Minimum Wage


As the push to raise the hourly minimum wage at the federal and local levels increasingly gains attention, civil and human rights advocates have a crucial role to play in the debate, according to a new report from the Leadership Conference Education Fund and the Georgetown Center on Poverty and Inequality.

“The report makes clear that there’s significant room to raise the minimum wage,” Indivar Dutta-Gupta, the principal author of “Improving Wages, Improving Lives: Why raising the minimum wage is a civil and human rights issue,” told Bloomberg BNA Oct. 22. He is a senior fellow at the Georgetown Center on Poverty and Inequality.

“Even proposals that call for raising the minimum wage to above $10, though enormously helpful, fall short of ensuring that all full-time workers can enjoy a decent standard of living,” Dutta-Gupta added.

The education fund is an arm of the Leadership Conference on Civil and Human Rights, a coalition of more than 200 national organizations.

Citing data from the Massachusetts Institute of Technology’s Living Wage Calculator, among other sources, the report stated that the current federal hourly minimum wage of $7.25, and the national “subminimum wage” for tipped workers of $2.13 an hour, are “low by historical standards and inadequate for meeting the basic expenses faced by working families.”

The federal minimum wage was last raised in 2009, while the tipped minimum wage has not increased since 1991, the report stated.

Its researchers estimated that between 900,000 and 4.6 million fewer people would be affected by poverty if a federal proposal to raise the minimum wage to $10.10 an hour by the second half of 2016 became law.

Federal legislation known as the Minimum Wage Fairness Act (S. 2223, H.R. 1010) stalled on a mostly party line vote in April (83 DLR A-12, 4/30/14) and continues to face opposition in the Republican-controlled House.

Certain Populations Affected More Than Others. Proponents of raising the minimum wage said doing so would help various populations.

Nancy Zirkin, executive vice president of the Leadership Conference, said in a statement Oct. 2, when the report was released: “African Americans, Latinos, women, and people with disabilities lag behind in almost every indicator of economic well-being. That’s one reason why raising the minimum wage has been a defining issue for the civil and human rights movement for generations.”

“By failing to pass the Minimum Wage Fairness Act, Congress has also failed the millions of American families struggling in low-paying jobs. Today’s minimum wage can’t even support a family’s basic needs, let alone our nation’s economic recovery,” Zirkin said.

“The choice by policymakers to keep the minimum wage low has been an important factor contributing to the dramatic and troubling rise in income inequality since the 1970s,” the report said.

“For all these reasons and more,” it said, “the civil rights community has a crucial role to play in the coming months and years in the fight to raise the minimum wage.”

States, Localities Taking Action. Dutta-Gupta told Bloomberg BNA that it’s not just important for federal lawmakers to act to increase the hourly minimum wage.

“It’s also important for local and state governments to consider their economic circumstances, and those workers in their jurisdictions, and decide whether the federal minimum wage—whatever it is—is appropriate for their own jurisdictions,” he said. “The federal minimum wage is merely a floor above which many states and localities have recently decided is inadequate even for their own economies and workers.”

The report said states and localities—from Connecticut and West Virginia to Seattle and Santa Fe, N.M.—have raised their hourly minimum wages (60 DLR A-11, 3/28/14; 63 DLR A-12, 4/2/14; 106 DLR A-3, 6/3/14).

As of September, it added, 13 states and the District of Columbia had approved minimum wage increases since 2012. In addition to Connecticut and West Virginia, the other 11 states include California, Delaware, Hawaii, Maryland, Massachusetts, Michigan, Minnesota, New Jersey, New York, Rhode Island and Vermont.

“Notably, 23 states plus the District of Columbia have a minimum wage above the federal floor of $7.25 an hour,” the report said. It added that Connecticut, Hawaii, Maryland and Vermont have enacted laws that eventually would raise their state minimum wages to more than $10 an hour.

Opponents Cite Impact on Businesses. Opponents to raising the minimum wage contend that it would be a job-killer.

Eric Reller, a spokesman for the National Federation of Independent Business, told Bloomberg BNA Oct. 22 that NFIB opposes “any effort to increase the state or federal minimum wage.”
“Raising the minimum wage disproportionately hurts small businesses and their employees,” he said. “It directly impacts their operating costs, increases obstacles to hiring and encourages small businesses to use less labor.”

The NFIB has 350,000 members and represents privately held small businesses that have an average of five employees, Reller said.

In addition, Reller said minimum-wage jobs offer new or unskilled workers an opportunity to gain work experience and develop a career. “Increasing the minimum wage raises an additional hurdle to developing our workforce,” he said.

Proponents of raising the minimum wage disagree that new or unskilled workers stand to benefit the most from a policy change. “[T]hose likely to be affected by the minimum wage are significantly older and more educated than before,” the report said, “and contribute far more to their families’ income (50 percent on average) than often perceived.”

In addition to the NFIB, the U.S. Chamber of Commerce and the National Restaurant Association oppose raising the federal minimum wage.

“A good policy outcome does not force a choice between jobs and wages, but increases the number of jobs and provides people who are just starting out with an opportunity to enter the workforce,” Scott DeFife, executive vice president of policy and government affairs at the National Restaurant Association, said in a statement the organization released in March.

“Other necessary reforms—such as increased access to education and job training opportunities—are far more effective, targeted ways to help people in poverty and will have a more meaningful impact on an individual’s earning potential,” DeFife said.

Doug McMillon, the chief executive officer of Wal-Mart Stores Inc., said recently that the company likely will raise wages for several thousand employees currently paid the minimum wage (200 DLR A-13, 10/16/14).

Container Store Group Inc. Chief Executive Officer Kip Tindell, who is slated next month to become chairman of the National Retail Federation, recently said he will encourage members of that trade group to boost wages and rethink their opposition to federal minimum-wage legislation (197 DLR A-9, 10/10/14).

Meanwhile, a CareerBuilder survey released in September showed support for a wage increase from a majority of hiring and human resources managers who responded, particularly at firms more likely to hire minimum-wage workers (186 DLR A-9, 9/25/14).

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