

FAIR MINIMUM WAGE

A fair Seattle minimum wage would take into account inflation, labor productivity gains, the city's cost of living, and Washington's regressive state and local tax system.

U.S. Minimum Wage (dollars)

	Minimum Wage	Consumer Price Index-Based	Employment Cost Index-Based	Consumer Price Index (82-84=1.000)	Employment Cost Index ¹ (12/05=100.0)
1981	3.35	3.35	3.35	0.909	37.7
2013	7.25	8.59	10.60	2.330	119.3

¹Index of hourly employee compensation (data series starts in 1981).
Source: U.S. Bureau of Labor Statistics

Seattle Minimum Wage, 2013 (dollars)

U.S. minimum wage	7.25
Washington minimum wage	9.32
U.S. consumer price index-based minimum wage	8.59
Seattle cost of living adjustment (+20%)	10.31
Regressive tax system adjustment (+6%)	10.93
U.S. employment cost index-based minimum wage	10.60
Seattle cost of living adjustment (+20%)	12.72
Regressive tax system adjustment (+6%)	13.48

INCOME INEQUALITY

A recent source of income inequality has been the unprecedented surge in corporate profits at the cost of employee compensation. During the last decade, which culminated in the Great Recession, millions of people became unemployed or underemployed. Taking advantage of the surplus labor, businesses were able to increase labor productivity, hold the line on employee compensation, and generate record profits.

U.S. National Income (billions of dollars)

	1970-99	2000	2010	2013
National income	---	8907.0	12739.5	14529.7
Employee compensation	---	5856.6	7967.3	8859.4
Corporate profits	---	781.2	1740.6	2106.6
Percent				
National income	100.0	100.0	100.0	100.0
Employee compensation	65.4	65.8	62.5	61.0
Corporate profits	9.8	8.8	13.7	14.5
Related labor variables				
Employment cost index (% change)	5.8	4.4	1.9	1.9
Unemployment rate (%)	6.4	4.0	9.6	7.4
Underutilized labor ¹ (mils.)	---	10.1	26.2	21.7
Output per hour (3-yr avg. % change)	1.8	3.2	2.2	0.8

¹Underutilized labor includes unemployed people, discouraged workers, and other underutilized labor.
Sources: U.S. Bureau of Economic Analysis and U.S. Bureau of Labor Statistics