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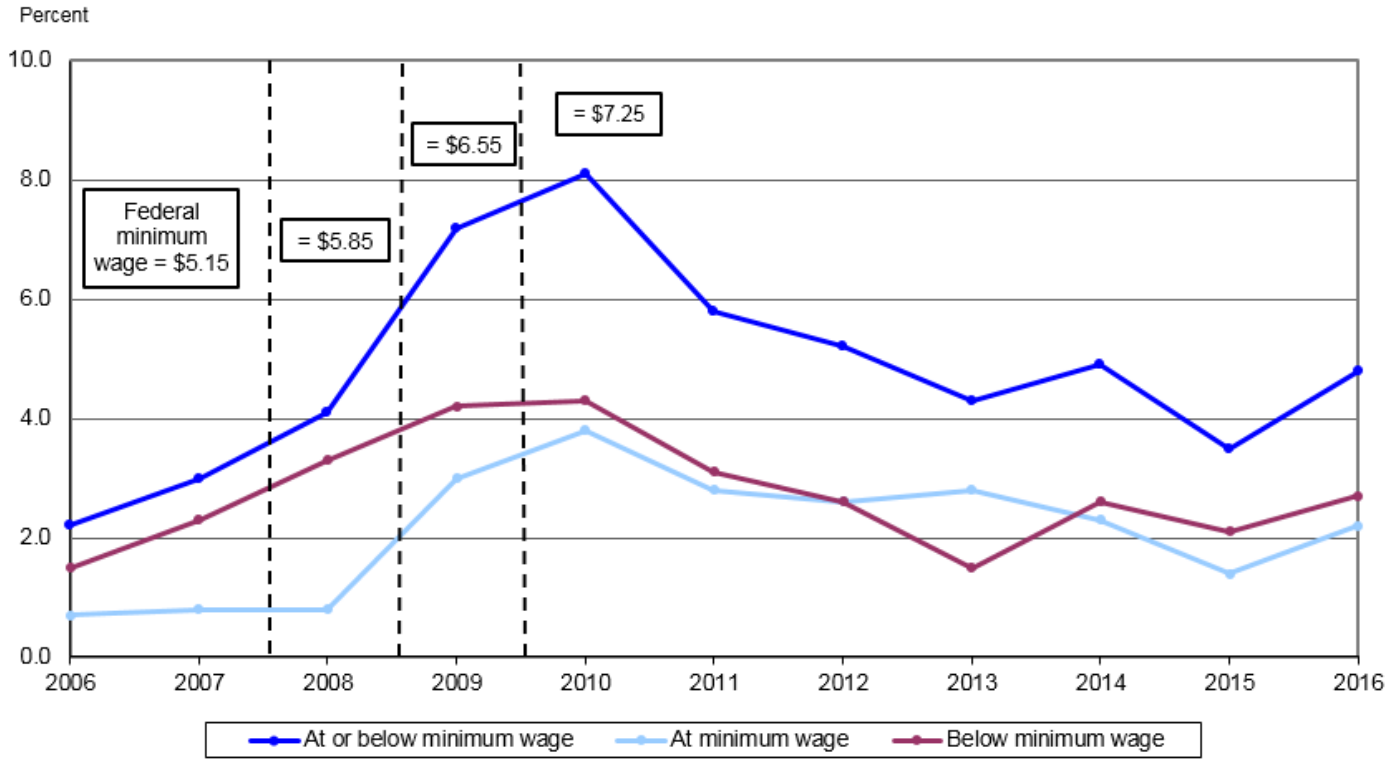
Minimum Wage Workers in Kentucky – 2016

Of the nearly 1.1 million workers paid hourly rates in Kentucky in 2016, 23,000 earned exactly the prevailing federal minimum wage of $7.25 per hour, while 28,000 earned less, the U.S. Bureau of Labor Statistics reported today. Regional Commissioner Janet S. Rankin noted that the 51,000 workers earning the federal minimum wage or less made up 4.8 percent of all hourly paid workers in the state. Nationwide, those earning the federal minimum or less accounted for 2.7 percent of the hourly paid workforce. (See table 1. The Kentucky minimum wage is equal to the prevailing federal minimum wage.)

In 2006, 26,000 hourly paid workers earned the prevailing federal minimum wage or less in Kentucky, the lowest level since data were first available in 2000. The 26,000 workers in this category accounted for 2.2 percent of all hourly paid workers in the state. (See chart 1.) In 2007, the federal minimum wage began increasing after holding steady for nearly a decade. Two additional increases in the federal minimum wage followed, resulting in more Kentucky workers falling into this category, peaking at 91,000 in 2010. That number has declined in 4 of the past 6 years.

Chart 1. Percentage of hourly paid wage and salary workers with earnings at or below the prevailing federal minimum wage in Kentucky, annual averages, 2006–2016



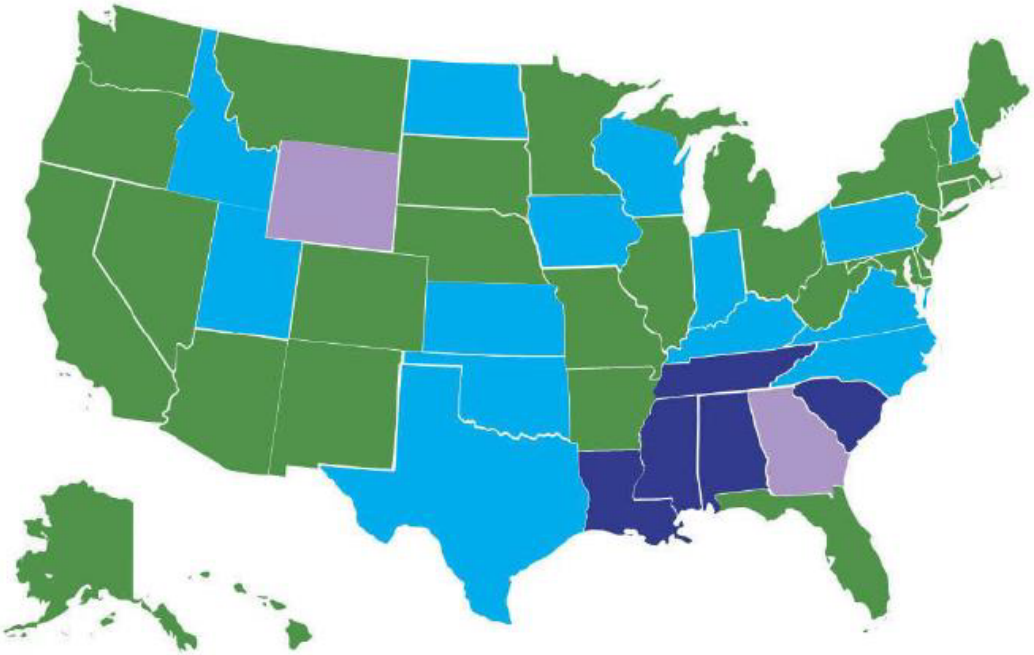
Source: U.S. Bureau of Labor Statistics.

From 2015 to 2016, the proportion of hourly paid workers in Kentucky who earned at or below the federal minimum wage increased from 3.5 to 4.8 percent. The percentage of workers earning exactly the minimum wage rose from 1.4 percent to 2.2 percent, while the percentage earning less than the federal minimum increased from 2.1 percent to 2.7 percent in 2016.

Among workers earning the federal minimum wage or less in Kentucky in 2016, 32,000 were women. These women represented 5.9 percent of all women paid hourly rates in the state. Men accounted for 20,000 of all Kentucky workers earning the prevailing minimum wage or less; they made up 3.8 percent of men who were paid hourly rates. (See table 2.)

In 2016, the states with the highest percentages of hourly paid workers earning at or below the federal minimum wage were Idaho, Kentucky, Louisiana, Mississippi, and South Carolina (all were at or about 5 percent). The states with the lowest percentages of hourly paid workers earning at or below the federal minimum wage were in the West: Alaska, California, and Oregon (all were 1 percent or less). It should be noted that a number of states have established minimum wage rates that exceed the federal level. As of January 1, 2017, 29 states and the District of Columbia had minimum wage rates that exceeded the federal level of $7.25 per hour. (See table 1 and chart 2.)

Chart 2. Minimum wage laws in the states, January 1, 2017



States with minimum wage rates higher than the federal

States with minimum wage rates the same as the federal

States with no minimum wage law (federal minimum wage rate applies)

States with minimum wage rates lower than the federal (federal minimum wage rate applies)

Source: U.S. Department of Labor, Wage and Hour Division.

Technical Note

The estimates in this release were obtained from the Current Population Survey (CPS), which provides information on the labor force, employment, and unemployment. The survey is conducted monthly for the U.S. Bureau of Labor Statistics (BLS) by the U.S. Census Bureau using a scientifically selected national sample of about 60,000 eligible households in all 50 states and the District of Columbia. The survey also provides data on earnings, which are based on one-fourth of the CPS monthly sample and are limited to wage and salary workers. All self-employed workers, both incorporated and unincorporated, are excluded from these earnings estimates.

Statistics based on the CPS are subject to both sampling and nonsampling error. When a sample, rather than the entire population, is surveyed, there is a chance that the sample estimates may differ from the true population values they represent. The component of this difference that occurs because samples differ by chance is known as sampling error, and its variability is measured by the standard error of the estimate. There is about a 90-percent chance, or level of confidence, that an estimate based on a sample will differ by no more than 1.6 standard errors from the true population value because of sampling error. BLS analyses are generally conducted at the 90-percent level of confidence.

The CPS data also are affected by nonsampling error. Nonsampling error can occur for many reasons, including the failure to sample a segment of the population, inability to obtain information for all respondents in the sample, inability or unwillingness of respondents to provide correct information, and errors made in the collection or processing of the data. For example, respondents may round their hourly earnings to whole dollars when answering survey questions.

Minimum wage worker 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. For technical documentation and related information, including reliability of the CPS estimates, see www.bls.gov/cps/documentation.htm.

Some workers reported as earning at or below the prevailing federal minimum wage may not, in fact, be covered by federal or state minimum wage laws because of exclusions and exemptions in the statutes. The presence of workers with hourly earnings below the federal minimum wage does not necessarily indicate violations of the FLSA or state statutes in cases where such standards apply.

Estimates of the number of minimum wage workers in this release pertain only to workers who are paid hourly rates. Salaried workers and other workers who are not paid by the hour are excluded, even though some have earnings that, if converted to hourly rates, would be at or below the federal minimum wage. Consequently, the estimates presented in this release likely understate the actual number of workers with hourly earnings at or below the minimum wage.

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; on July 24, 2008, to $6.55 per hour; and on July 24, 2009, to $7.25 per hour.

The principal definitions for the main concepts presented in this report are below.

Wage and salary workers. Workers age 16 and older who receive wages, salaries, commissions, tips, payments in kind, or piece rates on their sole or principal job. This group includes employees in both the private and public sectors. All self-employed workers are excluded whether or not their businesses are incorporated.

Workers paid at or below the prevailing federal minimum wage pertain only to workers who are paid hourly rates. Salaried workers and other nonhourly paid workers are excluded.

Hourly earnings. Hourly earnings data are for wage and salary workers who are paid by the hour and refer to a person's sole or principal job. Hourly earnings for hourly paid workers do not include overtime pay, commissions, or tips received.

Median hourly earnings. The median is the amount which divides a given earnings distribution into two equal groups, one having earnings above the median and the other having earnings below the median. The median is less sensitive to extreme wages than the mean; this makes it a better measure for highly skewed distributions.

Information in this release will be made available to sensory impaired individuals upon request. Voice phone: (202) 691-5200; Federal Relay Service: (800) 877-8339.

Table 1. Wage and salary workers paid hourly rates with earnings at or below the prevailing federal minimum wage, by state, 2016 annual averages

State	Number of workers (in thousands)				Percent distribution				Percentage 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 and older	79,883	2,153	701	1,451	100.0	100.0	100.0	100.0	2.7	0.9	1.8
Alabama	1,222	43	20	23	1.5	2.0	2.9	1.6	3.5	1.7	1.9
Alaska	199	1	1	1	0.2	0.1	0.1	0.1	0.7	0.3	0.4
Arizona	1,653	39	6	34	2.1	1.8	0.9	2.3	2.4	0.4	2.0
Arkansas	724	19	6	13	0.9	0.9	0.8	0.9	2.6	0.8	1.8
California	9,669	99	24	75	12.1	4.6	3.4	5.1	1.0	0.2	0.8
Colorado	1,318	30	4	26	1.7	1.4	0.5	1.8	2.3	0.3	2.0
Connecticut	915	18	3	15	1.1	0.8	0.4	1.0	1.9	0.3	1.7
Delaware	232	5	1	4	0.3	0.2	0.2	0.3	2.3	0.5	1.8
District of Columbia	111	3	0	2	0.1	0.1	0.0	0.2	2.4	0.1	2.2
Florida	4,502	132	20	113	5.6	6.2	2.8	7.8	2.9	0.4	2.5
Georgia	2,318	90	39	51	2.9	4.2	5.5	3.5	3.9	1.7	2.2
Hawaii	363	5	1	4	0.5	0.2	0.1	0.3	1.3	0.3	1.1
Idaho	458	21	10	11	0.6	1.0	1.4	0.8	4.6	2.1	2.5
Illinois	3,107	76	19	57	3.9	3.5	2.7	3.9	2.4	0.6	1.8
Indiana	1,899	69	32	37	2.4	3.2	4.6	2.6	3.7	1.7	2.0
Iowa	981	24	10	13	1.2	1.1	1.5	0.9	2.4	1.0	1.4
Kansas	815	36	14	22	1.0	1.7	2.0	1.5	4.4	1.7	2.7
Kentucky	1,068	51	23	28	1.3	2.4	3.3	2.0	4.8	2.2	2.7
Louisiana	1,095	58	27	31	1.4	2.7	3.8	2.1	5.3	2.4	2.8
Maine	363	10	2	8	0.5	0.4	0.3	0.5	2.7	0.5	2.2
Maryland	1,449	30	6	25	1.8	1.4	0.8	1.7	2.1	0.4	1.7
Massachusetts	1,650	29	5	24	2.1	1.4	0.7	1.7	1.8	0.3	1.5
Michigan	2,800	56	8	49	3.5	2.6	1.1	3.4	2.0	0.3	1.7
Minnesota	1,547	18	6	12	1.9	0.9	0.9	0.8	1.2	0.4	0.8
Mississippi	710	34	15	20	0.9	1.6	2.1	1.4	4.8	2.1	2.8
Missouri	1,708	46	6	40	2.1	2.1	0.9	2.8	2.7	0.4	2.3
Montana	294	4	1	3	0.4	0.2	0.1	0.2	1.2	0.3	1.0
Nebraska	537	10	1	9	0.7	0.5	0.2	0.6	1.9	0.2	1.7
Nevada	807	10	6	5	1.0	0.5	0.8	0.3	1.3	0.7	0.6
New Hampshire	398	15	3	12	0.5	0.7	0.5	0.8	3.8	0.8	3.0
New Jersey	1,855	48	9	38	2.3	2.2	1.3	2.6	2.6	0.5	2.1
New Mexico	512	14	2	12	0.6	0.7	0.2	0.9	2.7	0.3	2.4
New York	4,180	82	15	66	5.2	3.8	2.2	4.6	2.0	0.4	1.6
North Carolina	2,522	91	38	52	3.2	4.2	5.5	3.6	3.6	1.5	2.1
North Dakota	241	4	1	3	0.3	0.2	0.1	0.2	1.6	0.3	1.3
Ohio	3,327	75	15	60	4.2	3.5	2.2	4.1	2.3	0.5	1.8
Oklahoma	894	27	13	14	1.1	1.3	1.8	1.0	3.1	1.4	1.6
Oregon	1,059	10	0	10	1.3	0.5	0.0	0.7	1.0	0.0	1.0
Pennsylvania	3,516	144	73	71	4.4	6.7	10.4	4.9	4.1	2.1	2.0
Rhode Island	312	8	1	7	0.4	0.4	0.2	0.5	2.7	0.4	2.3
South Carolina	1,151	57	19	38	1.4	2.7	2.7	2.7	5.0	1.6	3.3
South Dakota	256	4	1	3	0.3	0.2	0.1	0.2	1.6	0.4	1.2
Tennessee	1,724	67	31	36	2.2	3.1	4.4	2.5	3.9	1.8	2.1
Texas	6,188	242	100	141	7.7	11.2	14.3	9.7	3.9	1.6	2.3
Utah	840	23	10	13	1.1	1.1	1.4	0.9	2.7	1.1	1.6
Vermont	184	5	1	4	0.2	0.2	0.1	0.3	2.5	0.5	2.0
Virginia	1,957	83	26	57	2.4	3.9	3.8	3.9	4.3	1.4	2.9
Washington	1,853	25	8	18	2.3	1.2	1.1	1.2	1.4	0.4	1.0
West Virginia	433	10	2	7	0.5	0.4	0.3	0.5	2.2	0.6	1.7
Wisconsin	1,802	46	18	28	2.3	2.1	2.5	1.9	2.6	1.0	1.6
Wyoming	163	4	1	3	0.2	0.2	0.2	0.2	2.5	0.7	1.8

Note: See footnotes at end of table.

Note: Data exclude all self-employed persons, whether or not their businesses are incorporated. These data are based on a sample and therefore are subject to sampling error; the degree of error may be quite large for less populous states. Unrounded data were used in all calculations.

Table 2. Employed wage and salary workers paid hourly rates with earnings at or below the prevailing federal minimum wage and median earnings of hourly paid workers in Kentucky, by gender, annual averages, 2006–2016

Year	Number of workers (in thousands)				Percent of workers paid hourly rates			Median earnings (in dollars)
	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	
Men								
2006	591	13	4	9	2.2	0.7	1.5	$12.40
2007	584	15	5	10	2.6	0.9	1.7	12.75
2008	559	17	2	15	3.0	0.4	2.7	12.96
2009	522	25	6	19	4.8	1.1	3.6	12.62
2010	521	27	14	13	5.2	2.7	2.5	13.94
2011	508	21	12	9	4.1	2.4	1.8	12.85
2012	563	19	11	8	3.4	2.0	1.4	13.68
2013	559	16	10	6	2.9	1.8	1.1	13.50
2014	546	22	9	13	4.0	1.6	2.4	14.31
2015	514	11	5	6	2.1	1.0	1.2	15.08
2016	527	20	9	11	3.8	1.7	2.1	14.22
Women								
2006	583	13	5	8	2.2	0.9	1.4	$10.35
2007	568	20	4	16	3.5	0.7	2.8	10.19
2008	541	28	7	21	5.2	1.3	3.9	10.62
2009	549	52	26	26	9.5	4.7	4.7	10.84
2010	598	62	28	34	10.4	4.7	5.7	11.04
2011	568	42	18	24	7.4	3.2	4.2	11.58
2012	583	42	20	22	7.2	3.4	3.8	11.52
2013	591	34	23	11	5.8	3.9	1.9	11.96
2014	597	35	18	17	5.9	3.0	2.8	12.12
2015	576	27	10	17	4.7	1.7	3.0	12.58
2016	541	32	14	18	5.9	2.6	3.3	12.83

Note: Data excludes all self-employed persons, whether or not their businesses are incorporated. Data for 2007–2009 reflect changes in the minimum wage that took place in those years.