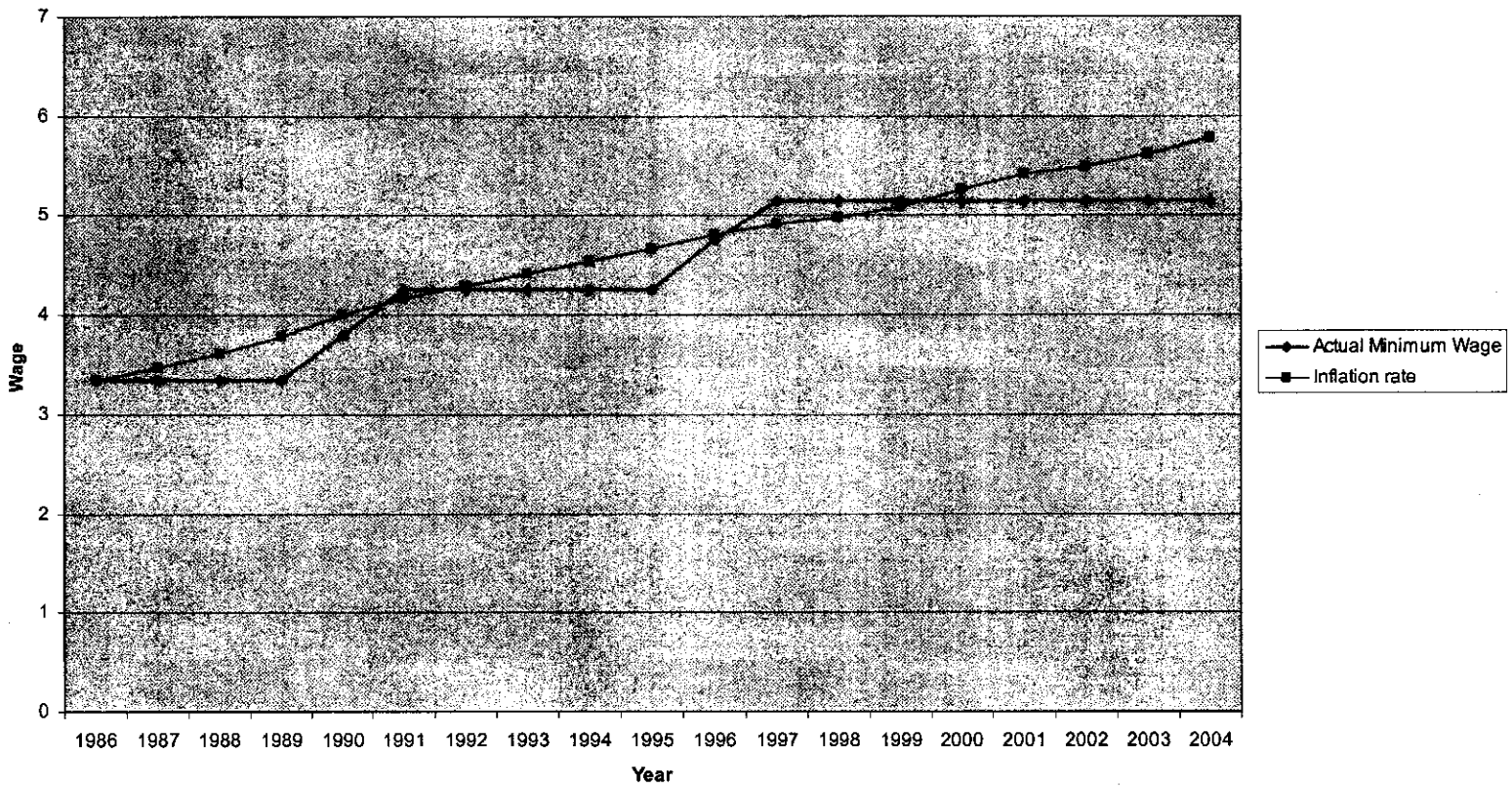
Minimum Wage vs. Inflation, 1986-2004



Minimum wage in 1986 was $3.35. The blue line is the actual minimum wage since then. The pink line is how high the minimum wage would be had it increased at the rate of the CPI. In 2004 it would have been $5.77, 52 cents higher than the current $5.15.

EXHIBIT 1
DATE 3-7-05
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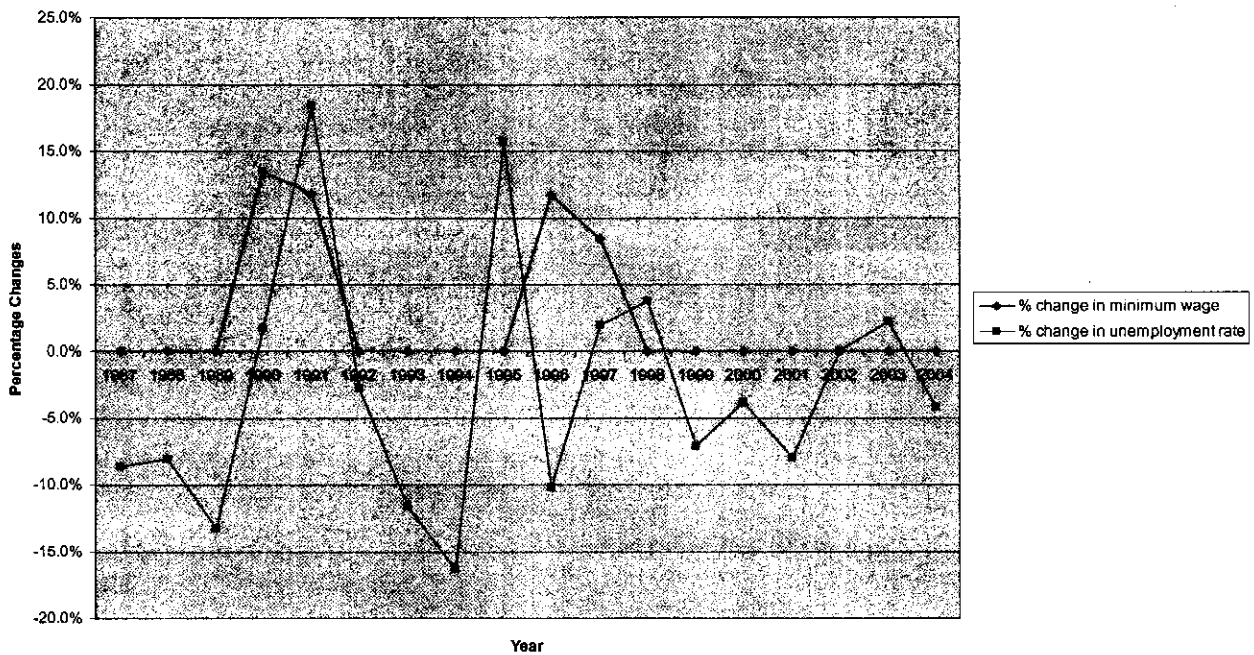
Cumulative Effects

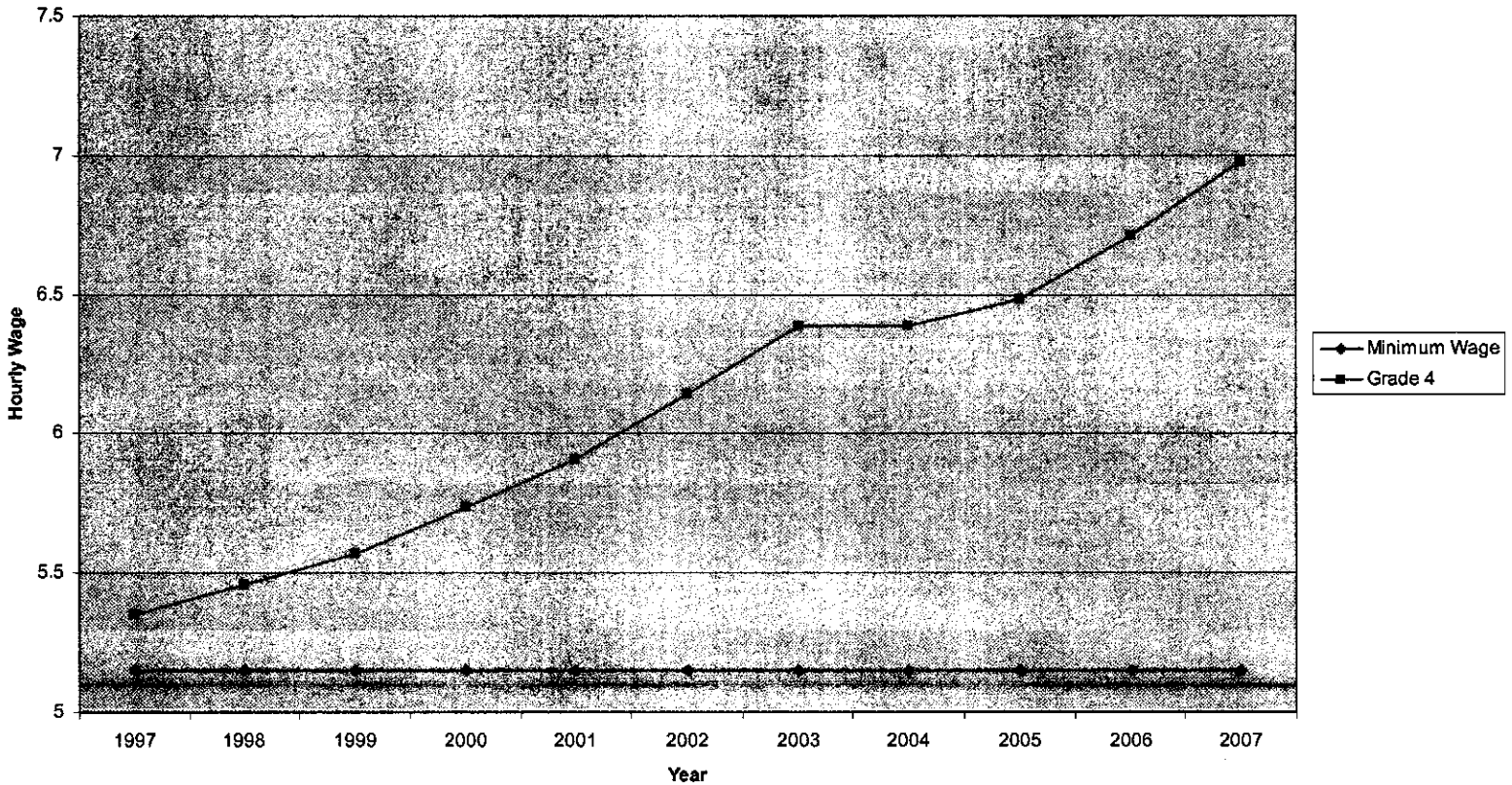
Year	Annual Earnings	Hypothetical Earnings	Annual Earnings Lost	Lost Earnings in 2004 Dollars
1986	6,968	6,968	0	0
1987	6,968	7,222	254	423
1988	6,968	7,521	553	883
1989	6,968	7,884	916	1,395
1990	7,904	8,309	405	586
1991	8,840	8,659	-181	-251
1992	8,840	8,920	80	107
1993	8,840	9,187	347	453
1994	8,840	9,422	582	742
1995	8,840	9,689	849	1,052
1996	9,880	9,975	95	115
1997	10,712	10,204	-508	-598
1998	10,712	10,363	-349	-404
1999	10,712	10,592	-120	-136
2000	10,712	10,948	236	259
2001	10,712	11,259	547	584
2002	10,712	11,437	725	762
2003	10,712	11,698	986	1,012
2004	10,712	12,010	1,298	1,298
Total	175,552	182,268	6,716	8,282

Percent change in the minimum wage vs. percent change in the unemployment rate



There doesn't seem to be a strong correlation between changes in the minimum wage and changes in the unemployment rate in MT. This agrees with some of the literature on changes in the national minimum wage rate and unemployment rates. However, some studies have shown that while unemployment may not increased, hours worked by the lowest paid workers may decline.

Minimum wage vs. wage of a hypothetical grade 4 state employee.



This graph shows the minimum wage vs. the hypothetical wage of a grade 4 state employee who started at entry level salary in 1997 and received the average state pay raise (as provided by Paula Stoll) in each succeeding year, to include the proposed pay increases of 3.5% and 4.0% in 2006 and 2007.