

FOR IMMEDIATE RELEASE
October 18, 2005

CONTACT: Laura Capps/Melissa Wagoner
(202) 224-2633

**KENNEDY FIGHTS WAR ON POVERTY AND OFFERS MINIMUM WAGE
INCREASE**

INSTEAD OF HELPING KATRINA VICTIMS CONGRESS GIVES ITSELF A PAY RAISE

Washington, DC: Last night, Senator Edward M. Kennedy continued his fight on the war on poverty by offering an amendment H.R. 3058, the Transportation, Treasury, Housing and Urban Development Appropriations Bill. Kennedy's proposal takes into account that the current minimum wage is grossly inadequate to live on in this economy with nearly 37 million people live in poverty, including 13 million children. Hurricane Katrina demonstrated in stark terms that so many Americans live every day on the brink of economic disaster and for them any setback becomes a major obstacle to survival. An increase in the minimum wage would have directly benefited 491,000 workers in Alabama, Mississippi, and Louisiana.

"The images of Katrina were a shocking reminder that the American dream remains out of reach for millions of working Americans. It's little wonder that so many in the Gulf Region were living in poverty when Katrina hit. These Americans work as hard as anyone else – often harder. But the minimum wage that many receive cannot cover their bills or support their families." Senator Kennedy said. "These Americans can't afford the rising cost of higher education, so they don't send their children to college. They can't afford the rising cost of prescription drugs, so they don't take the medicine they need, and often they don't go to the doctor either. We know that America can do better, and as the Senate raises its own salary it should take the single most important step to combating poverty by raising the minimum wage."

The minimum wage hasn't been increased since 1997, yet during that time Americans increasingly feel the squeeze of the Bush economy. Americans are spending 74 percent more on gas than they did at the beginning of 2001. Heating oil prices are expected to rise by 56 percent this winter. Such rapid price increases will force consumers, especially the poor, to cut spending on clothing, health care and food just so they can get to work and keep warm this winter.

Kennedy's proposal would raise the minimum wage to \$7.25 an hour in three steps; currently the minimum wage is \$5.15. During the bankruptcy bill debate in March, 50 United State Senators expressed their support for Kennedy's plan to provide long overdue help for the millions of Americans who are working in poverty. Five Republicans supported Kennedy's measure, while only 38 senators voted for the competing proposal, offered by Senator Santorum.

The bill that Kennedy wants to amend includes an automatic Congressional pay raise.

Congress has received seven pay increases in the last nine years, yet in those same nine years, the Republican leadership has not provided a single pay increase to the lowest paid workers.

Below is Kennedy's floor statement on the amendment as well as a fact sheet on the minimum

wage.

**Statement of Senator Edward M. Kennedy on
Raising the Minimum Wage
(As Prepared for Delivery)
October 17, 2005**

If the images that we saw on our television screens after the recent hurricanes have taught us anything, it is that a substantial part of America today is invisible and forgotten. It's a part of our country that we don't often see and don't often think about, and it's populated by families who live lives of hardship and quiet desperation because of poverty. The images are a shocking reminder that the American dream remains out of reach for millions of working families.

These Americans work as hard as anyone else – often harder. But the minimum wage that many receive cannot cover their bills or support their families. They can't afford the rising cost of higher education, so they don't send their children to college. They can't afford the rising cost of prescription drugs, so they don't take the drugs they need, and often they don't go to the doctor either.

Each paltry paycheck brings impossible decisions:

Do I pay my rent, or pay for heat, or pay for food, or pay for my new child's clothes?

In the current economy, these choices will only get more difficult. Struggling families are being squeezed in every direction by the Bush economy. Families are just barely balancing on a cliff of piling bills, just hoping they won't topple over. And no wonder-costs are increasing, while wages are stagnant. Americans are spending 74 percent more on gas than they did at the beginning of 2001. Heating oil prices are expected to rise by 56 percent this winter. Such rapid price increases will force consumers, especially the poor, to cut spending on clothing, health care and food just so they can get to work and keep warm this winter. America can do better.

· Year after year, these invisible Americans struggle to get by. Yet Congress refuses to help by increasing the minimum wage, which has been at \$5.15 an hour since 1997.

A minimum wage worker who works 40 hours a week, 52 weeks a year, makes about \$10,700 each year. For a single parent with two children, that's \$4,500 below the poverty line. It's little wonder that so many in the Gulf Region were living in poverty when Katrina hit. An increase in the minimum wage would have directly benefited 491,000 workers in Alabama, Mississippi, and Louisiana.

But we haven't enacted any increase for them in eight years. Instead, we've decided to give ourselves another annual pay raise. In the past eight years, we have raised our own salaries by \$28,500.

If this bill passes, Members of Congress will automatically receive another \$3,100 raise next year. If so, the salaries of Senators and Representatives will have gone up by \$31,600 since 1997, while minimum wage workers continue to earn only \$10,700 a year. How can any of us look in the mirror each day and justify that?

Apparently, when it comes to our own pocketbooks, we agree with the Speaker of the House, who said that lawmakers "ought to be able to keep up with the cost of living so that they can take care of their families and provide for their families like everybody else does."

But everybody else doesn't do it. If that's the decent thing to do for ourselves, it's also an even more decent thing to do for the most vulnerable Americans, the invisible working men and women who struggle to live on an irresponsibly low minimum wage. It's long past time for Congress to give these hard-working Americans a raise.

My amendment will raise the minimum wage to \$7.25 an hour in three steps over the next two years.

The increase will directly raise the pay of seven and a half million workers, and indirectly benefit eight million more.

Contrary to popular myth, the vast majority of these workers are not teenagers. Almost two-thirds of those who will benefit will be adult workers. A third of the beneficiaries are mothers, and more than a third are the sole breadwinners in their families.

An increase in the minimum wage to \$7.25 an hour for full-time minimum wage workers will add almost \$4,400 to their annual income – enough to make a real difference in their lives -- enough for a low-income family of three to pay for:

- More than a year of groceries; or
- Over 9 months of rent; or
- A year and a half of heat and electricity; or
- Almost two years of child care; or
- Full tuition to earn a degree at a community college.

Some claim the timing is wrong, and that an increase in the minimum wage will make the economy even more vulnerable. That is already a tragedy. But the record clearly shows that raising the minimum wage does not have a negative effect on jobs, on employment, or on inflation. In the first four years after the last minimum wage increase in 1997, the economy had its strongest growth in thirty years. Nearly 11 million new jobs were added, an average of more than 200,000 new jobs a month.

In today's economy, millions of Americans are suffering. 7.7 million are unemployed. 37 million are living in poverty, including 13 million children. Almost 46 million are without health insurance. As the pictures of Katrina so powerfully demonstrated, real faces are behind these numbers, and real lives are being jeopardized day after day, year after year by our delay in Congress.

A fair increase in the minimum wage is long overdue. How can Congress keep saying yes to itself and no to these millions of deserving working families, when Katrina has shown us their faces so clearly as they struggle to make ends meet? How can we ignore the neediest of these

Americans? They're not invisible at all – they're there for all of us to see. All we have to do is open our eyes and see. I urge the Senate to support this amendment, and improve the lives of millions of American families.

RAISING THE MINIMUM WAGE IS A MATTER OF FAIRNESS

□□□□□□ The Kennedy Amendment would raise the minimum wage to \$7.25 an hour in three steps:

□□□□□□□□□□□□□□□□ \$5.85 60 days after enactment;

□□□□□□□□□□□□□□□□ \$6.55 one year later;

□□□□□□□□□□□□□□□□ \$7.25 one year after that

□□□□□□ The number of Americans in poverty has increased by 5.3 million since President Bush took office. 37 million people live in poverty, including 13 million children. Among full-time, year-round workers poverty has doubled since the late 1970s. An unacceptably low minimum wage is a key part of the problem.

□□□□□□ Minimum wage employees working 40 hours a week, 52 weeks a year, earn \$10,700 a year, \$4,500 below the poverty line for a family of three. Since Congress last acted to raise the minimum wage in 1996, the value has eroded by 17 percent.

□□□□□□ Every day the minimum wage is not increased it continues to lose value, and workers fall farther and farther behind. Minimum wage workers have already lost all of the gains of the 1996-1997 increase.

□□□□□□ Today, the real value of the minimum wage is more than \$3.00 below what it was in 1968. To have the purchasing power it had in 1968, the minimum wage would have to be more than \$8.50 an hour today, not \$5.15.

□□□□□□ Seven and a half million workers will directly benefit from the minimum wage increase.

□□□□ Raising the minimum wage to \$7.25 an hour will mean an additional \$4,370 a year to help minimum wage earners support their families. It would be enough money for a low-income family of three to buy:

□□□□□□□□□□□□□□□□ More than one year of groceries;

□□□□□□□□□□□□□□□□ Over 9 months of rent;

□□□□□□□□□□□□□□□□ A year and a half of heat and electricity; or

□□□□□□□□□□□□□□□□ full tuition for a community college degree.

□□□□ This year, the Senate raised its pay by \$4,000 and we are now proposing to give ourselves a \$3,100 raise for next year. It is shameful that Members of Congress receive our seventh pay increase in nine years, yet in those same nine years, we have not provided a single pay increase to the lowest paid workers.

□□□□ If this raise passes, the salaries of lawmakers will have gone up by \$31,600 since 1997 while minimum wage workers continue to earn just \$10,700 a year.

- History clearly shows that raising the minimum wage has not had any negative impact on jobs, employment, or inflation. In the four years after the last minimum wage increase passed, the economy experienced its strongest growth in over three decades. Nearly 11 million new jobs were added, at a pace of 232,000 per month. In contrast, in the last four years the minimum wage has held steady, but only 2.5 million jobs have been created.

□□□□ A fair increase is long overdue. Congress should act as quickly as possible to pass a minimum wage increase that reflects the losses suffered as the result of our shameful inaction in the past. No one who works for a living should have to live in poverty.

###