income, the scarring effect from prolonged periods of joblessness,¹ and potentially significant psychological and emotional costs. Societal costs include increased payments of unemployment compensation benefits and other pressures on the social welfare system, and potential increases in crime and incarceration.²

Earnings trends also measure the well-being of the economy as well as show how workers fare within the economy. The distribution of earnings, as well as the inflation adjusted value of the minimum wage, may explain how economic growth is shared within the economy.

¹ Employers may regard long spells of unemployment as an indicator of workers' potential lack of productivity, causing a scarring effect. Workers may experience decreased chances of finding new jobs and ascending their career ladder. Maura Sheehan and Mike Tomlinson, "Unemployment Duration in an Unemployment Blackspot," *Labour* 12 (Winter 1998), pp. 643-73.

² See for example Eric D. Gould, Bruce A. Weinberg, and David B. Mustard, "Crime Rates and Local Labor Market Opportunities in the United States: 1979-1997," *The Review of Economics and Statistics*, February 2002, 84(1): 45-61.

UNEMPLOYMENT

The unemployment rate is defined as the share of those workers who did not have a job but had searched for a job in the previous four weeks to all workers active in the labor market (either searching or employed). Figure D-1 displays the monthly seasonally adjusted unemployment rate from January 1979 through September 2008. After the back-to-back recessions of the early 1980s, the unemployment rate generally declined. In part, this is attributable to the aging of the workforce as the share of (higher-unemployment) younger workers has fallen and the share of (lower-unemployment) older workers has increased.³

FIGURE D-1--CIVILIAN UNEMPLOYMENT RATE AMONG PERSONS AGE 16 AND OVER, JANUARY 1979 TO SEPTEMBER 2008, SEASONALLY ADJUSTED



Source: U.S. Department of Labor, Bureau of Labor Statistics, *Labor Force Characteristics from the Current Population Survey*, available at [stats.bls.gov/cps/home.htm].

³ See for example: Abbigail Chiodo and Michael Owyang, "Low Unemployment: Old Dogs or New Tricks?" *Regional Economist*, Oct. 2001, Federal Reserve Bank of St. Louis; Rob Valletta and Jaclyn Hodges, "Age and Education Effects on the Unemployment Rate" FRBSF Economic Letter, Number 2005-15, July 15, 2005; Robert Horn; Philip Heap, "The Age-Adjusted Unemployment Rate: An Alternative Measure," *Challenge*, Jan/Feb 1999; 110-115. Rebecca Blank, Testimony before the Subcommittee on Income Security and Family Support of the House Committee on Ways and Means, April 10, 2008.

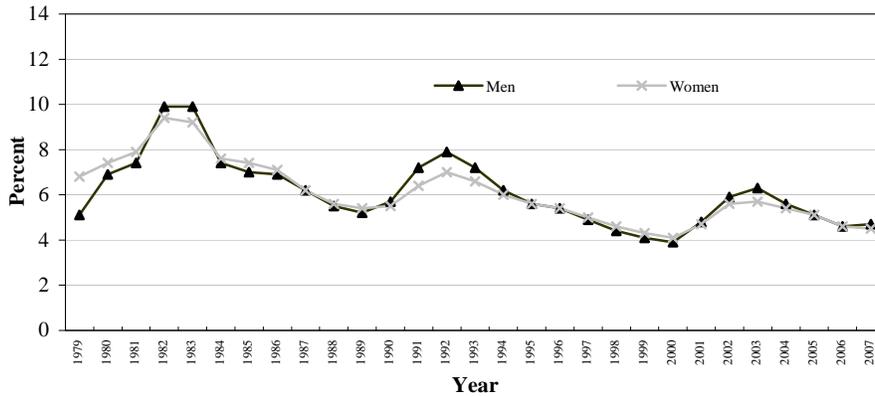
Table D-1 provides the unemployment rates for men and women in the civilian labor force as well as information on the youngest workers, those under 20 years old. Generally, men and women exhibit unemployment rates that are similar. However, as shown in Figure D-2, during economic recessions men are substantially more likely to report unemployment than women.

TABLE D-1--CIVILIAN UNEMPLOYMENT RATES, BY AGE AND GENDER, 1979 TO 2007

Year	Civilian Labor Force, Ages 16 and Over			Civilian Labor Force, Ages 16 to 19		
	Total	Men	Women	Total	Men	Women
1979	5.8%	5.1%	6.8%	16.1%	15.9%	16.4%
1980	7.1%	6.9%	7.4%	17.8%	18.3%	17.2%
1981	7.6%	7.4%	7.9%	19.6%	20.1%	19.0%
1982	9.7%	9.9%	9.4%	23.2%	24.4%	21.9%
1983	9.6%	9.9%	9.2%	22.4%	23.3%	21.3%
1984	7.5%	7.4%	7.6%	18.9%	19.6%	18.0%
1985	7.2%	7.0%	7.4%	18.6%	19.5%	17.6%
1986	7.0%	6.9%	7.1%	18.3%	19.0%	17.6%
1987	6.2%	6.2%	6.2%	16.9%	17.8%	15.9%
1988	5.5%	5.5%	5.6%	15.3%	16.0%	14.4%
1989	5.3%	5.2%	5.4%	15.0%	15.9%	14.0%
1990	5.6%	5.7%	5.5%	15.5%	16.3%	14.7%
1991	6.8%	7.2%	6.4%	18.7%	19.8%	17.5%
1992	7.5%	7.9%	7.0%	20.1%	21.5%	18.6%
1993	6.9%	7.2%	6.6%	19.0%	20.4%	17.5%
1994	6.1%	6.2%	6.0%	17.6%	19.0%	16.2%
1995	5.6%	5.6%	5.6%	17.3%	18.4%	16.1%
1996	5.4%	5.4%	5.4%	16.7%	18.1%	15.2%
1997	4.9%	4.9%	5.0%	16.0%	16.9%	15.0%
1998	4.5%	4.4%	4.6%	14.6%	16.2%	12.9%
1999	4.2%	4.1%	4.3%	13.9%	14.7%	13.2%
2000	4.0%	3.9%	4.1%	13.1%	14.0%	12.1%
2001	4.7%	4.8%	4.7%	14.7%	16.0%	13.4%
2002	5.8%	5.9%	5.6%	16.5%	18.1%	14.9%
2003	6.0%	6.3%	5.7%	17.5%	19.3%	15.6%
2004	5.5%	5.6%	5.4%	17.0%	18.4%	15.5%
2005	5.1%	5.1%	5.1%	16.6%	18.6%	14.5%
2006	4.6%	4.6%	4.6%	15.4%	16.9%	13.8%
2007	4.6%	4.7%	4.5%	15.7%	17.6%	13.8%

Source: U.S. Department of Labor, Bureau of Labor Statistics, *Labor Force Characteristics from the Current Population Survey*, available at [stats.bls.gov/cps/home.htm].

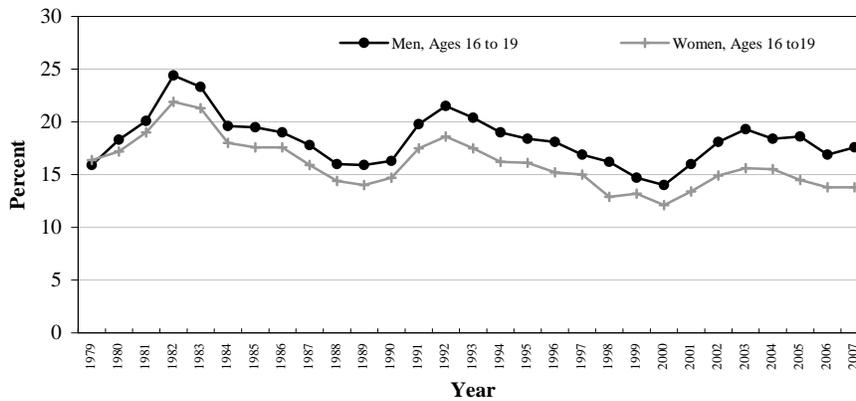
FIGURE-D-2--CIVILIAN UNEMPLOYMENT RATES BY GENDER, 1979-2007



Source: U.S. Department of Labor, Bureau of Labor Statistics, *Labor Force Characteristics from the Current Population Survey*, available at [stats.bls.gov/cps/home.htm].

Teenage workers represent the labor force group with the least experience and education; as a result, they typically have unemployment rates that are much higher than for the general population. As shown in Figure D-3, there has been growing disparity between the unemployment rates for young men and for young women.

FIGURE D-3--CIVILIAN UNEMPLOYMENT RATES AMONG PERSONS AGES 16 TO 19 BY GENDER



Source: U.S. Department of Labor, Bureau of Labor Statistics, *Labor Force Characteristics from the Current Population Survey*, available at [stats.bls.gov/cps/home.htm].

Duration and Reason for Unemployment

Table D-2 provides information on the duration of spells of unemployment as well as the basic cause for unemployment. The reasons for unemployment include: leaving the job, job loss, returning to the labor force, and entering the labor force. As shown in Figure D-4, typically in economic expansions, the duration of unemployment is shorter. During economic slowdowns and downturns, the duration of unemployment increases, and often leads to substantial increases in the percentage of persons who are unemployed for at least 27 weeks.

TABLE D-2--DISTRIBUTION OF UNEMPLOYMENT BY DURATION OF UNEMPLOYMENT
AND REASON FOR UNEMPLOYMENT, 1979-2007

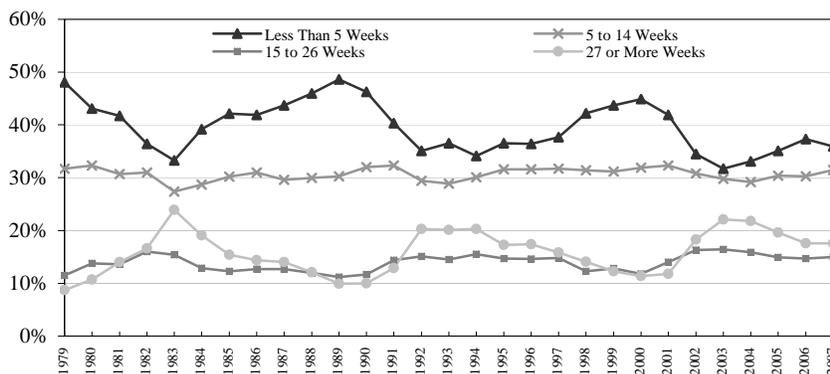
Year	Unemployment (Thousands)	Percent Distribution of Unemployment by Duration ¹				Percent Distribution of Unemployment by Reason			
		Less Than 5 Weeks	5-14 Weeks	15-26 Weeks	27 Weeks and Over	Job Losers	Job Leavers	Reentrants	New Entrants
1979	6,137	48.1%	31.7%	11.5%	8.7%	42.9%	14.3%	29.4%	13.3%
1980	7,637	43.1%	32.3%	13.8%	10.7%	51.7%	11.7%	25.2%	11.4%
1981	8,273	41.7%	30.7%	13.6%	14.0%	51.6%	11.2%	25.4%	11.9%
1982	10,678	36.4%	31.0%	16.0%	16.6%	58.7%	7.9%	22.3%	11.1%
1983	10,717	33.3%	27.4%	15.4%	23.9%	58.4%	7.7%	22.5%	11.3%
1984	8,539	39.2%	28.7%	12.9%	19.1%	51.8%	9.6%	25.6%	13.0%
1985	8,312	42.1%	30.2%	12.3%	15.4%	49.8%	10.6%	27.1%	12.5%
1986	8,237	41.9%	31.0%	12.7%	14.4%	49.0%	12.3%	26.2%	12.5%
1987	7,425	43.7%	29.6%	12.7%	14.0%	48.0%	13.0%	26.6%	12.4%
1988	6,701	46.0%	30.0%	12.0%	12.1%	46.1%	14.7%	27.0%	12.2%
1989	6,528	48.6%	30.3%	11.2%	9.9%	45.7%	15.7%	28.2%	10.4%
1990	7,047	46.3%	32.0%	11.7%	10.0%	48.1%	14.8%	27.4%	9.8%
1991	8,628	40.3%	32.3%	14.4%	12.9%	54.4%	11.6%	24.8%	9.2%
1992	9,613	35.1%	29.4%	15.1%	20.3%	56.1%	10.4%	23.8%	9.7%
1993	8,940	36.5%	28.9%	14.5%	20.1%	54.2%	10.9%	24.6%	10.3%
1994	7,996	34.1%	30.1%	15.5%	20.3%	47.7%	9.9%	34.8%	7.6%
1995	7,404	36.5%	31.6%	14.7%	17.3%	46.9%	11.1%	34.1%	7.8%
1996	7,236	36.4%	31.6%	14.6%	17.4%	46.6%	10.7%	34.7%	8.0%
1997	6,739	37.7%	31.7%	14.8%	15.8%	45.1%	11.8%	34.7%	8.4%
1998	6,210	42.2%	31.4%	12.3%	14.1%	45.4%	11.8%	34.3%	8.4%
1999	5,880	43.7%	31.2%	12.8%	12.3%	44.6%	13.3%	34.1%	8.0%
2000	5,692	44.9%	31.9%	11.8%	11.4%	44.2%	13.7%	34.5%	7.6%
2001	6,801	41.9%	32.3%	14.0%	11.8%	51.1%	12.3%	29.9%	6.7%
2002	8,378	34.5%	30.8%	16.3%	18.3%	55.0%	10.3%	28.3%	6.4%
2003	8,774	31.7%	29.8%	16.4%	22.1%	55.1%	9.3%	28.2%	7.3%
2004	8,149	33.1%	29.2%	15.9%	21.8%	51.5%	10.5%	29.5%	8.4%
2005	7,591	35.1%	30.4%	14.9%	19.6%	48.3%	11.5%	31.4%	8.8%
2006	7,001	37.3%	30.3%	14.7%	17.6%	47.4%	11.8%	32.0%	8.8%
2007	7,078	35.9%	31.5%	15.0%	17.6%	49.7%	11.2%	30.3%	8.9%

¹ Details may not add to 100 percent because of rounding.

Note: Estimates are for persons ages 16 and over.

Source: Office of the President (2008). Economic Report of the President, Washington, DC: U.S. Government Printing Office, p. 278.

FIGURE D-4--DURATION OF UNEMPLOYMENT, 1979-2007



Note: Estimates are for persons ages 16 and over.
 Source: Office of the President (2008). Economic Report of the President, Washington, DC: U.S. Government Printing Office, p. 278.

Generally, workers have shorter spells of unemployment if they leave their jobs, often to begin a new position. However, during economic slowdowns or recessions, workers are less likely to leave their jobs, are more likely to involuntarily lose their jobs, and new entrants may begin as unemployed workers rather than as newly hired employees. As a result, as an economic recession takes hold, unemployment rates increase at the same time job losers increase in relative size to all unemployed workers. (See Figure D-5.)

FIGURE D-5--REASON FOR UNEMPLOYMENT, 1979-2007



Note: Estimates are for persons ages 16 and over.
 Source: Office of the President (2008). Economic Report of the President, Washington, DC: U.S. Government Printing Office, p. 278.

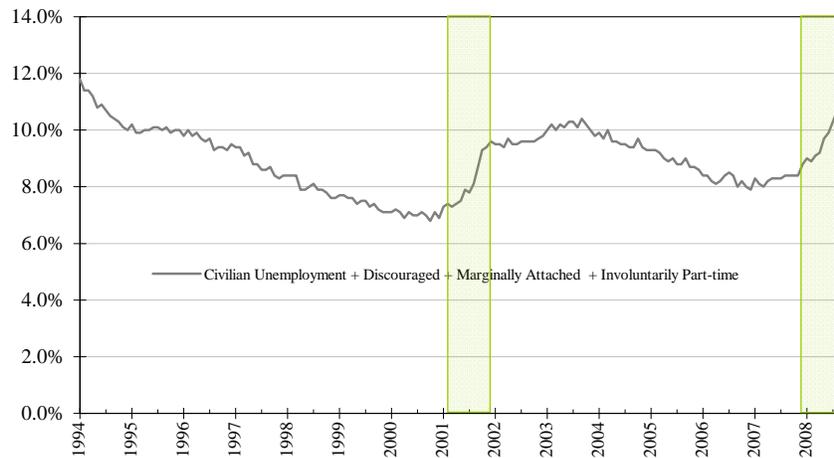
Alternative Measures of Unemployment: Labor Underutilization

Since 1994, the U.S. Department of Labor, Bureau of Labor Statistics has provided several alternative measures of unemployment. These estimates include persons who are not counted as unemployed by the civilian unemployment rate but who are a potential source of labor supply. While all these measures include the civilian unemployment estimate (which measures those who are currently without work and have searched for work within the previous four weeks), the BLS alternative measures also considers individuals: who have not searched for work because they believe no jobs for them exist (*discouraged workers*); who are not currently looking for work for reasons such as child care or transportation problems (*marginally attached workers*); and who want and are available for full-time work but have had to settle for part-time work (*involuntarily part-time workers*).⁴

Figure D-6 provides the full composite measurement of this alternative unemployment rate (civilian unemployment plus discouraged workers plus marginally attached workers plus involuntarily part-time workers). The shaded areas represent a recessionary period. The alternative unemployment rate ranges from a high of 11.8% (January 1994) to a low of 6.8% (September 2000). As the employment effects from the 2001 recession ended, the alternative unemployment rate generally began to decrease beginning in the final months of 2003. This decline ended in November 2006 (7.6%). Since that time the composite measure steadily increased to recent high of 11.0% in September 2008 and was expected to continue to rise.

⁴ See John E. Bregger and Steven E. Haugen, "BLS Introduces New Range of Alternative Unemployment Measures," *Monthly Labor Review*, Vol. 118, October 1995.

FIGURE D-6--ALTERNATIVE MEASURE OF UNEMPLOYMENT,
JANUARY 1994 THROUGH SEPTEMBER 2008, SEASONALLY
ADJUSTED



Note: Alternative measure of unemployment includes civilian unemployment as generally measured, discouraged workers, marginally attached workers, and involuntarily part-time workers. Shaded areas represent recessions.

Source: U.S. Department of Labor, Bureau of Labor Statistics, *Labor Force Characteristics from the Current Population Survey*, Table A-12, available at [www.bls.gov/cps/cpsatabs.htm].

DISPLACED WORKERS

Job loss is an ever present risk that workers face in the U.S. economy, which has become increasingly intertwined with the economies of other nations. U.S. companies consequently are reacting to changes in the demand for their products and services not only from customers at home but also abroad. In addition to changes in (domestic and foreign) consumer tastes and the value of the U.S. dollar compared to other nations' currencies influencing the demand for U.S. goods and services and, hence, the demand for domestic labor, the introduction and dissemination of some technological innovations and changes to some government policies can alter the number of employees that firms require.⁵

Workers who are temporarily versus permanently laid off by their employers face different problems that suggest different policy responses. Income maintenance is the chief concern for temporarily laid off workers who anticipate being recalled by their employers and the Federal-State unemployment compensation system may provide cash benefits to eligible workers experiencing a

⁵ For example, Longwall mining machines have contributed to the reduced number of coal miners that mining companies need. Similarly, Federal regulation of trucker driving time and pilot flight time has affected the transportation industries' labor requirements.

brief spell of joblessness. Employees who are permanently separated from a firm's payroll are likely to confront issues beyond short-term financial support. Workers who had been with their former companies for many years have not had to search recently for new jobs, for example. Those long-tenured employees who possess skills specific to a particular firm or industry may have an especially difficult time finding new jobs, particularly jobs having salaries commensurate with their former positions.

Trends in Worker Displacement

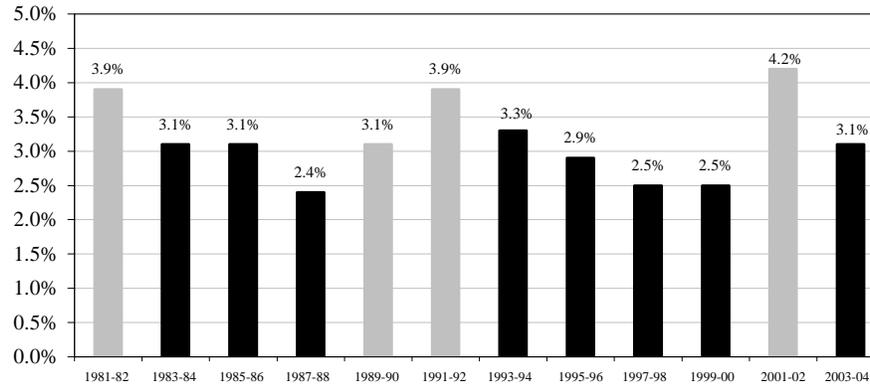
The Displaced Worker Supplement (DWS) to the Current Population Survey⁶ (CPS) was developed by the U.S. Bureau of Labor Statistics (BLS) in the 1980s to periodically gather information on displaced workers. BLS defines displaced workers as adults (persons age 20 and older) who lost full-time wage and salary jobs they had held for at least 3 consecutive years because their company closed or relocated, their position or shift was abolished, or because of insufficient work.

As shown in Figure D-7, the displacement of employees is highly cyclical. The displacement rate waxes and wanes with the business cycle.⁷ In 2001-2002, which encompassed the 2001 recession, 4.2% of adults with full-time jobs they had held for 3 years or more were permanently laid off. The displacement rate in 2003-2004, when the economy was expanding, was more than a full percentage point lower at 3.1%. (The most recent period for which displacement rates are available is 2003-2004.)

⁶ The CPS is a household survey conducted by the U.S. Census Bureau for the Bureau of Labor Statistics. The CPS is the source of the national monthly unemployment rate.

⁷ The displacement rate is the number of displaced workers divided by a tenure-adjusted 2-year average estimate of employment for workers age 20 and older. Because of methodological changes made by BLS, displacement rates for 1991 to 2000 are not directly comparable with earlier periods and displacement rates for 2001 to 2004 are not directly comparable with earlier periods.

FIGURE D-7--DISPLACEMENT RATES AMONG WORKERS 20 YEARS OR OLDER, 1981-2004



Note: Bars filled in gray indicate recessionary periods. Because of methodological changes, displacement rates for 1991 to 2000 are not directly comparable with rates for earlier periods, and displacement rates for 2001 to 2004 are not directly comparable with rates for earlier periods.

Source: U.S. Bureau of Labor Statistics' data from the Displaced Worker Supplement to the Current Population Survey.

Characteristics of Displaced Workers

Most displaced workers are laid off from jobs in the service-producing sector and in white-collar occupations. Both the industries in the service sector and the occupations classified as white-collar similarly employ the majority of workers in the labor market.⁸ (See Table D-3.)

⁸The service-producing sector is composed of the following major industry groups: wholesale and retail trade; transportation and utilities; information; financial activities; professional and business services; education and health services; leisure and hospitality; other services; and government. White-collar occupations are composed of the following two major groups: management, professional, and related; sales and office.

TABLE D-3--CHARACTERISTICS AND LABOR MARKET STATUS OF
LONG-TENURED¹ WORKERS AGE 20 AND OLDER PERMANENTLY
DISPLACED FROM FULL-TIME JOBS BETWEEN JANUARY 2003 AND
DECEMBER 2005

Characteristic	Total (in thousands)	Status in January 2006 (in percent)		
		Employed	Unemployed	Not in the labor force
Total, 20 years and over	3,815	69.9	13.4	16.7
Age 20-24	111	66.4	21.4	12.2
Age 25-54	2,841	74.5	13.4	12.0
Age 55-64	728	60.6	12.3	27.0
Age 65 and over	135	25.4	10.8	63.8
Men	2,076	73.5	13.6	12.9
Age 20-24	67	77.4	21.4	1.2
Age 25-54	1,552	78.6	12.8	8.5
Age 55-64	378	61.5	14.5	24.0
Age 65 and over	80	27.5	18.3	54.2
Women	1,739	65.6	13.1	21.3
Age 20-24	44	NA	NA	NA
Age 25-54	1,289	69.6	14.2	16.2
Age 55-64	350	59.7	10.0	30.3
Age 65 and over	55	NA	NA	NA
White	3,169	70.0	13.2	16.8
Men	1,784	74.1	13.1	12.8
Women	1,386	64.8	13.3	22.0
Black	452	71.2	13.4	15.4
Men	181	72.1	16.3	11.6
Women	271	70.7	11.5	17.9
Asian	113	72.0	12.3	15.7
Hispanic	416	60.2	22.9	16.9
Less than high school diploma	294	56.5	19.4	24.1
High school graduate, no college	1,090	69.4	13.6	17.1
Some college, no degree	725	69.9	12.3	17.8
Associate degree	342	73.4	11.7	14.9
Bachelor's or higher degree	943	79.4	13.1	7.4
Industry of lost job				
Mining	17	NA	NA	NA
Construction	270	78.7	7.4	13.9
Manufacturing	1,085	64.5	15.3	20.2
Wholesale and retail trade	508	68.8	14.1	17.1
Transportation and utilities	189	77.1	18.7	4.2
Information	164	75.9	8.2	15.9
Financial activities	368	77.0	12.9	10.1
Professional and business services	406	71.5	14.8	13.7
Education and health services	264	72.3	8.2	19.5
Leisure and hospitality	174	71.6	11.3	17.0
Other services	107	65.5	12.8	21.8
Government	202	66.5	9.4	24.1
Occupation of lost job				
Management, professional, and related	1,307	74.1	11.9	14.0
Sales and office	949	70.2	11.3	18.6
Service	339	66.5	14.0	19.6
Natural resources, construction, and maintenance	421	72.2	13.0	14.8
Production, transportation, and material moving	765	63.3	17.6	19.2

¹Displaced from job with tenure of three years or more.

NA - not available because base is less than 75,000.

Note: Components may not add to totals because of rounding and because totals include persons with missing data. Estimates for the race groups do not add to totals because data are not presented

for ...

(Note continued on following page)

Table D-3 Note continued-...all races. Persons whose ethnicity is identified as Hispanic may be of any race and therefore are classified by both ethnicity and race. Industries in the goods-producing sector are mining, construction, and manufacturing. All other industries are in the service-producing sector. White-collar occupations are composed of the following two groups: management, professional and related; and sales and office. Blue-collar occupations are composed of the following two groups: natural resources, construction, and maintenance; and production, transportation, and material moving. Source: U.S. Bureau of Labor Statistics, *Worker Displacement, 2003-2005*, August 17, 2005; and unpublished educational attainment tabulation from the Displaced Worker Supplement to the Current Population Survey.

The demographic and job profiles of adults most at risk of permanently losing long-held full-time jobs are quite different and have, to varying degrees, changed over time. Since 1981-1982, the displacement rate of men usually has been higher than that of women.⁹ (See Table D-4.) In 2003-2004, for example, 3.3% of adult men in full-time jobs held for at least 3 years were permanently laid off; the rate for women was 2.9%. The risk of permanent job loss has increased for workers between 55 and 64 years old: not until the 1990s did their displacement rate exceed the average for all workers. Most recently, 4.2% of 55-64 year olds in full-time jobs held for 3 years or more were permanently let go compared to the average displacement rate of 3.1%. Workers with a bachelor's or advanced degree usually have been among the least vulnerable to displacement. The displacement rate among adults with at least a bachelor's degree was 2.8% compared to 3.1% among those with less than a high school diploma in 2003-2004. Workers with postsecondary education short of a 4-year college degree have not been consistently less susceptible to displacement than workers with fewer years of schooling.

⁹ The displacement rate of a specified worker group (e.g., men, 55-64 years old) is the number of displaced workers in the group divided by a tenure-adjusted 2-year average estimate of employment for the same worker group.

TABLE D-4--DISPLACEMENT RATES OF LONG-TENURED¹ WORKERS AGE 20 AND OLDER WHO PERMANENTLY LOST FULL-TIME JOBS BY DEMOGRAPHIC CHARACTERISTICS, 1981-2004 [In Percent]

Characteristic	1981- 1982	1983- 1984	1985- 1986	1987- 1988	1989- 1990	1991- 1992	1993- 1994	1995- 1996	1997- 1998	1999- 2000	2001- 2002	2003- 2004
Total, 20 years and over	3.9	3.1	3.1	2.4	3.1	3.9	3.3	2.9	2.5	2.5	4.2	3.1
Age 20-24	4.0	2.0	1.8	2.0	2.2	2.0	2.5	1.9	1.7	1.7	1.9	1.0
Age 25-54	4.0	3.3	3.3	2.5	3.1	3.9	3.4	2.9	2.3	2.5	4.0	3.1
Age 55-64	3.8	3.1	3.0	2.3	3.3	4.5	3.0	3.3	3.2	2.7	5.7	4.2
Age 65 and over	3.2	2.9	2.3	1.9	2.4	3.8	3.2	3.5	2.9	2.1	4.9	3.1
Men	4.3	3.2	3.3	2.4	3.2	4.1	3.4	2.8	2.4	2.4	4.4	3.3
Women	3.4	2.9	2.8	2.4	2.8	3.5	3.2	3.2	2.5	2.6	3.9	2.9
White	3.8	3.1	3.1	2.4	3.0	3.8	3.3	3.0	2.5	2.5	4.0	3.1
Black	4.8	3.9	3.4	2.0	3.5	3.8	3.5	2.7	2.3	3.0	4.7	3.2
Hispanic	4.3	3.9	3.9	2.9	4.3	4.7	3.6	4.0	3.1	2.0	4.0	2.8
Less than a high school diploma	NA	NA	NA	NA	NA	NA	2.5	3.7	2.5	2.4	3.3	3.1
High school graduate, no college	NA	NA	NA	NA	NA	NA	3.0	3.0	2.5	2.5	4.2	2.9
Some college, no degree	NA	NA	NA	NA	NA	NA	3.9	3.2	2.9	2.9	4.0	3.8
Associate degree	NA	NA	NA	NA	NA	NA	4.7	3.0	2.6	3.0	3.5	3.5
Bachelor's degree or higher	NA	NA	NA	NA	NA	NA	2.9	2.5	2.0	2.0	3.7	2.8

¹ Displaced from job with tenure of three years or more.

NA - Not available.

Note: Displacement rates are calculated by dividing the number of displaced workers in a specified worker group by a tenure-adjusted, 2-year average estimate of employment for the same worker group. Data from 1991-2000 are not directly comparable with earlier periods due to differences in estimation methodology, and data for the 2001-2004 period are not directly comparable with earlier periods for the same reason.

Source: U.S. Bureau of Labor Statistics, Displaced Worker Supplement to the Current Population Survey, unpublished tabulations.

In terms of job characteristics, employees of firms in the goods-producing sector have been among the most displacement-prone.¹⁰ (See Table D-5.) For example, the 2003-2004 displacement rate of workers in the manufacturing industry group (which is part of the goods-producing sector) was 6.4%, or about four-and-one-half times higher than the displacement rate of employees in the service-producing sector's education and health services industry group (1.4%). The industries reporting the highest displacement rate are those in manufacturing. This trend is paralleled in the occupations reporting the highest displacement rate over the years: those in blue-collar production jobs of mining, construction, and manufacturing jobs.

After a pattern of several years of an increasing probability of permanent job loss among the white-collar occupational group of management, business, and financial operations, the risk of displacement for this white-collar group has fallen recently. However, the white-collar displacement rate fell to a lesser extent than the rate among blue-collar production workers. The difference in the vulnerability to job loss of employees in management, business, and financial operations occupations compared to production workers consequently narrowed, such that in 2003-2004, the displacement rate of these white-collar workers was 4.0% while the rate of these blue-collar workers was 5.3%.

TABLE D-5--DISPLACEMENT RATES OF LONG-TENURED¹ WORKERS AGE 20 AND OLDER WHO PERMANENTLY LOST FULL-TIME WAGE AND SALARY JOBS IN THE NONFARM SECTOR OF THE ECONOMY BY INDUSTRY AND OCCUPATION OF LOST JOB, 2001-2004 [In Percent]

Characteristic	2001-2002	2003-2004
Total, 20 years and over	4.2	3.1
Industry of lost job		
Mining	2.3	5.5
Construction	4.1	4.6
Manufacturing	8.7	6.9
Wholesale and retail trade	4.8	3.2
Transportation and utilities	3.9	3.8
Information	9.6	5.0
Financial activities	3.4	4.0
Professional and business services	7.1	4.1
Education and health services	2.0	1.4
Leisure and hospitality	2.6	2.4
Other services	2.8	1.9
Government	0.6	0.7
Occupation of lost job		
Management, professional, and related	3.9	2.9
Management, business, and financial operations	5.2	4.0
Professional and related	3.1	2.2
Sales and office	2.2	1.6
Sales and related	4.4	3.2

¹⁰ The goods-producing sector is composed of mining, construction, and manufacturing.

TABLE D-5--DISPLACEMENT RATES OF LONG-TENURED¹ WORKERS
AGE 20 AND OLDER WHO PERMANENTLY LOST FULL-TIME WAGE
AND SALARY JOBS IN THE NONFARM SECTOR OF THE ECONOMY BY
INDUSTRY AND OCCUPATION OF LOST JOB, 2001-2004 [In Percent]

-continued.

Characteristic	2001-2002	2003-2004
Office and administrative support	5.2	3.4
Service	3.9	3.0
Natural resources, construction, and maintenance	5.0	3.8
Farming, fishing, and forestry	4.2	0.4
Construction and extraction	4.4	4.0
Installation, maintenance, and repair	5.8	4.1
Production, transportation, and material moving	6.9	4.6
Production	8.7	5.3
Transportation and material moving	4.4	3.5

¹ Displaced from job with tenure of three years or more.

Note: Industries in the goods-producing sector are mining, construction, and manufacturing. All other industries are in the service-producing sector. White-collar occupations are composed of the following two major groups: management, professional and related; and sales and office. Blue-collar occupations are composed of the following two major groups: natural resources, construction, and maintenance; and production, transportation, and material moving. Census 2002 industry and occupational classification systems were incorporated in the latest DWS, making comparisons with data from earlier periods not strictly comparable. Displacement rates are calculated by dividing the number of displaced workers in a specified worker group by a tenure-adjusted, 2-year average estimate of employment for the same worker group.

Source: U.S. Bureau of Labor Statistics, Displaced Worker Supplement to the Current Population Survey, unpublished tabulations.

Outcomes After Displacement

Two commonly used measures of labor market outcomes are employment status and earnings level. In this case, another indicator is whether displaced workers were unable to find new jobs for such a long period of time that they exhausted their eligibility for unemployment benefits. These variables are analyzed below, as of January 2006, for adults displaced from long-held full-time jobs between January 2003 and December 2005.

Employment status.

Of the 3.8 million long-tenured workers permanently laid off from full-time jobs between January 2003 and December 2005, 69.9% were reemployed in January 2006. Another 13.4% were unemployed, while a larger proportion (16.7%) were no longer in the labor force (i.e., they were neither employed nor actively seeking work perhaps because they became discouraged over their reemployment prospects or because they retired). (See Table D-3.)

A variety of individual characteristics appear to affect a displaced worker's likelihood of reemployment. Displaced men were reemployed at a higher rate than displaced women (73.5% and 65.6%, respectively, in January 2006). In addition to gender, age plays a role. Workers at least 65 years old reported the lowest reemployment rate at 25.4%. In contrast, the rate of reemployment generally

increases as educational attainment increases: 65.7% of displaced workers with at least a bachelor's degree were reemployed compared to just 38.8% of those who lacked a high school degree and 56.8% for those whose education stopped at high school graduation.

Job characteristics also appear to affect a displaced worker's chance of reemployment. Workers displaced from manufacturing industries usually have experienced lower reemployment rates than workers laid off from service sector industries. In January 2006, for example, 64.5% of long-tenured adults who lost full-time jobs in manufacturing were reemployed compared to reemployment rates of generally 70% or higher among workers displaced from jobs in the service sector. In addition, workers who lost jobs in white-collar occupations usually reported higher rates of reemployment than workers who lost jobs in blue-collar production (factory) occupations. For example, the reemployment rate among those most recently displaced from professional and related occupations was 76.8% compared to 59.4% for those laid off from production occupations.

Earnings on new jobs.

Many displaced workers find new jobs that pay much less than the jobs they lost. Most recently, one-fourth of displaced workers reemployed in full-time wage and salary jobs earned at least 20% less than their prior job's earnings. (See Table D-6.) Reemployed workers who were older, black, or had less than a 4-year college degree tended to experience the steepest wage losses as of January 2006; so too did workers in blue-collar occupations and in the goods-producing sector.

Historically, the majority of workers displaced from full-time wage and salary jobs have been able to find new full-time positions at firms. As of January 2006, this was the case for more than 4 out of 5 displaced workers (81.9%). An additional one in ten wage and salary workers who lost long-held full-time jobs between January 2003 and December 2005 were reemployed on a part-time basis. Because they were working fewer hours a week, these reemployed displaced workers very likely brought home smaller paychecks in January 2006 than they had when employed full-time. (The data do not indicate whether these former full-time workers wanted to work fewer hours or took part-time jobs rather than remaining unemployed or dropping out of the labor force.) An additional 8.2% of workers who had been laid off from full-time wage and salary jobs were again working in January 2006, either for themselves or as unpaid family workers.

TABLE D-6--EARNINGS ON LOST AND CURRENT JOB OF LONG-TENURED¹ WORKERS AGE 20 AND OLDER
DISPLACED FROM FULL-TIME WAGE AND SALARY JOBS IN THE NONFARM SECTOR OF THE ECONOMY
BETWEEN JANUARY 2003 AND DECEMBER 2005 BY AGE, GENDER, RACE AND ETHNICITY, AND INDUSTRY
AND OCCUPATION OF LOST JOB

Characteristic	Wage and Salary Jobs								
	Full-time								
	Earnings relative to those of lost job (numbers of workers in thousands)					Median weekly earnings on lost job	Median weekly earnings on job held in Jan 2006	Part-time workers (in thousands)	Self-employed and unpaid family workers (in thousands)
	Total ² Full-time (in thousands)	At least 20% less than lost job	Less than lost job but less than 20% less	Equal to or more than lost job but less than 20% more	20% or more				
Age, 20 years and over	1,990	488	345	557	307	\$782	\$659	241	199
Age 20-24	61	15	8	6	26	549	574	5	--
Age 25-54	1,639	396	285	472	266	776	665	133	162
Age 55-64	277	74	51	75	16	864	676	86	36
Age 65 and over	12	2	--	3	--	962	530	17	1
Gender									
Men	1,217	304	194	347	182	858	731	96	130
Women	774	184	151	209	125	688	579	145	69
Race or Ethnicity									
White	1,658	396	259	488	275	800	684	199	164
Black	223	70	49	51	23	670	511	39	23
Hispanic	178	44	20	61	26	647	589	30	11
Education									
Less than high school	114	33	27	34	7	595	484	33	18
High school graduate, no college	619	162	95	151	109	620	556	98	39
Some college, no degree	432	102	81	111	66	703	611	43	32
Associate degree	205	68	31	48	41	805	638	24	22
Bachelor's degree	433	93	77	156	43	1023	937	35	56
Advanced degree	187	29	34	58	40	1567	1477	7	30
Industry of lost job									
Construction	173	54	20	52	30	863	657	14	13

TABLE D-6--EARNINGS ON LOST AND CURRENT JOB OF LONG-TENURED¹ WORKERS AGE 20 AND OLDER
DISPLACED FROM FULL-TIME WAGE AND SALARY JOBS IN THE NONFARM SECTOR OF THE ECONOMY
BETWEEN JANUARY 2003 AND DECEMBER 2005 BY AGE, GENDER, RACE AND ETHNICITY, AND INDUSTRY
AND OCCUPATION OF LOST JOB --continued

Characteristic	Wage and Salary Jobs								
	Full-time								
	Earnings relative to those of lost job (numbers of workers in thousands)								
	Total ² Full-time (in thousands)	At least 20% less than lost job	Less than lost job but less than 20% less	Equal to or more than lost job but less than 20% more	20% or more	Median weekly earnings on lost job	Median weekly earnings on job held in Jan 2006	Part-time workers (in thousands)	Self-employed and unpaid family workers (in thousands)
Manufacturing	575	166	96	149	72	762	638	61	43
Wholesale and retail trade	264	53	44	72	50	671	563	27	28
Transportation and utilities	106	25	27	30	21	906	766	8	15
Information	98	35	13	37	6	959	742	11	14
Financial activities	233	46	50	63	41	902	820	16	25
Professional and business services	218	41	46	65	30	925	907	20	24
Education and health services	116	29	15	36	21	598	557	24	10
Leisure and hospitality	58	6	3	12	13	377	469	24	7
Other services	50	13	6	18	5	713	663	7	6
Government	83	18	23	21	14	872	713	19	13
Occupation of lost job									
Management, professional, and related	714	144	128	237	112	1126	974	65	95
Sales and office	524	134	103	120	89	623	559	44	54
Service	113	17	20	26	14	380	441	45	15
Natural resources, construction, and maintenance	259	74	33	77	44	836	712	24	10
Production, transportation, and material moving	374	119	59	97	48	644	538	57	22

¹Displaced from job with tenure of three years or more. ²Includes about 293,000 persons who did not report earnings on lost job.

Note: Dash represents or rounds to zero.

Source: U.S. Bureau of Labor Statistics, Displaced Worker Supplement to the Current Population Survey, unpublished tabulations.

The median weekly earnings on new full-time jobs held by displaced workers in January 2006 were \$659, compared to \$782 on the prior full-time job that was lost. Median post-displacement wages were lower than pre-displacement wages for almost all worker groups. Exceptions to this pattern occurred among workers displaced from comparatively low-paid fields such as some service occupations (health aides and waitresses) and some service sector industries (hotels and motels).

Unemployment benefits and benefit exhaustion.

Just over one-half of long-tenured workers displaced between January 2003 and December 2005 received income support through the unemployment compensation (UC) system. (See Table D-7.) Workers age 55 and older were more likely than the average displaced worker to claim benefits (56.9% compared to 51.7%).

TABLE D-7--LONG-TENURED¹ WORKERS AGE 20 AND OLDER
DISPLACED FROM JOBS FROM JANUARY 2003 AND DECEMBER 2005
BY RECEIPT AND EXHAUSTION OF UNEMPLOYMENT BENEFITS, BY
EMPLOYMENT STATUS IN JANUARY 2006

Employment status and age	Long-Tenured Displaced Workers	Received Unemployment Benefits	
		Total	Exhausted
Employed			
Age 20 and over	2,667	1,284	546
Age 55 and over	476	255	119
Unemployed			
Age 20 and over	510	342	146
Age 55 and over	104	79	28
Not in the labor force			
Age 20 and over	638	348	230
Age 55 and over	283	157	112

¹ Displaced from job with tenure of three years or more.

Source: U.S. Bureau of Labor Statistics, Displaced Worker Supplement to the Current Population Survey, unpublished tabulations.

Almost one-half (46.7%) of displaced workers who collected UC benefits exhausted their period of benefit eligibility. Older workers exhausted their benefit eligibility at an above-average rate, with 52.7% of those at least 55 years old reporting having done so. Not surprisingly, then, displaced older workers were a disproportionately large presence in the UC exhaustee population: workers age 55 and over accounted for 13.1% of displaced workers who received UC benefits while they composed more than twice that share of benefit exhaustees (28.1%). In addition, displaced older workers who exhausted their benefits were more likely than other exhaustees to withdraw from the labor force: 43.2% of displaced workers at least 55 years old who exhausted their UC benefits were no longer in the labor force in January 2006 compared to 24.9% of all displaced workers who exhausted UC benefits. The greater tendency to leave the labor force among displaced older workers who exhausted their UC benefits – and more generally

among all displaced older workers – likely is due in part to discouragement over their prospects for reemployment and to their eligibility for retirement benefits.

REAL WEEKLY EARNINGS

Average real weekly earnings for all workers ages 16 and over increased by 23.7% from 1979 to 2006.¹¹ (See Table D-8 and Figure D-8.) The increase was greater for women than men (48.0% versus 14.7%). Thus, the earnings gap between men and women narrowed over the period from 1979 to 2006.

TABLE D-8--AVERAGE REAL WEEKLY EARNINGS: ALL WORKERS AND FULL-TIME, YEAR-ROUND WORKERS, 1979-2006

Year	All Workers			Full-Time, Year-Round Workers		
	Total	Men	Women	Total	Men	Women
1979	\$631	\$801	\$415	\$798	\$931	\$543
1980	615	775	414	776	904	542
1981	612	774	410	778	912	539
1982	614	772	418	781	915	556
1983	615	771	426	778	909	564
1984	625	783	436	796	932	573
1985	638	796	449	805	938	588
1986	659	827	460	824	960	606
1987	662	821	475	825	958	616
1988	669	830	482	827	959	624
1989	679	837	496	836	966	635
1990	667	813	497	812	928	631
1991	665	807	501	811	929	637
1992	667	801	511	818	934	649
1993	672	806	518	816	927	652
1994	688	829	526	826	935	662
1995	743	911	552	880	1,020	671
1996	743	905	559	900	1,036	699
1997	767	938	573	915	1,058	708
1998	798	965	609	934	1,072	731
1999	791	961	601	930	1,076	723
2000	835	1,025	622	972	1,137	737
2001	848	1,018	655	986	1,135	777
2002	853	1,038	645	986	1,136	775
2003	849	1,013	663	983	1,123	787

¹¹ The analysis of real earnings and of the distribution of earnings is based on data from the Annual Social and Economic (ASEC) supplement of the Current Population Survey (CPS). The ASEC asks households questions about earnings for the previous year. Thus, the 2007 ASEC collected earnings data for calendar year 2006. Weekly earnings are for both wage and salary employees and self-employed persons. Current weekly earnings are converted to constant 2006 dollars using the Consumer Price Index for all Urban Consumers Research Series (CPI-U-RS). The CPI-U-RS adjusts the historical Consumer Price Index for all Urban Consumers (CPI-U) to take into account improvements made in measuring price changes. Changes in topcoding in the CPS affected the change in average earnings from 1994 to 1995. Therefore, the reported percentage change in average earnings from 1979 to 2006 is the sum of the changes in average earnings from 1979 to 1994 and from 1995 to 2006.

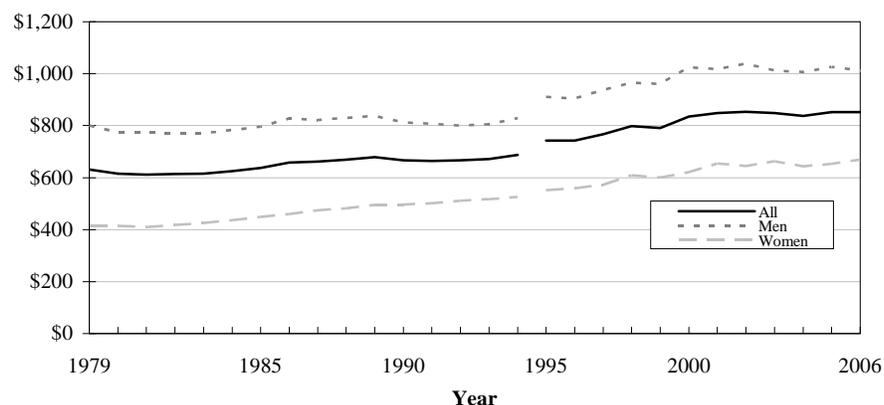
TABLE D-8--AVERAGE REAL WEEKLY EARNINGS: ALL WORKERS AND FULL-TIME, YEAR-ROUND WORKERS, 1979-2006 --continued.

Year	All Workers			Full-Time, Year-Round Workers		
	Total	Men	Women	Total	Men	Women
2004	837	1,007	644	976	1,116	780
2005	852	1,026	654	979	1,121	778
2006	852	1,013	669	984	1,114	800

Note: Estimates are for persons ages 16 and over. Changes in topcoding in the CPS affected the change in average earnings from 1994 to 1995.

Source: Annual Social and Economic (ASEC) supplement to the Current Population Survey.

FIGURE D-8--AVERAGE REAL WEEKLY EARNINGS, ALL WORKERS, 1979-2006



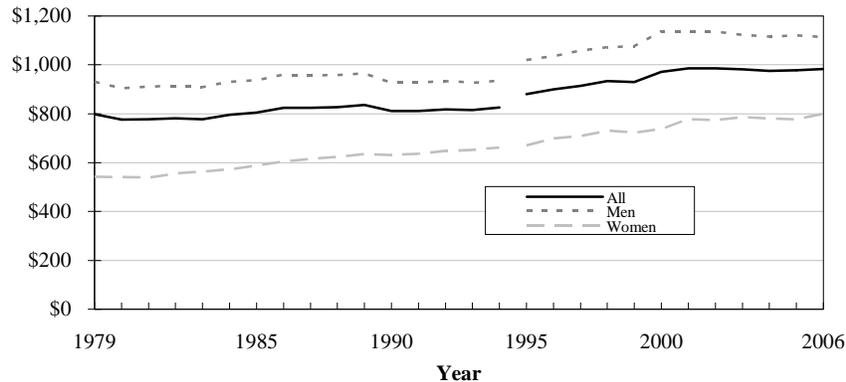
Note: Estimates are for persons ages 16 and over. Changes in topcoding in the CPS affected the change in average earnings from 1994 to 1995. Therefore, the change in average earnings from 1994 to 1995 is not shown.

Source: Annual Social and Economic (ASEC) supplement to the Current Population Survey.

All workers include persons who work either full-time or part-time and persons who work either part of the year or year-round. Analyzing the earnings of persons who work full-time, year-round helps control for changes in hours worked per week, temporary and seasonal employment, and spells of unemployment.¹² From 1979 to 2006, the average real weekly earnings of persons who worked full-time, year-round increased by 15.4 percent. (See Table D-8 and Figure D-9.) The increase was greater for women than men (41.3 percent versus 9.6 percent). Thus, the earnings gap between men and women who worked full-time, year-round narrowed over the period. This is in part attributable to the decline in real wages for men since 2000.

¹² Full-time workers are persons who work 35 or more hours a week. Year-round workers are persons who work 50 or more weeks a year.

FIGURE D-9--AVERAGE REAL WEEKLY EARNINGS, FULL-TIME, YEAR-ROUND WORKERS, 1979-2006



Note: Estimates are for persons ages 16 and over. Changes in topcoding in the CPS affected the change in average earnings from 1994 to 1995. Therefore, the change in average earnings from 1994 to 1995 is not shown.

Source: Annual Social and Economic (ASEC) supplement to the Current Population Survey.

EARNINGS BY LEVEL OF EDUCATION

Workers with more education generally earn more than workers with less education. In 2007, workers ages 18 and over with at most a high school degree earned an average of \$647 a week, compared to \$1,355 a week for workers with a bachelor's degree or better (i.e., a master's, professional, or doctorate degree). (See Table D-9.) For workers who were employed full-time, year-round, persons with at most a high school degree earned an average of \$707 a week, compared to \$1,482 a week for persons with a bachelor's degree or better.

TABLE D-9--REAL WEEKLY EARNINGS BY LEVEL OF EDUCATION FOR PERSONS 18 AND OVER, 1979-2006

Year	All Workers				Full-Time, Year-Round Workers			
	Less Than a High School Degree	High School Degree	Some College	Bachelor's Degree or Better	Less Than a High School Degree	High School Degree	Some College	Bachelor's Degree or Better
1979	\$503	\$602	\$621	\$959	\$624	\$707	\$801	\$1,103
1980	487	584	605	928	596	688	774	1,063
1981	471	574	595	938	581	676	776	1,080
1982	455	571	579	945	557	671	761	1,086
1983	451	558	580	957	567	658	762	1,082
1984	448	567	583	991	569	677	756	1,128
1985	454	573	602	1,007	564	677	778	1,138
1986	476	582	618	1,045	570	688	792	1,172
1987	472	588	623	1,036	582	689	804	1,160
1988	450	595	625	1,045	568	689	795	1,166
1989	446	594	646	1,062	553	691	809	1,185

TABLE D-9--REAL WEEKLY EARNINGS BY LEVEL OF EDUCATION
FOR PERSONS 18 AND OVER, 1979-2006 --continued.

Year	All Workers				Full-Time, Year-Round Workers			
	Less Than a High School Degree	High School Degree	Some College	Bachelor's Degree or Better	Less Than a High School Degree	High School Degree	Some College	Bachelor's Degree or Better
1990	440	579	628	1,045	535	664	786	1,154
1991	426	564	632	1,047	521	653	785	1,158
1992	429	564	621	1,043	518	656	778	1,158
1993	411	564	627	1,061	504	651	764	1,171
1994	422	585	624	1,081	514	661	770	1,181
1995	433	619	666	1,206	516	679	804	1,314
1996	442	603	679	1,201	524	693	816	1,355
1997	459	610	688	1,252	564	690	818	1,381
1998	460	622	722	1,299	530	696	839	1,422
1999	446	631	720	1,262	522	705	850	1,380
2000	472	647	738	1,363	537	719	867	1,482
2001	470	652	748	1,372	548	721	874	1,495
2002	476	665	742	1,368	541	722	868	1,485
2003	462	655	743	1,348	541	725	862	1,470
2004	447	647	729	1,333	518	718	858	1,470
2005	490	658	729	1,351	522	710	854	1,478
2006	462	647	726	1,355	532	707	845	1,482

Note: Changes in ASEC in the CPS affected the change in average earnings from 1994 to 1995.

Source: Annual Social and Economic (ASEC) supplement to the Current Population Survey.

From 1979 to 2006, the earnings gap increased between college-educated and high-school educated workers. In 1979, the average real weekly earnings of workers with a bachelor's degree or better were 1.6 times the earnings of persons with at most a high school degree. The earnings gap was the same for all workers and for workers who were employed full-time, year-round. By 2006, college-educated workers earned 2.1 times more than high-school educated workers. Again, the gap in 2006 was the same for all workers as well as for full-time, year-round workers.

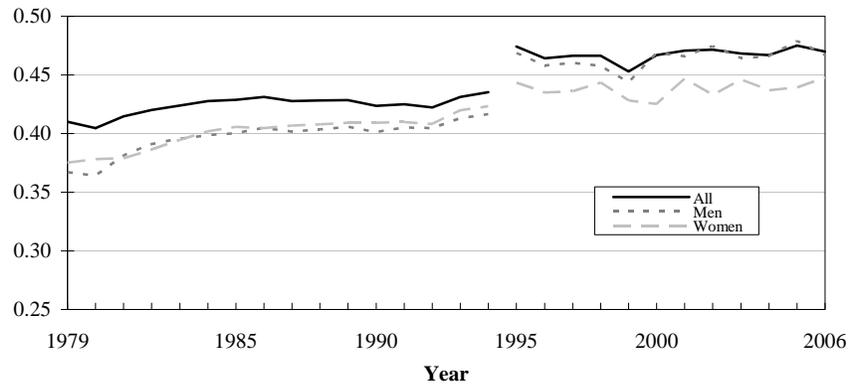
From 1979 to 2006, the average real weekly earnings of workers with less than a high school education were either stagnant or declined. In 2006, workers with less than a high school education had average real weekly earnings of \$462 a week, compared to \$503 a week in 1979. For workers with less than a high school education and who worked full-time, year-round, average real weekly earnings fell from \$624 in 1979 to \$532 in 2006.

THE DISTRIBUTION OF EARNINGS

The distribution of weekly earnings was more unequal in 2006 than in 1979. Among all workers, inequality increased from 1980 to 1986. Inequality then fell through the mid- to the late 1990s and then increased again from the late 1990s to the early 2000s. From 1979 to 2006, inequality increased among both men and women. Figure D-10 shows the Gini coefficient, a common measure of earnings

equality, for all workers as well as for men and women over the period from 1979 to 2006.¹³ The Gini coefficient for all workers exhibits similar patterns as seen within men and women workers.

FIGURE D-10--GINI COEFFICIENT, ALL WORKERS, 1979-2006



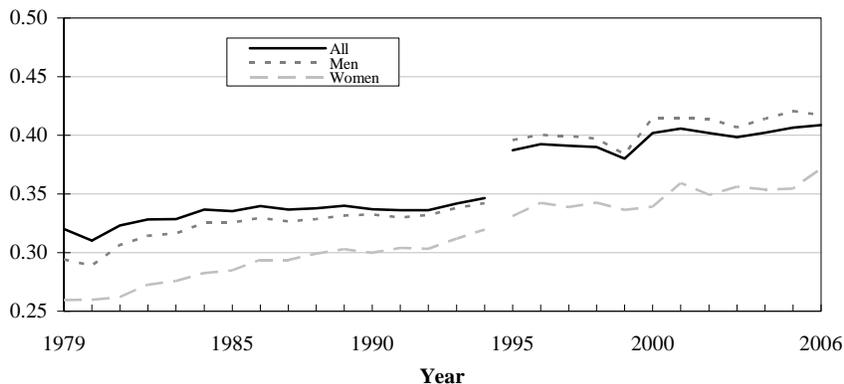
Note: Estimates are for persons ages 16 and over. Changes in ASEC affected the measured change in average earnings between 1994 and 1995. Therefore, the change in the Gini coefficient from 1994 to 1995 is not shown.

Source: Annual Social and Economic (ASEC) supplement to the Current Population Survey.

The distribution of weekly earnings among workers employed full-time, year-round is more equal than the distribution of earnings among all workers (which includes full-time, part-time, and part-year workers). In particular, inequality is substantially lower among female workers than male workers. Nevertheless, from 1979 to 2006, inequality increased among both men and women who worked full-time, year-round. (See Figure D-11.)

¹³ The Gini coefficient is a measure of earnings equality that ranges from 0 to 1. A larger coefficient indicates a greater degree of inequality.

FIGURE D-11--GINI COEFFICIENT, FULL-TIME, YEAR-ROUND WORKERS, 1979-2006



Note: Estimates are for persons ages 16 and over. Changes in the ASEC affected the measured change in average earnings between 1994 and 1995. Therefore, the change in the Gini coefficient from 1994 to 1995 is not shown.

Source: Annual Social and Economic (ASEC) supplement to the Current Population Survey.

THE FEDERAL MINIMUM WAGE

In 1938, Congress enacted the Fair Labor Standards Act (FLSA), which established national standards for minimum wages, overtime pay, child labor, and related issues. Beginning with limited coverage in 1938, the Act has been amended both to increase the hourly minimum wage and to expand coverage. The FLSA includes a number of exemptions to the minimum wage and has lower minimum wage rates for selected groups of workers.¹⁴ Many states have minimum wage rates that are higher than the Federal rate. Where the State minimum wage is higher than the Federal wage, it is generally the higher rate that applies.

On May 25, 2007, President Bush signed into law the “U.S. Troop Readiness, Veterans’ Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007” (P.L. 110-28). The Act raised the Federal minimum wage, in steps, from \$5.15 to \$7.25 an hour. The minimum wage was raised to \$5.65 an hour in July 2007 and to \$6.55 an hour in July 2008. It will rise to \$7.25 an hour in July 2009. The Act also extended the Federal minimum wage to American Samoa and the Commonwealth of the Northern Mariana Islands (CNMI). The minimum wage in American Samoa and CNMI will increase, in steps, until it reaches the Federal minimum wage. Table D-10 shows when and how much the basic Federal minimum wage has been raised from 1938 to the present.

¹⁴ For more information see CRS Report RL33754, *Minimum Wage in the 110th Congress*, by William G. Whittaker.

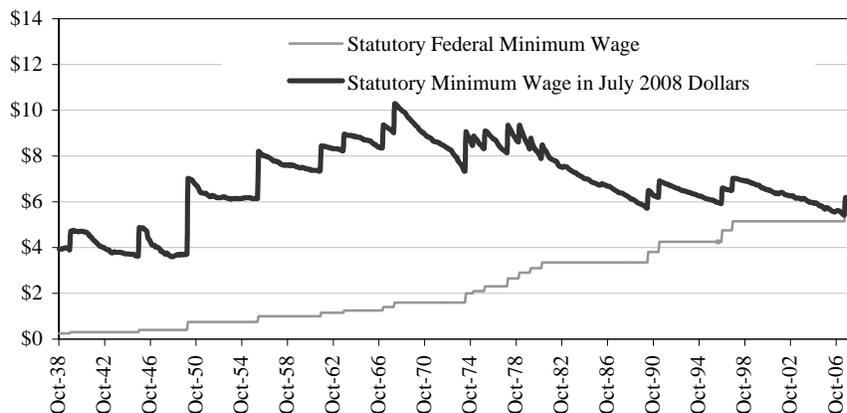
TABLE D-10--FEDERAL MINIMUM WAGE RATES, 1938-2009

Public Law	Effective Date	Hourly Minimum Wage	Minimum Wage in Constant (July 2008) Dollars ¹
P.L. 75-718 (Enacted June 25, 1938)	October 1938	\$0.25	\$3.93
	October 1939	0.30	4.71
	October 1945	0.40	4.86
P.L. 81-393 (Enacted October 26, 1949)	January 1950	0.75	7.02
P.L. 84-381 (Enacted August 12, 1955)	March 1956	1.00	8.21
P.L. 87-30 (Enacted May 5, 1961)	September 1961	1.15	8.43
	September 1963	1.25	8.96
P.L. 89-601 (Enacted September 23, 1966)	February 1967	1.40	9.36
	February 1968	1.60	10.29
P.L. 93-259 (Enacted April 8, 1974)	May 1974	2.00	9.05
	January 1975	2.10	8.87
	January 1976	2.30	8.83
P.L. 95-151 (Enacted November 1, 1977)	January 1978	2.65	9.33
	January 1979	2.90	9.34
	January 1980	3.10	8.76
	January 1981	3.35	8.47
P.L. 101-157 (Enacted November 17, 1989)	April 1990	3.80	6.48
	April 1991	4.25	6.91
P.L. 104-188 (Enacted August 20, 1996)	October 1996	4.75	6.60
	September 1997	5.15	7.03
P.L. 110-28 (Enacted May 25, 2007)	July 2007	5.85	6.18
	July 2008	6.55	6.55
	July 2009	7.25	Not Available

¹ The statutory minimum wage rates were adjusted to July 2008 dollars using the Consumer Price Index for All Urban Consumers (CPI-U).

The real value of the minimum wage (i.e., the actual value adjusted for inflation) has varied over time. For example, as of July 2008, the minimum wage would have to be \$10.29 an hour to have the same buying power as the February 1968 minimum wage of \$1.60. (See Table D-10 and Figure D-12.)

FIGURE D-12--FEDERAL MINIMUM WAGE RATES, OCTOBER 1938-
JULY 2008



Note: The statutory minimum wage rates were adjusted to July 2008 dollars using the Consumer Price Index for All Urban Consumers (CPI-U).

Source: CRS.

Characteristics of Workers Paid Hourly Wages

In July 2007, the Federal minimum wage increased from \$5.15 to \$5.85 an hour. The estimates in Table D-11 of the number of persons who earned at or below the Federal minimum wage are for persons who earned \$5.15 an hour or less from January 2007 through July 2007 and those who earned \$5.85 or less from August 2007 through December 2007. The estimates of the number of persons who earned more than the minimum wage but less than \$7.25 an hour are for persons who earned more than \$5.15 from January through July or more than \$5.85 from August through December 2007.

TABLE D-11--CHARACTERISTICS OF WORKERS PAID HOURLY WAGES, 2007

	Total Hourly Workers		At or Below the Minimum Wage		Above the Minimum Wage but Less than \$7.25 an Hour		More than \$7.25 an Hour	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
	(Thousands)		(Thousands)		(Thousands)		(Thousands)	
Total	75,873	100.0%	1,729	100.0%	6,073	100.0%	68,071	100.0%
Age								
16-19	5,434	7.2%	374	21.6%	1,887	31.1%	3,173	4.7%
20-24	10,841	14.3%	441	25.5%	1,343	22.1%	9,058	13.3%
25 and over	59,597	78.5%	915	52.9%	2,843	46.8%	55,839	82.0%
Men	37,790	49.8%	546	31.6%	2,408	39.6%	34,837	51.2%
16-19	2,652	3.5%	136	7.9%	854	14.1%	1,662	2.4%
20-24	5,662	7.5%	106	6.1%	560	9.2%	4,996	7.3%
25 and over	29,476	38.8%	304	17.6%	994	16.4%	28,178	41.4%
Women	38,082	50.2%	1,183	68.4%	3,665	60.4%	33,234	48.8%
16-19	2,782	3.7%	238	13.8%	1,033	17.0%	1,511	2.2%
20-24	5,179	6.8%	335	19.4%	783	12.9%	4,061	6.0%
25 and over	30,121	39.7%	611	35.3%	1,849	30.4%	27,661	40.6%
White	61,061	80.5%	1,420	82.1%	4,703	77.4%	54,938	80.7%
Male	30,944	40.8%	471	27.2%	1,853	30.5%	28,621	42.0%
Female	30,117	39.7%	949	54.9%	2,850	46.9%	26,318	38.7%
Black	9,965	13.1%	205	11.9%	1,002	16.5%	8,758	12.9%
Male	4,482	5.9%	49	2.8%	402	6.6%	4,031	5.9%
Female	5,483	7.2%	156	9.0%	599	9.9%	4,727	6.9%
Hispanic	13,168	17.4%	246	14.3%	1,215	20.0%	11,707	17.2%
Male	7,796	10.3%	114	6.6%	511	8.4%	7,171	10.5%
Female	5,372	7.1%	133	7.7%	704	11.6%	4,536	6.7%
Full-time	57,745	76.1%	751	43.5%	2,499	41.2%	54,495	80.1%
Male	32,003	42.2%	283	16.4%	1,116	18.4%	30,604	45.0%
Female	25,743	33.9%	468	27.1%	1,383	22.8%	23,891	35.1%
Part-time	17,997	23.7%	971	56.2%	3,564	58.7%	13,462	19.8%
Male	5,721	7.5%	260	15.0%	1,289	21.2%	4,172	6.1%
Female	12,276	16.2%	711	41.1%	2,275	37.5%	9,290	13.6%

Note: Estimates are for persons ages 16 and over who were paid by the hour. Details may not add to totals because of rounding.
Source: Estimates were prepared by CRS from the monthly Current Population Survey (CPS) for 2007.

In addition to the basic minimum wage requirement, the FLSA has lower minimum wage rate requirements for selected groups of workers. Workers who “customarily and regularly” receive more than \$30 a month in tips may be paid a cash wage of \$2.13 an hour, provided the sum of their tips and cash wage is at least equal to the basic minimum wage. Workers under the age of 20 may be paid a minimum wage of \$4.25 an hour for the first 90 *consecutive* days of employment with an employer. Full-time students who work part-time in retail or service stores, agriculture, or colleges and universities may be paid a minimum wage that is not less than 85% of the basic minimum wage. Certain learners, messengers, and apprentices may also be paid less than the basic minimum wage. Persons with physical or mental disabilities may be paid a subminimum wage that is commensurate with their individual productivity.