

Federal minimum wage to increase

For Md. workers, it's 40 cents an hour; business owners bemoan cost

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About 64,000 workers in Maryland will get a pay raise tomorrow when the federal minimum wage bumps up to \$6.55 an hour - the first federal increase to affect the state in a dozen years.

For those working 40 hours a week at the state minimum of \$6.15, the extra 40 cents an hour will amount to an additional \$832 over the next 12 months. Another increase, scheduled to take effect next year, will add \$1,456 a year.

To Jason Perkins-Cohen, executive director of the Job Opportunities Task Force in Baltimore, it's "a small increase."

"It's not going to dramatically change people's lives," he said. "But, again, every little bit helps. It can be the difference between food on the table, or keeping the lights on."

House Democratic Leader Steny H. Hoyer of Maryland, who championed the increase in Congress, said the wage increase "couldn't come at a more critical time for workers or the economy."

"Rising costs of food, gasoline and health care are pinching the budget of Maryland's working families," the Southern Maryland congressman said. "This increase, followed by another raise next year, will help meet the immediate economic challenges facing working families as well as provide an additional boost to help strengthen the overall economy."

But Melvin Thompson, vice president of government relations for the Maryland Restaurant Association, says the increase arrives "at the worst possible time."

"Right now we're dealing with huge increases in the cost of energy," he said. "We have some declines in the number of customers that are patronizing our restaurants because they're all tightening their belts. And at the same time we're dealing with significant increases in food costs because of the diversions of much of our corn crop to ethanol production."

Elaine Ezell says she sees both sides. The co-owner of AAA Antiques Mall in Laurel has had employees questioning whether they could afford to continue driving to work. She says the same challenges that fuel and other costs pose to her workers also make it more expensive for her to do business.

"I fully understand where the people are coming from, I really do, that they need more money to buy necessities," said Ezell. "But at the same time, all these Ma and Pa stores like ours can't afford to keep having to raise our wages."

Ezell and other Maryland employers last had to increase their wages in February 2006, when the General Assembly raised the minimum from \$5.15 to \$6.15 an hour.

An increase in the federal rate last year to \$5.85, the first in 11 years, didn't affect Marylanders, because the new rate was still lower than the state minimum.

Ezell says the 2006 increase is part of the reason her labor force has declined from a high of about 30 employees to the current 10. She says the seemingly slight bump in pay is deceptive, because it also means greater taxes and Social Security contributions. And while only a few of her employees now earn less than \$6.55, she says she may now be forced to give others raises.

"I almost have to give each of them some kind of increase to keep it in line," she said. "I can't have someone who's been here a long time or has more responsibilities just making a few cents more than somebody else."

Rep. Elijah E. Cummings called the increase "great news for workers in Maryland." He said the majority who will benefit are women.

"Many of them are single mothers heading the household," the Baltimore Democrat said. "Everything has been going up around them - bread, milk, rent, gasoline. Even with the minimum wage, they're still falling behind. ... I wish it could have been more."

But Jeff Levin, general manager of Fields of Pikesville, a business that includes a restaurant, greeting cards and cosmetics, says the increase is going to hurt young workers.

"What it does is it makes it difficult to hire totally untrained high school students," he said. "Wherever you do this, there's an immediate, direct effect on student unemployment."

Perkins-Cohen, of the Job Opportunities Task Force, says he's sympathetic to the challenges that businesses face.

"If they say that they can't afford it, then that's certainly a concern," he said. "At the same time, when you're looking at the bigger picture, we can't have a community in which people are working full-time and living in poverty."

Someone working 40 hours a week at the new minimum would earn \$13,624 a year. The federal poverty level in the 48 contiguous states is \$10,400 for an individual, \$14,000 for a family of two, and \$17,600 for a family of three.

"That is not what we want as a society," Perkins-Cohen said. "I think we believe as part of the American dream, you put in a full day's work, you deserve a decent standard of living."

"I don't want to minimize the concerns of individual employers," he continued. "But I think if you're living that close to the edge as an employer, there are maybe bigger issues, and there's something we have to do to help employers deal with that, keep them afloat. But not provide people of our community a wage on which they can't live."

Cummings called it "a balancing act." Having run a small law firm before entering Congress, he says he understands the challenges facing small businesses. At the same time, he says he sees constituents working two and three jobs and still falling behind.

"We've got to make sure that we do everything in our power to allow families to have a reasonable amount of money to live on," he said.

He sees both sides being squeezed. "They way I look at it is, who is better able to take the hit? Business owners, or children?"

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