



GUEST OPINION

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Wage fears not aligned with reality

By Heather Gibney

While Congress continues to debate whether to raise the minimum wage, 13 states are seeing an increase in 2014 — boosting the incomes of an estimated 2.5 million people. What can we expect in Iowa? In the upcoming legislative session, an increase may be proposed, but getting it passed will be difficult.

Raising the minimum wage would deliver its benefits into the pockets of Iowa's working poor, who need it most. The Economic Policy Institute analyzed data from the Census' Current Population Survey and found that of those who would be affected, 78 percent are 20 or over, 43 percent work full time and 58 percent are women.

In other words, these are not just teenagers. In Iowa, nearly three-fourths of single parents earn less than a family supporting wage. A single parent working full time at \$7.25 per hour and supporting two children makes about \$4,500 less than what the federal government considers to be poverty for a family of this size.

Opponents of an increase in this bare minimum of compensation claim that raising the wage will hurt the poor, who will see fewer jobs because of it. Actually there is no consensus among economists that there will be a significant decrease in jobs. The Center for Economic and Policy Research has examined the most rigorous economic research over the last two decades on the impact of minimum wage increases on employment and found "little or no discernible effect" on job growth.

The Economist recently opined that amid widening income inequality and shrinking shares of income for workers, "the case for action to help the low-paid grows." The Economist showed that Britain's national minimum wage — at 47 percent of median income compared with America's low 38 percent, and adjusted annually — "does not seem to have pushed many people out of work."

By contrast, "In America, the federal floor is set by politicians and adjusted irregularly in huge increments. That does no favors to American workers or their employers."

Increasing the minimum wage and the Earned Income Tax Credit — as The Gazette recommended in a Dec. 18 editorial, "A more predictable minimum" — would help bridge the gap between income and what working Iowa families need to get by.

Indexing the minimum wage to inflation would be an effective way of ending these periodic squabbles that leave pay for the working poor to "political winds and whims" that The Gazette noted — instead of good research on the effects.

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