

## State-Set Minimum Wage Rates

By Casey Schacher

Although the U.S. government has failed to increase the national minimum wage, which has held at \$5.15 per hour since 1997 despite ever increasing costs of living, states and local governments across the country have implemented compensation laws that raise regional minimum wages to exceed federal standards.

To date, 16 states have established higher minimum wages: Alaska, \$7.15; California, \$6.75; Connecticut, \$7.10; Delaware, \$6.15; District of Columbia, \$6.60; Florida, \$6.15; Hawaii, \$6.25; Illinois, \$6.50; Maine, \$6.35; Massachusetts, \$6.75; New York, \$6.00; Oregon, \$7.25; Rhode Island, \$6.75; Vermont, \$7.00; Washington, \$7.35<sup>1</sup>; and Wisconsin, \$5.70.<sup>2</sup>

Many states will increase these hourly rates even further. Wisconsin's minimum wage is scheduled to climb from \$5.70 to \$6.50 by June 1, 2006.<sup>3</sup> Both New Jersey<sup>4</sup> and New York<sup>5</sup> plan to raise minimum wages in increments to \$7.15 by 2006 and 2007, respectively. Alaska, which already boasts one of highest standards in the nation, will base future minimum wages on the Consumer Price Index (CPI), or the rate of cost-of-living inflation, for Anchorage.<sup>6</sup> Similarly, Vermont has just approved bills that would index the state minimum wage to the national CPI.<sup>7</sup> Hawaii is reviewing a proposal that would raise its minimum wage of \$6.20 per hour to \$7.25.<sup>8</sup>

Other states are currently debating proposals designed to increase minimum wage. In California, where a minimum wage worker would have to work 126 hours per week to pay rent on a 2 bedroom apartment<sup>9</sup>, a measure was approved that would hike the state's minimum wage above its current \$6.75 per hour to \$7.75 by 2007, with subsequent indexed increases.<sup>10</sup> This follows similar proposals in Nevada, where the Senate Commerce and Labor Committee approved a bill that would increase minimum wage one dollar per hour and include a provision that indexes future wages. Voters will decide on the bill's fate in the 2006 ballot vote.<sup>11</sup>

Yet not everyone is happy with the proposals. Despite strong support of Nevada's minimum wage bill, many lawmakers are upset by the potential limitless increase in the minimum wage if tied to the CPI. Chairman Randolph Townsend, R-Reno, introduced an amendment to the bill that gives voters the option of a \$1.25 initial increase without an indexing provision.<sup>12</sup> If voted in, the increased minimum wage would remain indefinitely stagnant without future legislation.

Even when states unanimously reject minimum wage proposals, lawmakers refuse let discussions die. North Carolina's House Commerce Committee, for example, has held two hearings this year focused on raising minimum wage for the first time since the 1990s. Under the latest proposal, minimum wage would have increased over a three-year period to a maximum of \$8.50 per hour, a significant increase over the current federally-based wage. After initially blocking the bill the day before, House members were asked to reconsider as they met for a second time when a larger percentage of Democratic members turned out. The House approved the bill on the second round of votes, but rejected it when a third vote was held, revealing how divided lawmakers are on the subject.<sup>13</sup> In another striking example of political unrest, Maryland witnessed an outcry when Gov. Robert L. Ehrlich Jr. vetoed a minimum wage bill, which faced strong opposition by the profit-conscious business community, that would have increased the minimum wage by one dollar. Democratic lawmakers, outraged by the decision, vowed to override the governor's veto during next year's General Assembly.<sup>14</sup>

Some officials have resorted to desperate measures in attempt to keep minimum wage deliberations alive. Pennsylvanian Gov. Ed Rendell made headlines recently when he attempted to strong-arm a minimum wage increase into law. He threatened that he would not approve raises for state lawmakers unless they supported the increase, telling reporters that "if [lawmakers are] interested in revisiting the pay raise bill, they have to make it clear to me that they'd approve a minimum-wage increase." His comment was followed by criticism from top politicians, including House majority leader, Sam Smith, who described the warning as wrong.<sup>15</sup>

Frustrated by these lengthy or non-existent processes of adjusting state minimum wage standard, many municipal

governments are taking matters into their own hands. Wisconsin, which has been dubbed a “battle-ground” for minimum wage conflicts, exploded with controversy earlier this year when Madison County passed laws that would have raised local minimum wages well above the state minimum wage of \$5.15 per hour to \$7.75 over the next three years, paving the way for what the president of the Wisconsin Restaurant Association called a potential “hodgepodge of wages across the state.”<sup>16</sup> Soon after Madison put the new laws into effect, Milwaukee, La Crosse, and Eau Claire approved similar local directives.

In the wake of these events, Wisconsin Governor Jim Doyle, with the support of Republican lawmakers, signed a bill that blocks local governments from setting minimum wage laws that exceed state levels. In exchange, the overall state minimum wage was raised to \$5.70 on June 1, 2005, and will be further increased to \$6.50 starting in 2006. The ban voided all local minimum wage laws, including Madison's.<sup>17</sup> Concerned with future inflation, Madison Mayor Dave Cieslewicz highlighted the danger of Doyle's decision to take away the city's ability to make changes in accordance with inflation. In agreement, Alderman Austin King, who drafted Madison's local wage law, suggested that “we might look back and point to Jim Doyle's signature as the reason we're still stuck at \$6.50 an hour.”

New Mexico experienced similar turbulence as Albuquerque lawmakers recently proposed a bill that would have increased the minimum wage to two dollars higher than the state minimum wage of \$5.15. Under the proposal, voters would have decided the fate of the bill during the October 4, 2005 ballot. However, city council members narrowly rejected the proposal by 5-4. Despite defeat, the bill may still be put to ballot as a result of labor organizations, community groups, and others that are circulating petitions to community members. Thirteen thousand three hundred and ninety-three (13,393) signatures must be submitted by July 18 to get the bill to vote. If the bill is ultimately passed into law, Albuquerque will be the second city in the state to establish a local minimum wage; Santa Fe's controversial minimum wage is set at \$8.50 per hour with an additional increase to \$10.50 scheduled for 2008.

On the national front, advocates of an increased federal minimum wage are renewing efforts to that end. Sen. Edward M. Kennedy, D-Mass, joined by Sen. Hillary Rodman Clinton, D-New York, introduced the Fair Minimum Wage Act of 2005 on May 18, 2005, calling for a three-step increase in the minimum wage to \$7.25 per hour. In a press release, Kennedy criticizes Members of Congress for having increased their own pay seven times over the last eight years while failing to raise the minimum wage during the same time frame and calls on Congress to “act as quickly as possible to pass a minimum wage increase that reflects the losses suffered as the result of our shameful inaction in the past.”<sup>18</sup> The proposal is also backed by Sen. Tom Harkin, D-Iowa, who said, “President Bush's economic policies may be working for the millionaires on Wall Street, but they have a very different effect for working Americans on Main Street.”<sup>19</sup>

Ironically, Albuquerque Mayor Martin Chavez, D-Wisc, won the endorsement of the U.S. Conference of Mayors for an increase in the federal minimum wage. Although he opposed the efforts to create a local minimum wage in Albuquerque, he has advocated for state and federal increases. Pointedly, Chavez's proposal stated that if the minimum wage is not increased, a “patchwork of local wage laws across the country is the likely alternative.”<sup>20</sup>

Poverty has doubled since the 1970s for full-time, year-round workers, climbing from about 1.3 million then to more than 2.6 million now. Minimum wage employees laboring full-time and year-round earn \$10,700 a year, or \$5,000 below the poverty line for a family of three.<sup>21</sup> Many library workers earn the minimum wage or slightly above; 1 library assistants in the Mid-Atlantic Region earned an average hourly wage of \$6.56.<sup>22</sup>

The minimum wage law (the FLSA) applies to employees of enterprises that do at least \$500,000 in business a year. It also applies to employees of smaller firms if the employees are engaged in interstate commerce or in the production of goods for commerce, such as employees who work in transportation or communications or who regularly use the mails or telephones for interstate communications. It also applies to employees of federal, state or local government agencies, hospitals and schools, and it generally applies to domestic workers.

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