

# News

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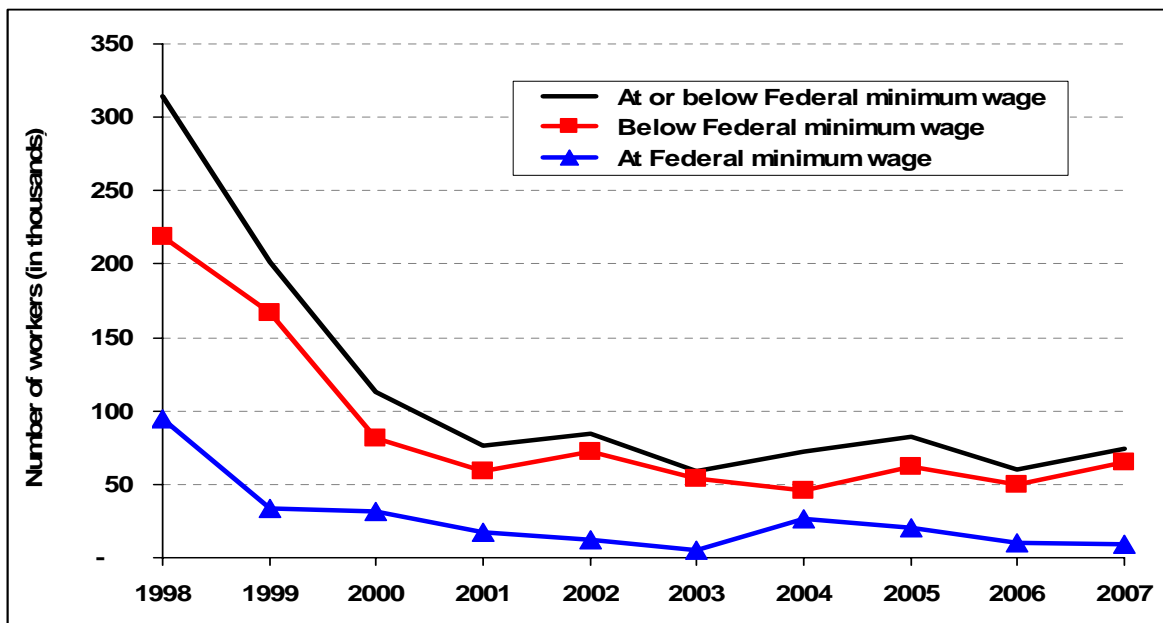
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## MINIMUM WAGE WORKERS IN CALIFORNIA: 2007

In 2007, 74,000 hourly-paid workers in California had earnings at or below the prevailing Federal minimum wage<sup>1</sup>, according to the U.S. Department of Labor's Bureau of Labor Statistics. (See chart A.) Those earning the prevailing minimum wage or less comprised 0.8 percent of the approximately 8.8 million workers paid hourly rates in California<sup>2</sup> in 2007. Regional Commissioner Richard J. Holden noted that the State's share of workers at or below the Federal minimum was among the lowest in the nation<sup>3</sup>. (See table 1.)

**Chart A. Employed wage and salary workers<sup>1</sup> paid hourly rates with earnings at or below the prevailing Federal minimum wage in California, annual averages, 1998-2007**



<sup>1</sup> On July 24, 2007, the Federal minimum wage increased to \$5.85 per hour from \$5.15 per hour and the California minimum wage was \$7.50. Data in this report reflect the average number of workers earning the prevailing Federal minimum wage or less for the year—those who earned \$5.15 or less from January 2007 through July 2007 and those who earned \$5.85 or less from August 2007 through the end of the year.

<sup>2</sup> Data are for wage and salary workers, excluding the incorporated self-employed, and refer to earnings on a person's sole or principal job.

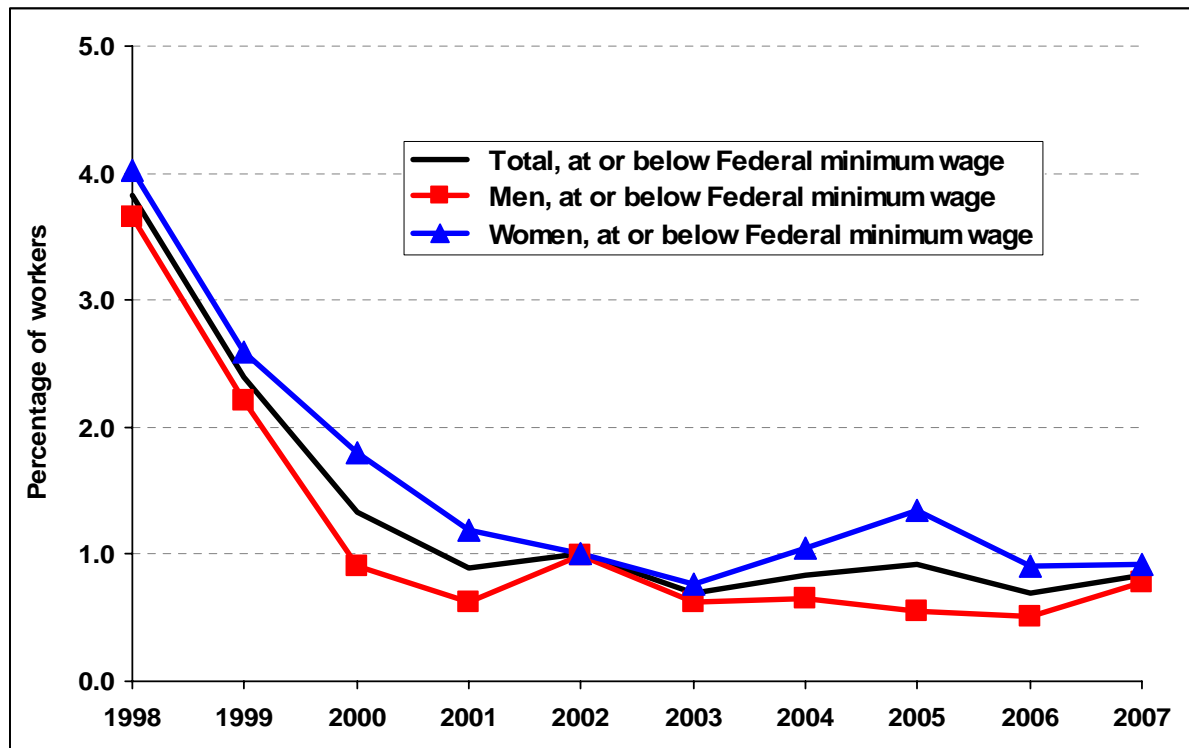
<sup>3</sup> It should be noted that the presence of a sizable number of workers with reported wages below the minimum does not necessarily indicate violations of the Fair Labor Standards Act, as there are exemptions to the minimum wage provisions of the law.

According to Current Population Survey (CPS) estimates for 2007, 75.9 million workers in the United States were paid at hourly rates, representing 58.5 percent of all wage and salary workers. Of those paid by the hour, 267,000 were reported as earning exactly the prevailing Federal minimum wage. Nearly 1.5 million were reported as earning wages below the minimum. Together, these 1.7 million workers with wages at or below the Federal minimum made up 2.3 percent of all hourly-paid workers.

From 1998 to 2007, the number of hourly workers in California earning less than or equal to the prevailing Federal minimum wage decreased by 76.4 percent, from 314,000 in 1998 to 74,000 in 2007. However, most of this decline took place prior to 2001. Since that time, the number of workers receiving hourly wages at or below the Federal minimum in the State has not exceeded 84,000 or gone below 59,000. (See chart A.)

The number of workers at or below the Federal minimum wage in California rose by 14,000 in 2007; 13,000 of this increase was among men. As a result, men now account for 48.6 percent of all California hourly-paid workers who earned the prevailing Federal minimum wage or less, up from 38.3 percent in 2006. (See table A and chart B.)

**Chart B. Percentage of employed wage and salary workers paid hourly rates with earnings at or below the prevailing Federal minimum wage in California, by sex, annual averages, 1998-2007**



Overall, California wage and salary workers paid hourly rates<sup>4</sup> had median hourly earnings of \$12.29 in 2007; nationally, the median was \$11.95. The 2007 median hourly rates for men and for women in California were \$13.09 and \$11.89, respectively. (See table A.) For the United States as a whole, the comparable figures were \$12.95 for men and \$10.98 for women.

<sup>4</sup> It should be noted that the presence of a sizable number of workers with reported wages below the minimum does not necessarily indicate violations of the Fair Labor Standards Act, as there are exemptions to the minimum wage provisions of the law.

**Table A. Employed wage and salary workers paid hourly rates with earnings at or below the prevailing Federal minimum wage, and median earnings of all hourly-paid workers in California, annual averages, 1998-2007**

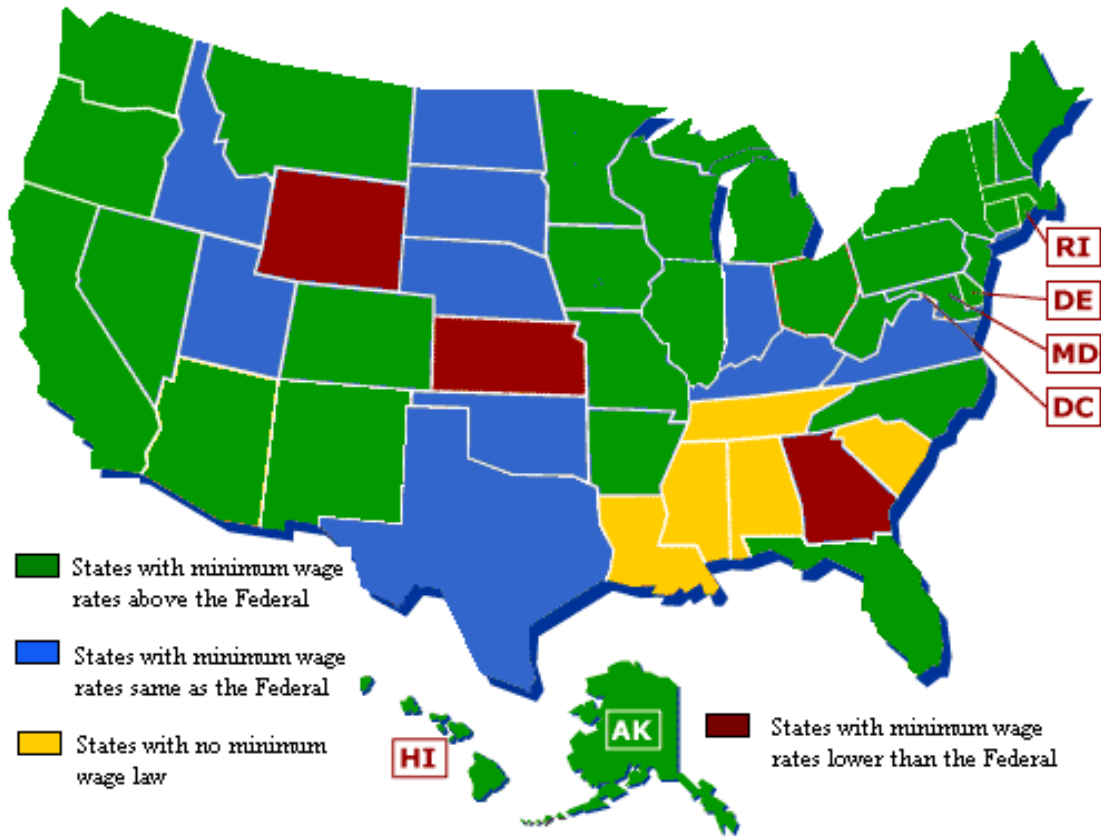
California	At or below Federal minimum wage (number of workers in thousands)			All hourly-paid workers	
	Total	Below Prevailing	At Prevailing	Number of workers (in thousands)	Median earnings (in dollars)
<b>Total</b>					
1998	314	219	95	8,204	\$ 9.29
1999	201	167	34	8,419	9.54
2000	113	81	32	8,507	9.96
2001	76	59	17	8,521	10.22
2002	84	72	12	8,409	10.72
2003	59	54	5	8,537	11.20
2004	72	46	26	8,575	11.60
2005	82	62	20	8,846	11.78
2006	60	50	10	8,562	12.06
2007	74	65	9	8,785	12.29
<b>Men</b>					
1998	158	106	52	4,328	\$ 9.86
1999	100	78	22	4,525	10.03
2000	41	32	9	4,517	10.25
2001	28	22	6	4,507	10.89
2002	44	39	5	4,416	11.13
2003	28	24	4	4,470	11.86
2004	29	21	8	4,492	11.91
2005	26	18	8	4,684	12.00
2006	23	21	2	4,503	12.82
2007	36	33	3	4,661	13.09
<b>Women</b>					
1998	156	113	43	3,876	\$ 8.85
1999	101	89	12	3,894	8.94
2000	72	49	23	3,990	9.26
2001	48	38	10	4,014	10.01
2002	40	33	7	3,993	10.14
2003	31	30	1	4,067	10.81
2004	43	25	18	4,083	11.15
2005	56	44	12	4,162	11.18
2006	37	29	8	4,059	11.27
2007	38	32	6	4,124	11.89

**Note:** All self-employed persons are excluded, regardless of whether or not their business is incorporated.

Among the 50 states and the District of Columbia in 2007, Mississippi, at 4.5 percent, had the highest proportion of hourly-paid workers earning at or below the prevailing Federal minimum wage, followed by Louisiana at 4.3 percent. Texas, Massachusetts, and South Carolina tied for third with 4.0 percent of hourly-paid workers at or below the Federal minimum. California, Washington, and Oregon had the lowest rates, each with less than 1 percent of hourly-paid workers earning the Federal minimum or less. It should be noted that as of January 1, 2008, 33 states and the District of Columbia had laws establishing minimum wage standards that exceeded the Federal level of \$5.85 per hour<sup>5</sup>. (See table 1 and chart C.)

<sup>5</sup> U.S. Department of Labor, Employment Standards Administration, Wage and Hour Division: <http://www.dol.gov/esa/minwage/america.htm>.

**Chart C. Minimum wage laws in the States, January 1, 2008**



**Source:** U.S. Department of Labor, Employment Standards Administration.

## Technical Note

The Bureau of Labor Statistics' data on minimum wage earners are derived from the Current Population Survey (CPS), a nationwide sample survey of households that includes questions enabling the identification of hourly-paid workers and their hourly wage rate. Data in this summary are annual averages.

Minimum wage data, particularly levels, for each year are not strictly comparable with data for earlier years because of the introduction of revised population controls used in the CPS. The effect of the revised population controls on the union membership estimates is unknown. However, the effect of the new controls in 2007 on the monthly CPS estimates for the U.S. was to increase the December 2006 employment level by 153,000 and the unemployment level by 10,000. The updated controls had little or no effect on unemployment rates and other ratios, such as union membership rates. For additional information, see "Adjustments to Household Survey Population Estimates in January 2007" in the February 2007 issue of *Employment and Earnings*, available on the Internet at <http://www.bls.gov/cps/cps07adj.pdf>.

It should be noted that the presence of a sizable number of workers with reported wages below the minimum does not necessarily indicate violations of the Fair Labor Standards Act, as there are exemptions to the minimum wage provisions of the law. The estimates of the numbers of minimum and subminimum wage workers presented in the accompanying tables pertain to workers paid at hourly rates; salaried and other non-hourly workers are excluded. As such, the actual number of workers with earnings at or below the prevailing minimum is undoubtedly understated. Research has shown that a relatively smaller number and share of salaried workers and others not paid by the hour have earnings that, when translated into hourly rates, are at or below the minimum wage. However, BLS does not routinely estimate hourly earnings for non-hourly workers because of data concerns that arise in producing these estimates. For further information, see Steven Haugen and Earl Mellor, "Estimating the number of minimum wage workers," *Monthly Labor Review*, January 1990 ([PDF](#) 415K).

The prevailing Federal minimum wage was \$2.90 in 1979, \$3.10 in 1980, and \$3.35 in 1981-89. The minimum wage rose to \$3.80 in April 1990, \$4.25 in April 1991, \$4.75 in October 1996, and \$5.15 in September 1997. On July 24, 2007, the Federal minimum wage increased to \$5.85 per hour from \$5.15 per hour. Data in this report reflect the average number of workers earning the prevailing Federal minimum wage or less for the year (those who earned \$5.15 or less from January 2007 through July 2007 and those who earned \$5.85 or less from August 2007 through the end of the year).

This release is available on our Web site at <http://www.bls.gov/ro9/home.htm>. If you have additional questions, you can contact the Western Information Office at 415-625-2270. Information in this release will be made available to sensory impaired individuals upon request. Voice phone: 202-691-5200; TDD message referral phone number: 1-800-877-8339.

**Table 1. Employed wage and salary workers paid hourly rates with earnings at or below the prevailing Federal minimum wage, by State, 2007 annual averages**

State	Number of workers (in thousand)				Percent distribution				Percent of workers paid hourly rates		
	Total paid hourly rates	At or below minimum wage			Total paid hourly rates	At or below minimum wage			At or below minimum wage		
		Total	At minimum wage	Below minimum wage		Total	At minimum wage	Below minimum wage	Total	At minimum wage	Below minimum wage
Total, 16 years & over	75,873	1,729	267	1,462	100.0	100.0	100.0	100.0	2.3	0.4	1.9
Alabama	1,132	37	14	23	1.5	2.1	5.2	1.6	3.3	1.2	2.0
Alaska	197	2	-	2	0.3	0.1	-	0.1	1.0	-	1.0
Arizona	1,560	28	2	26	2.1	1.6	0.7	1.8	1.8	0.1	1.7
Arkansas	677	17	1	16	0.9	1.0	0.4	1.1	2.5	0.1	2.4
California	8,785	74	9	65	11.6	4.3	3.4	4.4	0.8	0.1	0.7
Colorado	1,164	25	1	24	1.5	1.4	0.4	1.6	2.1	0.1	2.1
Connecticut	923	14	-	14	1.2	0.8	-	1.0	1.5	-	1.5
Delaware	234	5	-	5	0.3	0.3	-	0.3	2.1	-	2.1
District of Columbia	109	3	1	2	0.1	0.2	0.4	0.1	2.8	0.9	1.8
Florida	4,261	114	15	99	5.6	6.6	5.6	6.8	2.7	0.4	2.3
Georgia	2,216	70	11	59	2.9	4.0	4.1	4.0	3.2	0.5	2.7
Hawaii	338	4	-	4	0.4	0.2	-	0.3	1.2	-	1.2
Idaho	424	12	4	8	0.6	0.7	1.5	0.5	2.8	0.9	1.9
Illinois	3,335	74	3	71	4.4	4.3	1.1	4.9	2.2	0.1	2.1
Indiana	1,826	36	7	29	2.4	2.1	2.6	2.0	2.0	0.4	1.6
Iowa	933	24	2	22	1.2	1.4	0.7	1.5	2.6	0.2	2.4
Kansas	796	25	5	20	1.0	1.4	1.9	1.4	3.1	0.6	2.5
Kentucky	1,152	35	9	26	1.5	2.0	3.4	1.8	3.0	0.8	2.3
Louisiana	937	40	17	23	1.2	2.3	6.4	1.6	4.3	1.8	2.5
Maine	399	9	-	9	0.5	0.5	-	0.6	2.3	-	2.3
Maryland	1,317	27	2	25	1.7	1.6	0.7	1.7	2.1	0.2	1.9
Massachusetts	1,505	60	2	58	2.0	3.5	0.7	4.0	4.0	0.1	3.9
Michigan	2,678	58	1	57	3.5	3.4	0.4	3.9	2.2	0.0	2.1
Minnesota	1,565	21	2	19	2.1	1.2	0.7	1.3	1.3	0.1	1.2
Mississippi	691	31	16	15	0.9	1.8	6.0	1.0	4.5	2.3	2.2
Missouri	1,577	33	3	30	2.1	1.9	1.1	2.1	2.1	0.2	1.9
Montana	289	1	-	1	0.4	0.1	-	0.1	0.3	-	0.3
Nebraska	553	17	3	14	0.7	1.0	1.1	1.0	3.1	0.5	2.5
Nevada	747	12	3	9	1.0	0.7	1.1	0.6	1.6	0.4	1.2
New Hampshire	372	9	1	8	0.5	0.5	0.4	0.5	2.4	0.3	2.2
New Jersey	1,697	29	4	25	2.2	1.7	1.5	1.7	1.7	0.2	1.5
New Mexico	479	11	2	9	0.6	0.6	0.7	0.6	2.3	0.4	1.9
New York	4,078	88	7	81	5.4	5.1	2.6	5.5	2.2	0.2	2.0
North Carolina	2,156	46	4	42	2.8	2.7	1.5	2.9	2.1	0.2	1.9
North Dakota	191	5	2	3	0.3	0.3	0.7	0.2	2.6	1.0	1.6
Ohio	3,422	79	5	74	4.5	4.6	1.9	5.1	2.3	0.1	2.2
Oklahoma	849	25	10	15	1.1	1.4	3.7	1.0	2.9	1.2	1.8
Oregon	1,050	9	2	7	1.4	0.5	0.7	0.5	0.9	0.2	0.7
Pennsylvania	3,434	69	3	66	4.5	4.0	1.1	4.5	2.0	0.1	1.9
Rhode Island	315	7	-	7	0.4	0.4	-	0.5	2.2	-	2.2
South Carolina	1,178	47	10	37	1.6	2.7	3.7	2.5	4.0	0.8	3.1
South Dakota	241	6	1	5	0.3	0.3	0.4	0.3	2.5	0.4	2.1
Tennessee	1,602	39	10	29	2.1	2.3	3.7	2.0	2.4	0.6	1.8
Texas	5,585	221	46	175	7.4	12.8	17.2	12.0	4.0	0.8	3.1
Utah	748	11	1	10	1.0	0.6	0.4	0.7	1.5	0.1	1.3
Vermont	181	4	-	4	0.2	0.2	-	0.3	2.2	-	2.2
Virginia	1,761	46	5	41	2.3	2.7	1.9	2.8	2.6	0.3	2.3
Washington	1,844	17	3	14	2.4	1.0	1.1	1.0	0.9	0.2	0.8
West Virginia	478	16	9	7	0.6	0.9	3.4	0.5	3.3	1.9	1.5
Wisconsin	1,730	32	4	28	2.3	1.9	1.5	1.9	1.8	0.2	1.6
Wyoming	164	4	1	3	0.2	0.2	0.4	0.2	2.4	0.6	1.8

NOTE: Data exclude all self-employed persons regardless of whether or not their businesses are incorporated. Users are reminded that these data are based on a sample and are therefore subject to sampling error; the degree of error may be quite large for less populous States. It is not possible to clearly determine whether workers surveyed in the Current Population Survey (CPS) are actually covered by the Fair Labor Standards Act (FLSA) or by individual State minimum wage laws. Thus, some workers reported as earning an hourly wage of \$5.15 may not in fact be covered by Federal or State minimum wage laws. At the same time, the presence of a sizable number of workers with wages below the prevailing Federal minimum wage does not necessarily indicate violations of the FLSA or applicable State laws, because there are numerous exclusions and exemptions to these minimum wage statutes. Dash indicates no data or data that do not meet publication criteria.