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### Minimum wage goes up today

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PARKERSBURG - The new federal minimum wage increase, which goes into effect today, is almost a Catch-22 for the economy, according to the Chamber of Commerce of the Mid-Ohio Valley.

The increase, which makes the wage \$7.25, up from \$6.55 per hour, has generated discussion because it could either put more money into the economy or place an additional burden on employers, said chamber President Bonnie Grady.

"The chamber shares this concern, especially as it relates to our small- and medium-sized businesses," Grady said Thursday.

West Virginia is one of the 31 states that will be affected by the increased minimum wage. Nineteen other states already have minimum wages at or near \$7.25.

While the lowest-paid workers in states that don't have a higher minimum will receive more money, it also means higher costs for employers who feel they have already trimmed all their operating fat.

Some economists have said the increase could prolong the recession by forcing small businesses to lay off the same workers it is meant to help.

More than in any period before, businesses are likely to lay off employees and reduce hours, which will further fuel the economic slump especially in states seeing double-digit unemployment rates, fiscal conservatives and some economists said.

"West Virginia employers are already paying substantially more than the federal minimum wage," Grady said. "Any additional hardship, especially in the current economy, has the potential to make it even more difficult to continue doing 'business as usual.'"

Backers of the increase say it's long overdue for millions of the nation's working poor. Rep. George Miller, D-Calif., authored the 2007 minimum wage legislation, which increased pay for the first time in a decade.

"A higher minimum wage helps working families' budgets and results in increased spending on local business, which is good for everyone," Miller said in an e-mail.

It is estimated that about 12.5 percent of West Virginia's workforce will benefit from the increase, according to the recent analysis conducted by the Economic Policy Institute in Washington, D.C., and released by the West Virginia Center on Budget and Policy (WVCBP).

Of the 95,000 workers impacted by the wage hike, 63,000 will be directly affected by the increase and 32,000 workers will see an increase due to "spillover effects."

"The increase will significantly boost the pay of low-income workers in the state who have seen their wages decline over the last three decades," said Ted Boettner, executive director of the WVCBP. When adjusted for inflation, wages for the bottom 10 percent of earners have declined by 14 percent from \$8.10 per hour in 1979 to \$7.09 in 2008, he said.

The increase is expect to not just help workers and their families, but also help boost local economies during the recession. The Economic Policy Institute estimates an increase in consumer spending of \$5.5 billion over the next year as a result of the minimum wage increase.

"The increase is especially helpful for disadvantaged workers who are struggling the hardest to make ends meet," said Rick Wilson, a WVCBP board member and director of the American Friends Service Committee's WV Economic Justice Project. "Those who stand to gain the most are women, single mothers, African-Americans, Hispanics, those with just a high school degree and part-time workers."

Studies of previous minimum wage increases have found no significant evidence that it results in job losses. Employers are often able to compensate for the increase though increased productivity, reduced turnover and absenteeism and higher worker morale, studies show. The minimum wage was first enacted during the Great Depression as a means of setting a base level for employee compensation.

The Associated Press contributed to this article.

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