



Press Release

For Immediate Release

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Many Minimum Wage Workers Ages 25 to 54 Trapped in Low-Wage Jobs

Women, non-native and non-union workers have most difficulty moving up

Washington, DC - More than one-third of prime-age minimum wage workers remain in low-wage jobs for at least three years, according to a new study by the Center for Economic and Policy Research (CEPR).

The report, "No Way Out: How Prime-Age Workers Get Trapped in Minimum Wage Jobs," shows that prime-age workers (ages 25 to 54) get stuck in minimum wage jobs, especially during periods of relatively high unemployment and limited wage growth. Most minimum wage workers are between the ages of 25 and 54, and a minimum wage earner provides, on average, 68 percent of their total family income.

While prior research has focused on whether all U.S. workers are likely to move out of minimum wage jobs, the CEPR study focused on prime-age workers. It found that 36.6 percent of prime-age workers in minimum wage jobs are still earning minimum wage after

three years. The probability of moving out of a minimum wage job was higher for men, native-born citizens, those with union jobs, and those that change occupations.

"Moving into a job that pays more than the minimum wage is critical for families trying to become part of the middle class," said Heather Boushey, CEPR economist and author of the study. "However, many prime-age minimum wage workers remain stuck in low-wage jobs."

The minimum wage has not been increased since 1997. Since then, although the minimum wage has remained at \$5.15 in nominal terms, its value has fallen by nearly a sixth in inflation-adjusted terms. A full-time, full-year worker at the minimum wage earns just \$10,300, putting them below the poverty threshold of \$13,020 for a one-parent, one-child family. Further, most workers employed at or near the minimum wage are not offered (or cannot afford) health insurance from their employer.

Senator Edward Kennedy and Rep. George Miller are introducing legislation today that would raise the minimum wage to \$7.25 an hour. "The Fair Minimum Wage Act of 2005" would raise the minimum wage in three steps: 1) \$5.85: 60 days after enactment; 2) \$6.55: one year later; and 3) \$7.25: one year after that.

Boushey recommends that policymakers who want to focus on eradicating poverty should create policies that generate high levels of employment and low unemployment, which will provide more opportunities for low-wage workers to move up the job ladder and put pressure on wages at the low end, as occurred during the late 1990s.

"Minimum wage, a policy designed to ensure an adequate floor for wages, has eroded so much that it is now something to be escaped," said Boushey. "Unfortunately, many adults are not able to escape minimum wage work, especially if they are female, non-native, or not lucky enough to have a union job."

"No Way Out: How Prime-Age Workers Get Trapped in Minimum Wage Jobs," by Heather Boushey, can be accessed at: http://www.cepr.net/publications/labor_markets_2005_05.pdf

The Center for Economic and Policy Research is an independent, nonpartisan think tank that was established to promote democratic debate on the most important economic and social issues that affect people's lives.

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