

General Assembly

Md. legislators to push for minimum-wage rise

House, Senate bills seek \$1 jump to \$6.15 an hour

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In what promises to be a bruising political fight, state Democrats and worker advocates fired the opening salvos yesterday in their push to raise Maryland's minimum wage.

It's now linked to the federal rate of \$5.15 an hour, which was last increased in 1997. More than a dozen state legislators are sponsoring bills calling for \$6.15 an hour, while a third bill, in the House, proposes \$7 an hour.

"It's a crisis situation," said Senate President Thomas V. Mike Miller Jr., the lead sponsor of the Senate bill. "Five-fifteen per hour is an embarrassment. No one should have to work for that wage."

Miller joined House Speaker Michael E. Busch and other legislative leaders in a news conference yesterday in Annapolis to present a united push for the \$1-an-hour increase, which would mean raises for 60,000 Marylanders, according to advocates. The Senate Finance Committee held a hearing on Miller's bill afterward.

A nearly perpetual argument has raged over minimum wage in America since the federal government created it in 1938, the tail-end of the Depression. The rate then: 25 cents an hour.

Worker advocates say an increase would help people who have to piece together two or even three jobs just to get by. Businesses say they would have to cut jobs or raise prices to make up the difference. Economists offer dueling studies to prove that no one will be hurt or that everyone will be.

Elaine Ezell, for one, hopes the minimum wage will remain at the current level. As owner of AAA Antiques Mall in Hanover, she said she's already had to pare her staff from 30 people to 20 in the past few years as rents and insurance costs have risen.

Her employees - mostly students and senior citizens who work part time - are paid between \$5.25 and \$7.25 an hour. About three-fourths would be bumped up automatically if the minimum wage is set at \$6.15, and the rest would expect a raise, she said. On top of that, her payroll taxes would increase.

"For us, it's a bad idea," she said. "We certainly would pay our employees more, could we."

Silver Spring resident Tabe Obi, 36, believes just as fervently that the wage needs to be higher. A recent immigrant from Cameroon, he said he spent three years at minimum-wage jobs - most recently working 130 to 140 hours a week at a group home to make ends meet.

Some days, he said, he'd work round the clock: 8 a.m. to 4 p.m. as a teacher's assistant, 4 p.m. to midnight as a residential counselor and midnight to 8 a.m. handling cleaning duties. He hardly saw his infant son.

"And the cost of everything is going up," said Obi, who left the group home in January and now makes \$13 an hour as a union organizer.

Fourteen states and Washington have set their minimum wages higher than the federal rate, which equates to less than \$11,000 a year. Delaware's rate is \$6.15; Washington's, set at \$6.60, will increase to \$7 next year.

Last fall, Florida voters approved a minimum wage of \$6.15 with annual adjustments for inflation.

Two states - Ohio and Kansas - have lower minimums than the federal rate, but they apply only to jobs exempt from the federal law, such as some farm and seasonal employees.

In Maryland, about 28,000 residents were earning no more than minimum wage at last count in 2003, according to the U.S. Labor Department. That's about 2 percent of the total hourly work force in the state.

"The minimum wage hasn't been raised in a long time," said Baltimore Mayor Martin O'Malley, who testified at yesterday's hearing. "It's the right thing to do."

But local business owners and groups fear it would be the wrong move for the state's economy. They told the Senate panel yesterday that the effect will ripple into pay categories all the way up the line, hurting companies that pay all their employees well above minimum wage.

Mary Jo McCulloch, president of the Maryland Hotel & Lodging Association, said this week that the \$7-an-hour proposal in particular "would be devastating to the entire tourism industry."

"I understand what they're trying to accomplish, but Maryland is not an island unto itself," she said. "We compete with virtually the whole country when it comes to business travel and conventions."

Business groups as varied as the Washington, Maryland, Delaware Service Station & Automotive Repair Association and the Maryland Retailers Association argue that the minimum wage ought to be set by the federal government rather than the state, and the Maryland Chamber of Commerce has made the fight one of its top legislative priorities.

Supporters of raising the minimum wage range from the Maryland Catholic Conference to the AFL-CIO. Progressive Maryland, which organized the news conference yesterday, was a key proponent of the "living wage" bill last year that would have required an hourly wage of at least \$10.50 for employees working under state contracts.

Gov. Robert L. Ehrlich Jr. vetoed that bill, saying the measure would have sent the message that Maryland was no place to do business. It would have been the first in the nation with a statewide "living wage" law.

"The governor has not taken a position at this point but remains vigilant with regard to bills that could affect Maryland businesses," Ehrlich spokeswoman Shareese N. DeLeaver said of the minimum-wage bills. "I imagine that you'll be hearing from him more on this issue in the weeks to come."

Miller - who also thought the living wage bill sent the wrong message - said he believes there is enough support in the legislature to override a veto this time, if it comes to that.

Steve Hill, director of the Maryland Budget and Tax Policy Institute, which focuses on the impact of policy decisions on low- and moderate-income workers, said modest increases in the minimum wage have not been shown to hurt the average business. Between 1998 and 2001, states with higher rates saw faster employment growth and small-business formation than in states with rates set at the federal minimum, he said.

"It improves retention," said Jason Perkins-Cohen, executive director of the Job Opportunities Task Force in Baltimore.

But Alan Reynolds, an economist and a senior fellow at the Cato Institute, a proponent of limited government, said there are hidden effects.

He's found that raises in the minimum wage increase the number of people working at jobs that pay less than the minimum - either legally or illegally.

"It can have kind of inhumane effects," Reynolds said.