

Minimum Wage Law Moves Ahead

Legislation to restore the purchasing power of the minimum wage took a big step forward April 5th as the PA House of Representatives approved House Bill 257 on a bipartisan vote of 145-50. The bill now moves on to the Senate where its fate remains uncertain. If passed yet this spring by the Senate, it would raise the minimum wage from the current rate of \$5.15 an hour to \$6.25 an hour July 1st. An additional increase to \$7.15 an hour would go into effect by July, 2007.

The legislation has the support of Governor Ed Rendell, who praised the House on behalf of more than 254,000 minimum wage workers. "It has been eight years since we raised the minimum wage in this nation, and with this vote, we can be proud to finally begin to pull our minimum wage workers out of poverty."

Senate leaders Robert Jubelirer and David Brightbill must now decide whether to schedule HB 257 for a vote in the Senate. If the Senate is permitted to vote, it is widely expected that a majority would support raising the minimum, although perhaps not as much as the House did. Some partisans prefer for the issue to be unresolved until November when voters will select a governor for the next four years. Lynn Swann, the Republican candidate for governor, has opposed an increase out of concern that it would lead to higher prices, lay-offs or reduced hours for workers.

Since 1997, the existing minimum (\$5.15) has lost nearly a quarter of its value relative to the Consumer Price Index (CPI). To pay employees today what was the minimum back then would require around \$6.25 an hour. While that looks like an increase of \$1.10, it really would only restore the buying power of \$5.15 an hour. In fact, the cost of many of the items routinely purchased by low-income workers has increased much more than is reflected in the CPI. In the past eight years, the price of food has increased 21 percent, rent by 28 percent, heating fuel by nearly 50 percent and gasoline by 81 percent.

Supporters of HB 257 agree that jobs are the foundation of a strong Pennsylvania but do not agree that adjusting the minimum wage will cause a job loss. "Low-wage workers are also consumers," said Mark Price of the Keystone Research Center. "It's just common sense. When these workers have more take-home pay, it leads to spending that benefits many small, locally-owned businesses."