

General Assembly

High-profile bills have low impact

Wal-Mart, minimum wage measures affect relatively few

By Jamie Smith Hopkins
Sun Reporter

January 14, 2006

The verbiage was endless, and the warnings verged on the cataclysmic, but the bottom line is that the two most hotly contested measures in Annapolis - the so-called Wal-Mart bill and another to raise the minimum wage - affect only a relative handful of Maryland residents.

Two percent of Maryland's work force would qualify for the \$1-an-hour boost of the state's minimum wage that the General Assembly is expected to enact over the governor's veto. The Fair Share Health Care Fund Act, pushed through this week in a veto override, involves a smaller share; the not quite 17,000 who work for Wal-Mart Stores Inc. constitute a half-percent of state workers.

Angry talking points from the various sides suggest otherwise, but from a broad economic perspective, experts say, the effect is roughly zilch.

Everything but economics explains why the two bills have garnered such intense lobbying, why politicians on both sides have invested so much time, why the issues matter to anyone but the comparatively few workers in question and their comparatively few employers. In the mix: election-year positioning, beliefs about government's role, and fundamental questions about how to address two of America's most complex problems - rising health care costs and the plight of the working poor.

If the warring sides agree about anything, it's that the fight is about principles.

"There may well be hundreds; there may be even a couple thousand people affected" by the Wal-Mart bill, said Jonathan P. Weiner, a professor of health policy and management at the Johns Hopkins Bloomberg School of Public Health, who has done technical work for one of the groups advocating the Fair Share bill. "Yes, it's a drop in the bucket. ... It's definitely about philosophy."

The largely Democratic General Assembly voted Thursday to override Republican Gov. Robert L. Ehrlich Jr.'s veto of the Fair Share bill, requiring companies with more than 10,000 employees to spend at least 8 percent of their payroll on health care or pay the difference to the state - effectively applying only to Wal-Mart. (Wal-Mart, which said it insures more than 1 million Americans and improved its benefits last year, testified in March that it spends 7 percent to 8 percent.)

The House also voted Thursday to overturn Ehrlich's veto of a minimum-wage increase to \$6.15 an hour. The Senate is expected to follow suit next week, adding Maryland to a group of 17 states and Washington with rates above the federal minimum.

The potential ripple effects of both measures are a larger part of the furor than the direct impact.

Minimum-wage supporters, who estimate that 60,000 Marylanders earn less than \$6.15 an hour, say the change would help the poor and the economy because employers also would likely have to raise wages of workers earning just a little more, stimulating local spending. Opponents argue that it would hurt the poor and the economy because employers - especially small ones battered by rising costs - would have to cut some low-paying jobs.

Supporters of the health care bill contend that it's an important first step toward reforming a broken health care system. More than 30 other states are expected to consider similar measures, they say.

Opponents of the bill fear it's the first step toward dictating what all businesses pay. They point out that Wal-Mart has threatened to reverse its decision to bring 800 or so distribution jobs to a struggling part of the Eastern Shore, and they hate that Maryland is the Fair Share trailblazer.

"It's a black eye to the state's economic development efforts," said William Burns, a state Chamber of Commerce spokesman.

The national minimum wage has also been a subject of debate, recently and perennially. But the law has less overall effect in Maryland than it does elsewhere because the state is the third-wealthiest in the nation. Average household income was \$82,000 at last count, according to the Maryland Department of Planning. Not only are the minimum-wage workers a small slice of the labor pool, but the 100,000 employees the Economic Policy Institute thinks are most likely to see a ripple-impact raise - those earning between \$6.15 and \$7.15 - are only 3 1/2 percent of the work force.

Even with high average incomes, however, the problem of the uninsured has remained intractable. The share of Marylanders without medical coverage has hovered between 10 percent and 15 percent for years, according to census estimates.

Richard P. Clinch, director of economic research at the University of Baltimore's Jacob France Institute, thinks nearly all the parties wrangling over the bills should be ashamed of themselves.

The way he sees it, legislators should have done something more useful than pass a health care bill that doesn't address the problem for the majority of uninsured Maryland residents. Profitable Wal-Mart, he said, ought to have paid more for health care to begin with. Businesses yelling about black eyes might consider that making the issue a litmus test of the state's business climate can backfire.

And he wishes people arguing over minimum wage would instead join forces to fix transit problems that deny low-skill workers access to higher-paying jobs. Even at \$8 an hour - significantly above minimum wage - a worker who supports a family of three barely breaks the federal poverty threshold.

"These are non-issues," Clinch said. "It's just Maryland engaging in self-flagellation. We should be debating how to best spend the billion-dollar surplus in a way that makes Maryland perform better economically."

Weiner, who thinks the nation's health care system needs an overhaul, considers the time on the Fair Share bill well spent in the sense that it's brought the issue to the forefront.

Jason Perkins-Cohen of the Job Opportunities Task Force in Baltimore, which focuses on low-wage workers, sees the same upside to the minimum-wage bill: "I think we do need to have more attention on folks in low-income families."

The federal minimum wage, which dates to 1938 and was last raised in 1997, has been losing economic significance in the last generation. At the end of the 1970s, 13 percent of America's hourly work force earned at or below the minimum, which doesn't apply to some employees, said Michael Flynn, director of government affairs for the Employment Policies Institute, a conservative-leaning Washington think tank. Now, less than 3 percent of hourly workers can say the same.

Flynn says it shows that "the market has moved beyond minimum wages," while Tom Hucker of the liberal-leaning Progressive Maryland says it's proof that "Congress has abdicated its responsibility to set the minimum wage at a meaningful level."

jamie.smith.hopkins@baltsun.com

Sun reporter M. William Salganik contributed to this article.

Copyright © 2006, The Baltimore Sun