

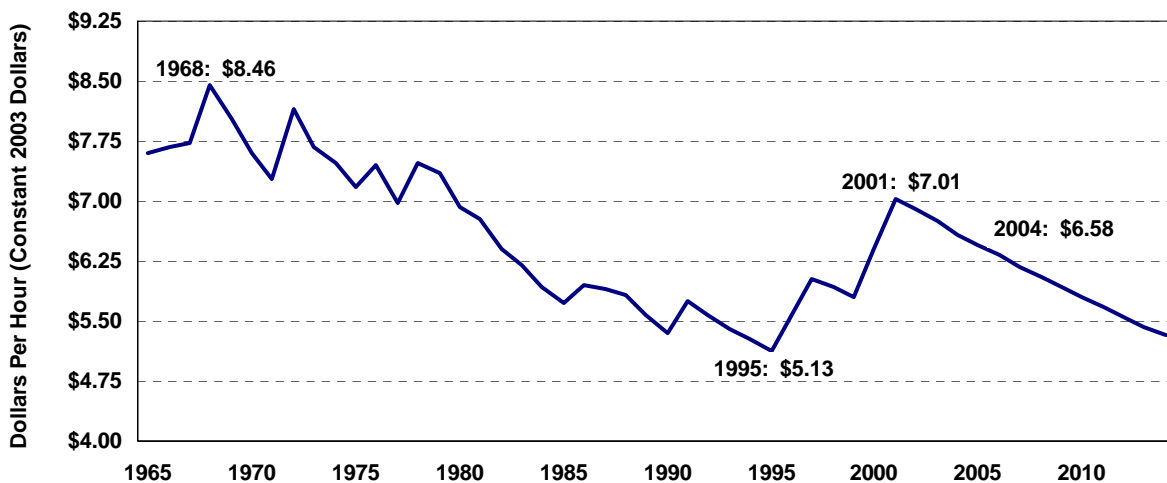


What is the Massachusetts Minimum Wage Really Worth?

Despite efforts over the past decade to bolster the Massachusetts minimum wage, it not only remains fairly low by historic standards but also continues to be too small to enable workers to meet their most basic material needs. Further, due to past failures to index the Massachusetts minimum wage – either to inflation or to the overall growth in wages – its relative value will deteriorate further as time passes.

- **In real terms, the Massachusetts minimum wage is now well below its value in the 1960s and 1970s.** In 1968, the Massachusetts minimum wage reached an inflation-adjusted peak of \$8.46 per hour, 28.6 percent higher than its present level. In 1978, it was \$7.48 per hour in real terms – still 13.7 percent above its present level – before dropping precipitously until the mid-1990s. Legislation enacted in 1999 boosted the minimum wage to \$6.75 per hour in nominal terms or to \$7.01 in inflation-adjusted dollars. Since that time, inflation has eroded six percent of the value of the minimum wage; in the absence of corrective action, inflation could erase the entire value of the 1999 increase by 2010.

Massachusetts Minimum Wage, 1965-2014



- **Minimum wage workers are further away from the Commonwealth’s economic mainstream today than they were in the late 1970s and early 1980s.** In 2003, the ratio of the hourly wage earned by the median worker in Massachusetts to the minimum wage was 2.4; that is, the typical worker received, in exchange for an hour’s worth of work, nearly two and a half times what a minimum wage worker earned. Between 1979 and 1983, that ratio ranged from 1.8 to about 2.0, meaning that wages were more equitably distributed than they are now. If changes to the minimum wage are not made soon, the ratio of the median hourly wage to the minimum wage could grow to 2.89 by 2009, its highest point in three decades.
- **The Massachusetts minimum wage fails to meet comprehensive measures of economic need.** The Massachusetts Family Economic Self-Sufficiency (MassFESS) Standard, developed for the Women’s Educational and Industrial Union, attempts to account for the actual expenses incurred by families of various compositions in each of 39 separate regions across the Commonwealth. For 2003, the Standard for a single person living in Boston was \$21,362; for a single parent with one school-age child, it was \$36,480; and, for a family of four with two working parents and two school-age children, it was \$47,018. By this measure and for these families, the Massachusetts minimum wage is inadequate, providing an annual income worth only 38 to 66 percent of the Standard.