



J U L Y
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**EPI Minimum Wage
Survey of Labor Economists**

The Survey Center University of New Hampshire
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2007 EPI Minimum Wage Survey of Labor Economists

The 2007 Minimum Wage Survey was conducted by the University of New Hampshire Survey Center for the Employment Policies Institute from January to April, 2007. A similar survey on Living Wages was conducted in 2000. Two hundred eighty (280) labor economists in the United States completed mail questionnaires for the survey. A list of economists was obtained from the American Economic Association (AEA) and consisted of all AEA members who indicated that their primary or secondary area of expertise is labor economics. For a more complete description of the survey methodology, please see the attached Technical Report.

The major findings of this survey include:

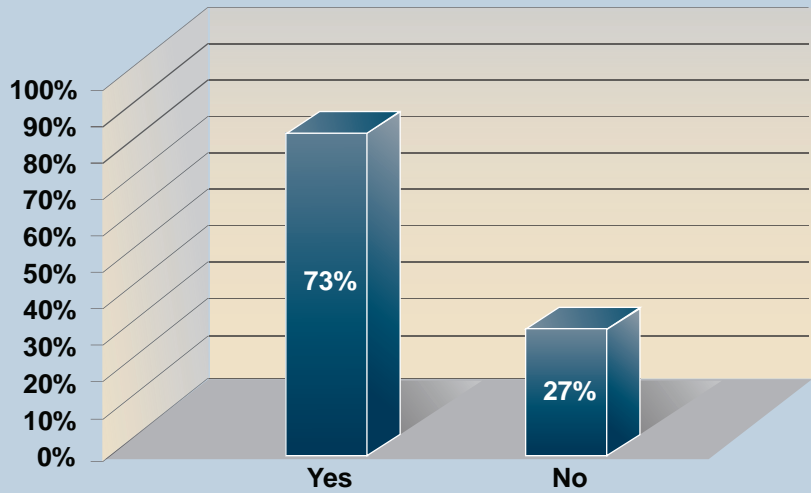
- Almost three-fourths of labor economists (73%) believe that a mandated minimum wage increase set at 150% of the current wage would result in employment losses. Similarly, more than two-thirds of labor economists (68%) believe a mandated minimum wage would result in employers hiring more applicants with greater skills, and nearly one-third (31%) believe there would be no change in hiring practices. *Figure 1 and 2*
- Nearly half of labor economists (49%) believe a mandated minimum wage set at 150% of the current wage would lead to no change in poverty rates, 32% believe it will reduce poverty rates and 19% believe it will increase poverty rates. *Figure 3*
- Labor economists were asked to rate the efficiency of three proposed policies which address the income needs of poor families: a higher minimum wage, the Earned Income Tax Credit, and general welfare supports. Of these three options, the Earned Income Tax Credit is rated most efficient followed by general welfare supports. A higher minimum wage is judged least efficient. Economists' ratings of the efficiency of welfare and the EITC did not change between 2000 and 2007; the minimum wage question was not asked in 2000. *Figure 4*
 - More than half of labor economists (53%) rated the Earned Income Tax Credit as very efficient, another 42% believe it is somewhat efficient, and only 5% think it is not at all efficient.
 - General welfare grants are rated very efficient by 12% of labor economists, 67% believe they are somewhat efficient, and 21% think they are not at all efficient.
 - Only 6% of labor economists believe a higher minimum wage is a very efficient way to address the income needs of poor families, 39% think it is somewhat efficient, and 55% think it is not at all efficient.

- Not surprisingly, when asked which of these three best addresses the income needs of poor families, 70% said an expanded EITC, 21% said general welfare supports, and only 9% said a higher minimum wage. *Figure 5*
- Labor economists were asked to estimate the effect a higher minimum wage (150% of the current level) and an expanded EITC would have on employment. Of these two options, economists believe an expanded EITC would lead to employment gains, and that a higher minimum wage would result in employment losses. *Figure 6*
 - Nearly two-thirds of labor economists (64%) say an EITC would lead to employment gains, another 34% believe it would lead to no change in employment, and only 2% believe there would be employment losses.
 - In contrast, only 6% of labor economists believe an increased minimum wage would lead to employment gains, 29% believe it would lead to no change in employment, and 65% believe there would be employment losses.
- Labor economists were asked what type of effect minimum wage mandates would have if they were set at the local or state level rather than at the national level. Of these two scenarios, economists predict larger minimum wage effects when set at the state or local level rather than at the national level. *Figure 7*
 - Nearly half of labor economists (49%) believe minimum wage effects to be larger if set at the state level rather than the national level, 29% believe there is no difference, and 22% believe the effect will be smaller.
 - The majority of labor economists (61%) believe minimum wage effects will be larger if set at the local level rather than the national level, 18% believe there is no difference, and 21% believe the effect will be smaller.
- More than eight in ten labor economists strongly oppose using a family of three as the standard for setting hourly minimum wage levels. Economists are also strongly opposed to using a family of four as the standard for setting minimum wage levels. There was no change in economists' opinion on this issue between 2000 and 2007. *Figure 8*

No. 1: Impact of 150% Minimum Wage Increase on Number of Entry-Level Employees Hired

Survey Question:

“Do you believe employers affected by a mandated minimum wage set at 150% of the current minimum wage would decrease the number of entry-level employees they hired?”

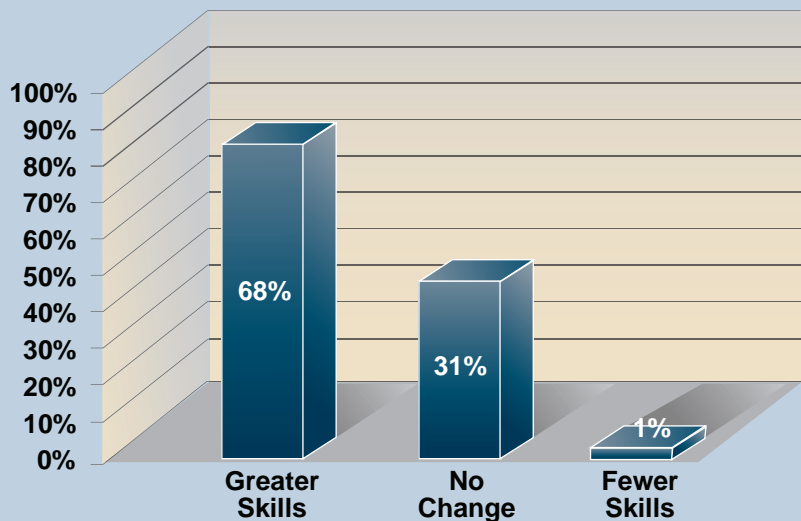


Percent of Current Minimum Hourly Wage	Yes	No	(N)
150% Increase	73%	27%	(276)

No. 2: Impact of 150% Minimum Wage Increase on Skill Level of Hires

Survey Question:

“Do you believe employers affected by a mandated minimum wage set at 150% of the current minimum wage would hire entry-level employees with greater skills, fewer skills, or no change?”

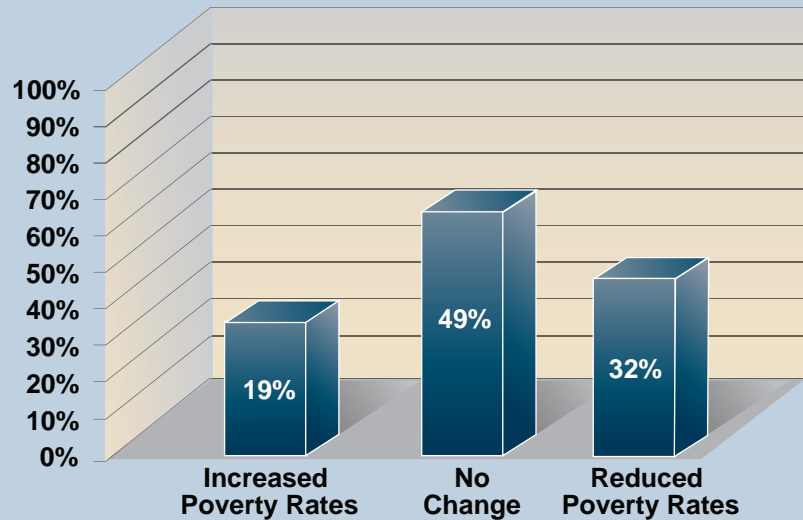


Percent of Current Minimum Hourly Wage	More Applicants with Greater Skills	No Change	More Applicants with Fewer Skills	(N)
150% Increase	68%	31%	1%	(277)

No. 3: Impact of 150% Minimum Wage Increase on Poverty Rates

Survey Question:

"Do you believe that a minimum wage set at 150% of the current level would lead to increased, reduced, or unchanged poverty rates?"



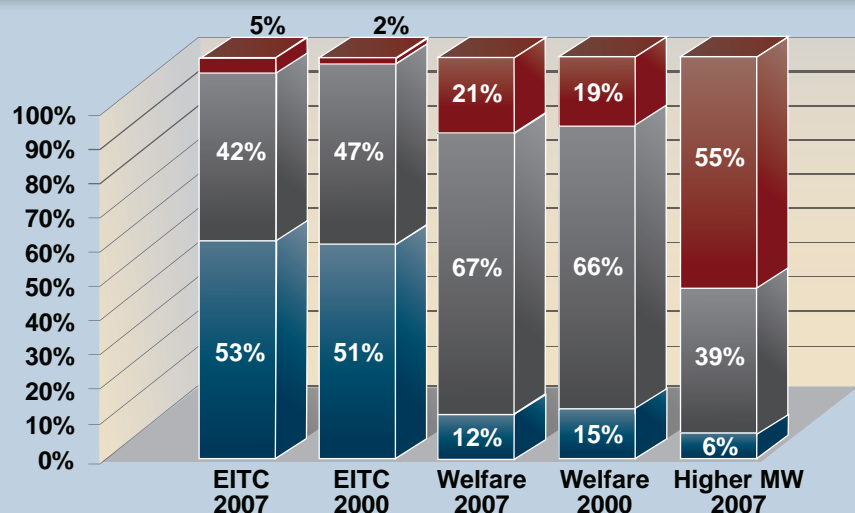
Percent of Current Minimum Hourly Wage	Increased Poverty Rates	No Change	Reduced Poverty Rates	(N)
150% Increase	19%	49%	32%	(279)

No. 4: Efficiency of Anti-Poverty Policies

2000 and 2007: "In your opinion, how efficient would each of the following proposed policies be in addressing the income needs of poor families, on a scale of 'not at all efficient,' 'somewhat efficient,' 'very efficient?'"

2007 policies: "A higher minimum wage. Earned Income Tax Credit (and similar wage supplements). General welfare supports (e.g., TANF, food stamps)."

2000 policies: "A living wage ordinance. Earned Income Tax Credit (and similar wage supplements). General welfare grants (e.g., TANF, food stamps)."



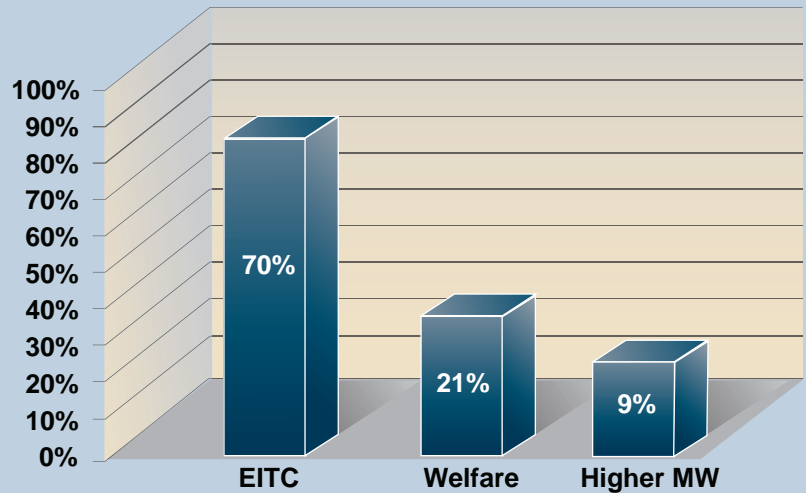
KEY	Very Efficient	Somewhat Efficient	Not at all Efficient
	Blue	Grey	Red

Policy	Very Efficient		Somewhat Efficient		Not At All Efficient		(N)	
	2007	2000	2007	2000	2007	2000	2007	2000
Earned Income Tax Credit	53%	51%	42%	47%	5%	2%	(278)	(331)
General Welfare Grants	12%	15%	67%	66%	21%	19%	(277)	(330)
Higher Minimum Wage	6%	—	39%	—	55%	—	(278)	—

No. 5: Best Anti-Poverty Policies

Survey Question:

“Do you think the income needs of poor families are best met by: A higher minimum wage, Earned Income Tax Credit (and similar wage supplements), General welfare supports (e.g., TANF, food stamps)?”

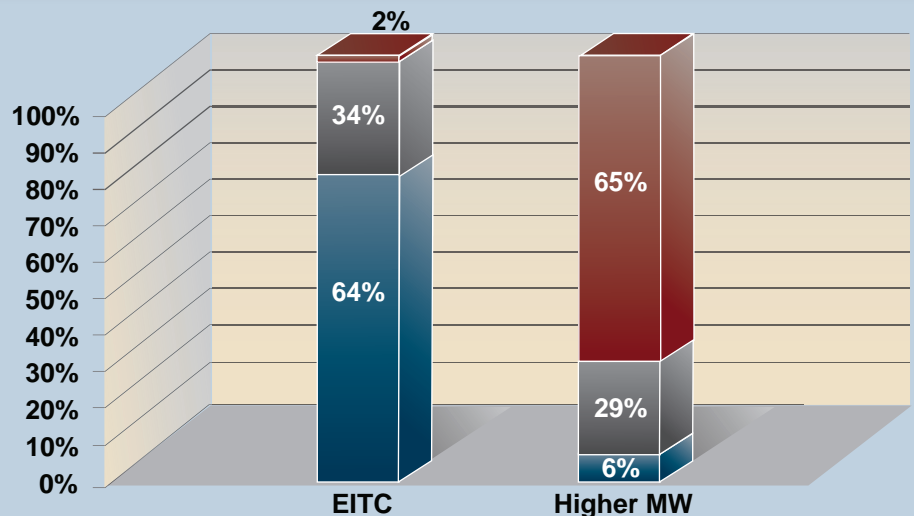
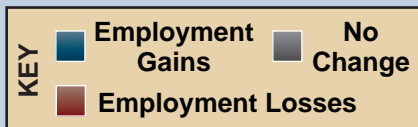


	Earned Income Tax Credit	General Welfare Grants	Higher Minimum Wage	(N)
Best Policy	70%	21%	9%	(266)

No. 6: Impact of Policies on Employment

Survey Question:

“In your view, which effect would each of the following policies have on employment? Higher minimum wages (150% of the current national minimum wage). An expanded Earned Income Tax Credit (EITC).”

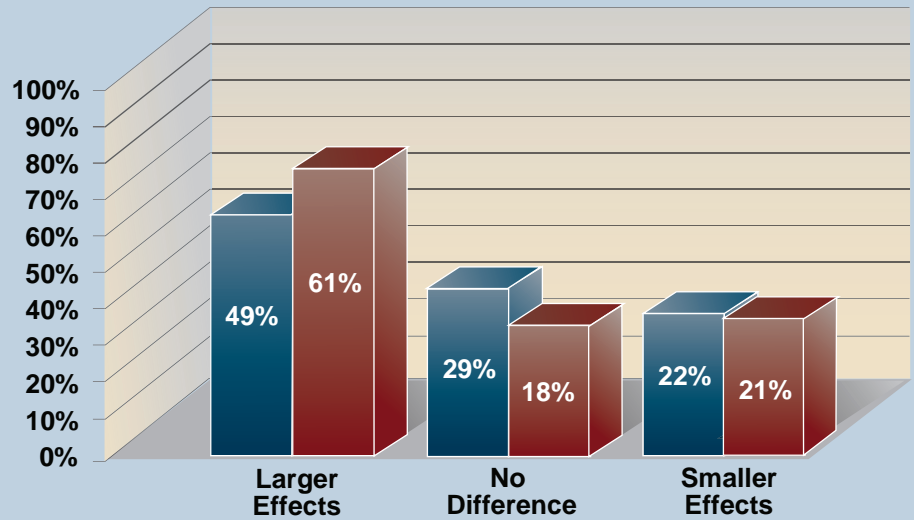
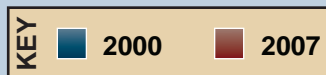


Policy	Employment Gains	No Change in Employment	Employment Losses	(N)
An Expanded Earned Income Tax Credit	64%	34%	2%	(274)
Higher Minimum Wages (150% of the Current Level)	6%	29%	65%	(279)

No. 7: Minimum Wage Effects if Set at Different Levels

Survey Question:

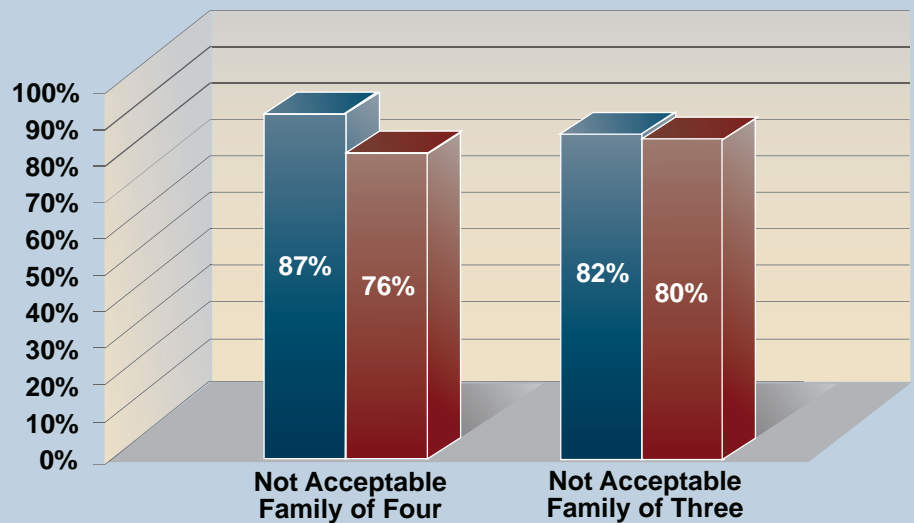
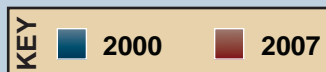
"In your opinion, will minimum wage effects be larger, smaller, or the same if they are set at the state or local level rather than at the national level?"



	Larger Effects	No Difference	Smaller Effects	(N)
State Level	49%	29%	22%	(263)
Local Level	61%	18%	21%	(325)

No. 8: Acceptable Standard for Setting Minimum Wage Levels

2007 and 2000: "According to government data, minimum wage employees are spread across a range of family types, with concentrations among single adults, dual-earner households, and individuals living with parents or relatives. In your opinion, is the poverty level for a family of four/three an acceptable standard to use in setting hourly minimum wage levels for all employees?"



	Yes	No	(N)
2007 - Poverty Level for a Family of <u>Four</u>	24%	76%	(263)
2000 - Poverty Level for a Family of <u>Four</u>	13%	87%	(322)
2007 - Poverty Level for a Family of <u>Three</u>	20%	80%	(258)
2000 - Poverty Level for a Family of <u>Three</u>	18%	82%	(322)

The 2007 Labor Economist Minimum Wage Survey was conducted in late winter and early spring, 2007. A list of 1122 economists was obtained from the American Economic Association who indicated their primary or secondary area of expertise was labor economics.

Survey packets, consisting of a questionnaire and a postage paid return envelope, were mailed to all 1122 economists on the AEA list on January 25, 2007. Reminder postcards were mailed to all 1122 economists on February 9, and the field period for the survey was closed on April 6. Of the surveys mailed, 280 (25%) were returned completed and 10 could not be delivered.

Because the sample includes the entire population of labor economists in the United States, defined as members of the American Economic Association who indicated their specialty was labor economics, there is no sampling error.

Response Dispositions

Disposition	Number	Percent
Completed Surveys	280	25%
Undeliverable	10	0.9%
Not Returned	832	74.1%
Total	1122	100%

Employment Policies

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