

MINIMUM WAGES GETTING RAISED IN IOWA



Senate Democrats have pushed forward a proposal to raise the minimum wages in Iowa. The Senate File 2040 has been approved by the Iowa Senate Labor and Business Relations subcommittee, raising the bar of minimum annual wages from \$14,000 to \$20,000. This is a healthy attempt to catch up to reality as the wages had been raised from \$6.55 an hour to \$7.25 an hour in July 2009. According to the proposal, the minimum wages in Iowa would be raised from \$7.25 to \$8.75 in July, and would be raised again to \$10 in January. Charlie Wishman, secretary and treasurer for the Iowa Federation of Labor, welcomed the move saying *"This isn't going to lift anybody out of poverty, but it's going to help keep the lights on, help keep the car running."* However, the move also found criticism from people who saw things from a different angle. According to Senator Mark Chelgren, keeping within federal recommendations was important. *"I believe that we're actually going to harm the economy by pushing the minimum wage past the threshold that the federal government recommends,"* said Chelgren. John Gilliland, senior vice president for government relations for the Iowa Association of Business and Industry, that represents 1,400 Iowa businesses employing more than 300,000 Iowans expressed his concerns pointing out that following the 2009 increase of minimum wages more than 500,000 jobs were shed by employers. Critics also pointed out that last year's 70-cent increase in minimum wages led to the increase in menu prices of 58 percent of restaurants according to the National Restaurant Association and that 24 percent of restaurants had to reduce their staff. Craig Walter, of the Iowa Restaurant Association remarked that businesses have just experienced one of the largest economic recessions in American history and are "crawling out of that hole." He said that with going profit margins at 2 to 4 percent, increase in minimum wages can lead to business catastrophes. Citing data from the Employment Policies Institute, John Gilliland said that a large majority of about 85% of those who earn minimum wages in the state are teenagers, and that teens lose job opportunities with each rise in minimum wages. However, Senator Thomas Courtney contradicted by stating that 76 percent of workers who earn minimum wage rates in Iowa are adults of 20 or more years, citing from the National Employment Law Project. There was no data available on whether the restaurants that had to increase prices following the rise in minimum wage rates last year were ones frequented by minimum wage earners. It was also a little bit funny to find that business owner associations were openly admitting that organizations can go out of business if minimum wages were raised by a few dollars. But that would mean that those businesses were operating and managing to remain afloat just by denying higher salaries to staff. What about the part of "business" that was supposed to be profit-making activities? Going by data cited by detractors, if a raise of 70 cent in minimum wages wiped out 500,000 jobs, then the proposed increase in \$2.50 can be a virtual tsunami for businesses and jobs in Iowa. Possibly, going by the opposition to raise minimum wages, there would be nobody left in the state to take those wages.