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## Low-wage workers could be in line for a raise in '07

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Washington, D.C. - A minimum wage increase might finally be in the offing for Iowans, as Democrats vow it will be one of their first moves after taking control of Congress in January.

The minimum wage has been \$5.15 an hour in Iowa since 1997, the last time Congress increased the federal minimum.

A call to increase that figure to \$7.25 was a rallying cry in Democratic campaigns in the midterm election and a key issue in the 1st District campaign between Rep.-elect Bruce Braley, a Waterloo Democrat, and Mike Whalen, a Bettendorf Republican.

Chrissy Canganelli, executive director of Shelter House in Iowa City, said the increase would definitely help low-wage workers. Her organization aids homeless Iowans, and about 40 percent of those served are women and children.

Minimum wage earners "would have to work 98 hours a week to afford the median-priced, two-bedroom apartment in Iowa City," she said. "It really becomes quite a predicament for a single parent."

Sen. Tom Harkin, D-Ia., said he thought Democrats probably would push through the same minimum wage increase that has been pending in Congress, a phased increase to \$7.25 over two years. "That's the first thing we want to do in January," he said.

Harkin also said that unlike years past, members of the Senate plan to convene Jan. 4 for the swearing-in of new members and then begin work immediately, rather than recessing until the end of the month and the State of the Union address.

House Speaker-elect Nancy Pelosi, D-Calif., said the "middle-class squeeze" would be a priority for action. Democrats in the House have set a "100-hour agenda" with six priority items, including passage of a minimum wage increase.

Even without congressional action, states have been moving ahead. On Election Day, six states' voters approved state constitutional amendments to raise the minimum wage. As of Jan. 1, 28 states and the District of Columbia will have a state minimum that is higher than the federal minimum.

Minimums are higher in four of Iowa's border states: Minnesota, where it is \$6.15, and Wisconsin, Illinois and Missouri, where it's \$6.50. The level is \$5.15 an hour in Nebraska and South Dakota.

As of Jan. 1, the highest minimum wage in the United States will be in Washington state, at \$7.93 an hour.

Iowa lawmakers also may move to increase the minimum wage with Democrats now in control of the Legislature. When federal and state minimum wage rates vary, the higher level prevails.

Researchers at the Iowa Policy Project, a liberal-leaning organization in Mount Vernon, point out that since the federal minimum was set in 1997, gasoline prices have increased 137 percent, Des Moines housing prices have increased 28 percent, and tuition at the University of Iowa has increased 148 percent.

Elaine Ditsler, a research associate with the project, said that calculations based on census data project that a wage increase to \$6.15 an hour would benefit about 53,000 working Iowans.

That would include those currently earning less than \$6.15 and those earning more who would enjoy a "spillover" effect, say the estimates provided by the Economic Policy Institute, another liberal-leaning group in Washington.

"Those earning \$8 or \$9 an hour will get small pay raises," predicted Ditsler. Servers working for tips also would get increases because their base salary is tied to the minimum wage.

A substantial share of the 53,000 would be teens and part-time workers, those who traditionally are at the low end of the wage scale. But 57 percent are adults over age 20, 61 percent are female, 27 percent are working full time and 12 percent are parents, she said.

If the minimum were to rise to \$7.25, a projected 257,000 Iowans would get pay raises directly or indirectly, the organization said.

But Peter Orazem, a professor of economics at Iowa State University, said he thought the census numbers might overstate the number of affected Iowans. The total probably includes minimum wage workers in very small, mom-and-pop businesses in rural areas not covered by federal law, he said.

Orazem also said the spillover effect on those earning somewhat higher wages would be "modest."

In 1998, Orazem co-authored a paper using Iowa data and contending that an increase in the minimum wage meant a reduction in hours for low-wage workers. Some of the data covered a period when Iowa had a higher minimum wage than neighboring states.

But Orazem said things have changed, and that there probably wouldn't be much of an impact on Iowa's business climate if the federal minimum was increased, in part because wages long ago exceeded \$5.15 an hour. "The biggest thing right now is so few people are paying the minimum wage," he said.

The National Restaurant Association continues to oppose a higher minimum wage. So does the Iowa Restaurant Association, which says in its 2007 legislative priorities that the majority of employees earning minimum wage are in starting or training positions, and an increase could cut the number of those entry-level jobs.

Whether President Bush would sign a minimum wage increase into law also remains unclear, although a veto probably would prompt an override attempt in Congress.

On Nov. 8, he said at a news conference that he and Democrats could find "common ground" on the wage issue, but he also wants to ensure "there's compensation for the small businesses in the bill."

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