



## Supporters believe minimum-wage hike is 'going to put money into the economy'

By Jessica Legge  
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— “I want to congratulate the people out there getting a pay raise,” Kenny Perdue, president of the West Virginia AFL-CIO, said of the federal minimum wage increase that went into effect at the end of last week. The AFL-CIO, based out of Charleston, has been around since 1957. This organization focuses on workers’ rights issues — from health care and pensions to safety and working conditions.

In West Virginia, the minimum wage increase was staggered over a period of three years. In July 2006, the pay jumped from \$5.15 to \$5.85 per hour, and it went up to \$6.55 the following summer. In July 2008, the state saw the final 70-cent increase, which brought the minimum wage to \$7.25.

The federal minimum wage has been a year behind West Virginia’s rate. The federal pay increased from \$5.85 to \$6.55 an hour last year and reached \$7.25 on Friday, July 24.

Jama Jarrett, public information specialist for the West Virginia Department of Commerce, reported that the federal rate applies to the majority of West Virginia workers making minimum wage, with the exception of state government employees or an employee of a business not dealing in interstate commerce. Workers covered by the state minimum wage were already making \$7.25 an hour and were not affected by the federal increase, she said.

“West Virginia’s unemployment rate has been so low the last couple years that in order to be competitive in this job market, many businesses that traditionally have paid minimum wage were already paying higher than minimum wage to attract and keep employees,” Jarrett said. “Some have even offered additional incentives, such as health benefits, signing bonuses, flex time, etc., to attract and retain employees.”

Information from the U.S. Department of Labor identifies the value that the federal increase will have on workers and how it could help businesses with retention and productivity.

But Jarrett added, “It’s important to keep in mind that not all businesses can afford to pay the minimum amount, and in turn, may have to lay off workers or close their doors.”

Although there has been concern that the increased minimum wage will have a dire effect on business in the state, Perdue doesn’t agree.

“The reality is it’s going to put money into the economy,” he said. “The people that are getting the minimum wage increase are the people that save very little money because everything that they make they have to spend to (get by).”

Before the increase was implemented, quite a few employers were already paying higher than minimum wage. However, many businesses just played by the rules and waited for the new requirement to take effect before upping the wages, Perdue said.

Because companies knew this change was coming, he doesn’t think the minimum wage increase will result in businesses cutting back on workers. The increase will be more significant for companies with hundreds of part-time workers on the payroll, Perdue said.

“The biggest effect is the money that will go into the employee’s pocket will go into the economy,” he said.

“Anytime you can put some money into a worker’s pocket, especially at the low end of the pay scale, it helps the economy.”

The West Virginia Center on Budget and Policy, located in downtown Charleston, is a nonpartisan, nonprofit policy research organization that focuses on policy decisions that impact all West Virginians. The center is a state counterpart of the Economic Policy Institute in Washington, D.C., and recently released an analysis conducted by the institute.

Ted Boettner, director of the Center on Budget and Policy, said the Economic Policy Institute estimates that the wage hike will impact not just minimum wage workers who were getting below \$7.25 an hour but anybody making up to \$7.95 an hour.

"It's sort of the estimated spillover effect," he said. "I think this is just really important and really good timing because over the last 30 years we've seen a decline in wages for low-wage workers."

The Economic Policy Institute projected that 12.5 percent of the workforce in the state will benefit from the higher federal minimum wage.

During the economic downturn, this much-needed boost will put money into the local economy. With so many families in West Virginia struggling to make ends meet, this wage increase will help them purchase food or be able to give their children something they couldn't before, Boettner said.

"I think it's certainly going to help those struggling, and I think it's certainly going to help consumer spending," he said. "It benefits West Virginia. It means more money will be staying in the state of West Virginia."

While a lot of small businesses are exempt from paying the minimum wage, many of the larger businesses had to face the increase. Boettner doesn't expect a decrease in employment.

"Studies found that there was little correlation between increase in minimum wage and decline in employment," he said. "This is a small increase. This isn't a lot of money for a really huge company."

Boettner said this is a basic minimum standard that is being made to value work and help employees pay their bills.

"Minimum wage is also about fairness and rewarding hard work, too," he said.

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