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More pay would mean better workers, productivity

By Elaine Ditsler

Over 350,000 Iowans are paying the price of federal and state inaction that has allowed the minimum wage to fall to its lowest level, in terms of purchasing power, since 1949.

As prices rise for health care, housing and gasoline, the minimum wage remains at \$5.15 an hour, the same place it's been since 1997. Congress just last week refused to allow a no-strings-attached vote on a higher minimum wage. Instead, they tied a small pay raise for workers to large tax cuts for heirs to family fortunes, killing both measures.

In the face of federal failure to act, 22 states and the District of Columbia have raised the minimum wage beyond the federal \$5.15 — including Iowa's neighbors in Illinois, Wisconsin and Minnesota. Six more states have active ballot initiatives and in almost every other state, grassroots campaigns are pushing for a minimum-wage increase.

Iowans, like Americans everywhere, are more united behind this issue than almost any other public policy. A 2006 Des Moines Register Iowa Poll found that 85 percent of Iowans support a higher minimum wage. They're not alone. Two years ago, 562 economists agreed, saying "a modest increase in the minimum wage can significantly improve the lives of low-income workers and their families, without the adverse effects that critics have claimed." (See their statement at the Economic Policy Institute Web site, www.epinet.org/minwage.)

Just how many lives are we talking about in Iowa? About 257,000 Iowans, or 18 percent of all workers, would receive a pay raise if the minimum wage rose to \$7.25 per hour. This figure includes tipped employees and workers earning less than \$7.25, as well as workers earning slightly above \$7.25 who would benefit as companies adjust their pay structure. Seventy-five percent of these workers are at least 20 years old, and 20 percent are parents to some 94,000 children. Thus, the lives of at least 351,000 Iowans — plus the spouses of affected workers — would be significantly improved.

A minimum-wage increase will neither significantly drive up prices nor cost us jobs, according to the best research. In fact, a higher minimum wage can lead to higher productivity and help businesses attract and retain better employees. After the last minimum-wage increase, the U.S. economy experienced four years of robust and broad-based job growth.

If it means Iowa's lowest-paid workers receive a pay increase, I'll agree to pay an extra quarter or two for a pizza. So will most Iowans. It is the right thing to do.

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