



Minimum wage war

\$1 hike sparks controversy between workers and small-business owners

By Kathryn Masterson
RedEye

November 30 2006

Low-wage workers in the Chicago area could see a bump in their paychecks next year, as the Illinois House voted Wednesday to raise the state minimum wage by 27 percent over the next four years, starting with a \$1-an-hour increase in July.

The current minimum wage in Illinois is \$6.50 an hour. Under the proposal, which has been sent to the state Senate, Illinois businesses would be required to pay most workers at least \$7.50 an hour beginning July 1, 2007. That would be followed by three 25-cent increases over the next three years, bringing the minimum wage to \$8.25 in 2010.

The bill is expected to pass the Democrat-controlled state Senate and go to Gov. Blagojevich, who says he will sign it.

"Every so often, we get the chance to do something that directly and tangibly makes people's lives better," the Democratic governor said in a statement.

Supporters of a minimum-wage hike say the current minimum—which in Illinois equates to \$13,520 a year for a full-time job—is not enough to support a family. But opponents of raising the minimum wage argue that hiking it would cost jobs because small businesses won't be able to afford the additional labor costs.

Small-business owner Nick Mehmeti, who owns Betty and Nick's Family Hair

Care, which has six locations, said he's feeling pinched by the possible wage increase—most of his 65 to 70 employees make minimum wage, he said—as well as a possible increase in his utility bills.

"We try to do the best we can," he said. "We'll wait and see what happens with the utilities and the legislature. It's not only one thing."

The measure approved Wednesday dropped earlier efforts to require annual increases so the minimum wage would keep up with inflation. It also lets businesses continue paying 50 cents less to workers under 18 and includes probationary employees in that lower-wage category. Opponents also argue there are more effective ways to help low-wage workers, including income tax credits and job training.

They also question whether raising the minimum wage will help the people it's intended to benefit.

The Employment Policies Institute found that those who would benefit from a wage hike have an average family income of \$55,735 a year. Fewer than one in five minimum-wage employees are the sole breadwinners for their family, according to the group.

The pro-increase Economic Policy Institute says 81 percent of minimum-wage workers nationwide are 20 or older, more than half work full time and one-fifth are parents—not just teenagers earning pocket money. Jose Oliva, a coordinator with Interfaith Worker Justice, which helps low-wage workers, says people making the lowest wages typically fall into several groups: young people who are still in school or just out and working to supplement the household income; immigrant workers with low skills; people with criminal records; and those who never finished high school.

Oliva said those making minimum wage have to be creative to cover the costs of living in Chicago. In a city where the average apartment costs more than \$1,000 a month, according to rent.com, they double or triple up families in an apartment, and they juggle their bills. They sometimes rely on public aid for help, using state food stamps to buy food for the children in the family.

"It really is not enough to survive," Oliva said.

[AP contributed]