

4.2 Exercises

Minimum Wage The table shows the federal minimum hourly wage in the years that the wage changed since 1978. In Exercises 1–4, use the table and the CPI. (See Example 1.)

Effective Year	Minimum Hourly Wage
1978	\$2.65
1979	\$2.90
1980	\$3.10
1981	\$3.35
1990	\$3.80
1991	\$4.25
1996	\$4.75
1997	\$5.15
2007	\$5.85
2008	\$6.55
2009	\$7.25



The first federal minimum wage law, the Fair Labor Standards Act, was passed in 1938. This law set the minimum wage at \$0.25 per hour, limited a workweek to a maximum of 44 hours, and banned child labor.

- What is the percent increase in the CPI for the following years?
 - From 1978 to 1981
 - From 1978 to 1997
 - From 1990 to 2009
 - From 1978 to 2009
- What is the percent increase in the federal minimum hourly wage for the following years?
 - From 1978 to 1981
 - From 1978 to 1997
 - From 1990 to 2009
 - From 1978 to 2009
- During which of the time periods in Exercises 1 and 2 did the buying power of the federal minimum hourly wage outpace inflation? Explain your reasoning.
- Do changes in the federal minimum hourly wage depend on the CPI? Explain your reasoning.
- Starting Wage** The starting wage at a company in 1992 was \$14.50 per hour. In 2010, the starting wage was \$21.25 per hour. Did the starting wage at the company keep up with inflation? Explain your reasoning. (See Example 2.)
- CEO Compensation** In 1980, the compensation for a CEO at a company was \$2.5 million. By 2010, the compensation for the CEO was \$15 million. Did the compensation for the CEO keep up with inflation? Explain your reasoning. (See Example 2.)