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Minimum wage hike debated

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State and federal law requires that Iowa workers be paid at least \$5.15 per hour, with only a few exceptions.

The federal minimum hasn't been raised since September 1997, and there's no indication that anything will be done to change that in the near future. According to a release from the Iowa Policy Project, 18 states, with almost half of the nation's population, have taken action on their own.

Three of those states border Iowa, with Minnesota's state-mandated minimum wage \$6.15 per hour, Wisconsin at \$5.70 and Illinois \$6.50.

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Talk of raising the state's minimum is a good way to spark a debate, and while the Iowa Policy Project - a nonpartisan, nonprofit research group - doesn't lobby for issues, it did release a background piece as the Iowa House and Senate consider legislature that could hike the minimum.



Brasher

Arguments now are being made on both sides of the issue, with the business groups and the IPP saying a lot of misinformation has been spread.

Dave Brasher is state director of the Iowa chapter of National Federation of Independent Business, and he doesn't like the idea of hiking the minimum wage.

"Our concern is, it's so multi-fold, it just boggles the mind," Brasher said. "We understand the political appeal and the emotional appeal.

"Unfortunately, economically it makes no sense," Brasher said.

Brasher said labor is like any other commodity and therefore subject to the laws of supply and demand. He also believes it's hard to find anyone making the minimum wage, or the starting wage, as the business community views it.

"They won't get a person that's alive enough to fog a mirror for \$5.15," Brasher said.

The desire to improve the situation of some people making low wages is understandable, he said, but he added that most people who make the minimum wage are extremely low-skilled and mostly non-adults.

Single working parents who need help can get it through the earned income tax credit, Brasher said. If society wants to help those individuals who need help, he suggested society should decide to do so as a whole and not look to the businesses he represents.

"Why do we single out a segment of society to help, and then also single out a segment of society to do it?" Brasher asked.

Low-skilled, low-income wage earners would most likely be the people hurt by an increase in the minimum wage, Brasher said.

Businesses would be forced to pay more to employees when no more money is coming in the door and that would cause them to have to make adjustments, he said. Those would range from cutting employees, cutting hours to even closing the doors.

"Those are very real adjustments and they impact very real people," Brasher said. "Our heart goes out to those folks, but in the end, those are the very folks who are going to be hurt."

Peter Fisher, research director for the Iowa Policy Project, said the research group wanted to make sure the basic facts are out there.

"We lay out the arguments as we see them," he said. "We're not in a position of pushing particular legislation."

Fisher questioned how many jobs would be lost by an increase in the minimum wage, which hasn't kept pace with inflation, and said the

research indicates the number is "quite small."

"It's obviously going to cost small businesses, but the employment effects, from most of the research, are quite small," Fisher said.

While some minimum wage earners are teenagers, Fisher said most are over 20 and a significant number are the family's primary wage earner. He couldn't immediately provide a percentage.

Fisher said there are some classes of workers who already are exempt from the law, including workers for whom tips are a significant part of their income.

"If you have a minimum wage, all employers are affected by it so you're not at a competitive disadvantage," Fisher said.

Fisher agreed with Brasher that the earned income tax credit is a support for low-income workers, but said the question is how much should taxpayers support low-income workers.

"At some point employers also have to bear some part of the responsibility," Fisher said.



The banner features five student photos with different filters: "friends forever!", a red heart outline, a plain photo, and a red devil filter. To the right is the text "I graduated in:" followed by a dropdown menu showing years 1996, 1986, 1976, and 1966. Below the photos is the classmates.com logo and the text "©Daily Nonpareil 2006".

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