

Minimum wage hike affects thousands in W.Va.

By Mannix Porterfield, Register-Herald, 7/7/07

— Thousands of West Virginia's least-paid workers can expect a salary increase late this month, the first one mandated by Congress in a decade. As of July 24, the minimum wage moves from \$5.15 an hour to \$5.85, the first step in a three-year plan that sees the hourly rate jumping to \$6.55 one year from now, then to \$7.25 on July 24, 2009.

Across the business community, the consensus seems to be the increase is causing few ripples, says Steve Roberts, president of the West Virginia Chamber of Commerce.

"In a survey of our membership, what we're hearing from so many people is that they pay more than the minimum wage, so they're not too concerned," Roberts said.

The impact likely will come on "very low margin businesses," he said.

"Companies that are just getting by are going to feel something like this," Roberts said.

Steve White, director of the Affiliated Construction Trades Foundation, sees the increase as a blessing to thousands of residents pegged at minimum wage. "Clearly, West Virginia has a lot of low wage earners who have not gotten a raise in years," White said.

"They will definitely be helped. And it's got to help our local economy because that money will be spent back into the economy."

White cited labor statistics showing some 20,000 workers in West Virginia, as of 2005, were at or below the federal minimum wage. That figure doesn't include workers between \$5.15 and \$5.85 who also will benefit.

The same labor report showed West Virginia was tied with Oklahoma with the highest percentage (4.3 percent) of hourly paid employees at or below \$5.15. An estimated 133,000 of the state's workforce will see some higher pay by 2009 because of the spillover effect as wages of workers earning near the minimum are adjusted, according to the Economic Policy Institute.

Surveys over a number of years have shown that the increase isn't likely to have a direct impact on businesses, since salaries paid their employees already are above the minimum level and have been a long time, Roberts said.

"To be honest about it, it has not been a big issue with people I talked to with the chamber membership," he said.

About 90 percent of the chamber's rank-and-file is considered small business, defined as those with 100 or fewer employees.

"We didn't oppose increasing the minimum wage," Roberts said.

"In going around and asking our membership and listening to people, and asking them if this is of concern to you, we really didn't find people who thought this was a big concern."

One reason lies in the vibrant health of the American economy.

“The truth is, we have such a low rate of unemployment because of the national economy,” Roberts said.

“The nation’s economy is in very, very good shape. There is virtually no unemployment in the United States.”

West Virginia lawmakers last winter hiked the state’s minimum wage to \$6.55 for a narrow field of workers not covered by the federal minimum wage. At the time the legislation was considered, lawmakers indicated it covered about 2,000 people.

A year ago, the average annual pay in West Virginia shot up to \$32,724, or 4.4 percent, the fastest growth rate in better than 10 years. Employment rose to 705,281 last year, compared to 695,300 in the previous year. The biggest average paycheck was in Boone County — \$44,333. But in some counties, such as Summers, the average wage fell under \$25,000.

Anyone paid the existing federal minimum wage is earning around \$10,000 annually, and that’s below the federal poverty level, White pointed out. “So really, this is money for folks can use that extra bit of money,” the labor leader said.

Local businesses needn’t fear the 70-cent bump if all of them are playing by the rules on an even playing field, he said.

“Local businesses will prosper,” he said. “These low wage earners are going to be spending that money. It will fuel that economy. These aren’t folks who put money in stocks and bonds. They can’t afford it. They’ll spend it. So it will have a positive effect on the economy.” White sees a benefit to workers paid above the minimum wage, given the desire of business owners to maintain employees when competing with one another for their employees.

Given the rise in the cost of living since the minimum wage was last increased a decade ago, White suggested the boost was overdue.

“You look at the price of gas,” he said. “That’s one benchmark. And other prices have been going up. The buying power of that minimum wage has been really eroded.

“I think businesses tend to always want to hold wages down. They see it as money out of their pocket, but in the bigger picture, I do think it (the increase) really does stir the economy.”