



LOWEST PAID WORKERS MAY GET RAISE

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The nation's lowest paid workers may be getting their first raise in 10 years if the House of Representatives and Senate can agree on legislation. Both houses of Congress independently passed bills to raise the minimum hourly rate from \$5.15 to \$7.25 by 2009.

The Senate bill includes large tax breaks, totaling \$8.3 billion over the next 10 years, to help businesses pay for their employees' increased wages.

Initially, the House of Representative's bill did not include a tax cut provision. On Friday, however, the House passed its own more modest measure to cut taxes on business over the next decade by \$1.8 billion.

For the wage increase to become law, both houses of Congress will have to agree on a final draft of the bill and send it to President Bush for approval.

A national priority

Raising the minimum wage is a high priority for the newly Democrat-controlled Congress. Many current members campaigned on the issue and are anxious to deliver on their promises.

In January, Democratic Senator Edward Kennedy of Massachusetts, a long-time supporter of raising the minimum wage, said that the increase is "about people that work, and work hard, of dignity, that want to do a good job and also want to provide for their children."

If adjusted for inflation, the current minimum wage, \$5.15 per hour, is at its lowest value since 1951.

In a statement released by the Economic Policy Institute in October, 650 of the nation's leading economists endorsed the increased minimum wage, saying that the "benefits to the labor market, workers, and the overall economy would be positive."

Twenty-nine states have already passed legislation to raise the minimum wage above the federal level. In eight of those states, the current minimum wage is even higher than \$7.25 an hour.

Currently, Kansas is the only state that has a minimum wage lower than the federal level. By law, however, workers there are entitled to at least the federal wage.

Tax breaks for businesses

Critics of the wage increase claim that it would unfairly punish small businesses, restaurants and retailers.

As a result, both the House and Senate bills include tax provisions to help companies pay the higher wages.

In both bills, businesses that hire former welfare recipients and at-risk youth, for instance, would be eligible for some tax relief. Small businesses would continue to get tax credits for equipment purchases. And restaurants, which employ many of the nation's low-wage workers, would receive a number of special tax breaks.

The main difference between the House and Senate bills is how each plans to pay for these tax cuts. By law, Congress is required to propose how any tax break would be financed, usually by making adjustments to other parts of the tax code.

The Senate bill, which is much more generous to business than the House's, would finance the cuts by targeting large corporations, closing loopholes that are beneficial to high-paid workers.

The House bill, on the other hand, would end a tax shelter that allows wealthy people to pass money to their children.

Resolving differences

Over the next few weeks, the competing bills will be debated in a conference committee, a group comprised of members from both the House of Representatives and Senate. When a compromise is reached, the committee will present a revised bill to both houses of Congress for a final vote.

While there is no fixed deadline for a compromise, the House vote on Feb. 16 to include tax cuts helped resolve some initial differences between the two versions of the bill.

Senate Finance Committee Chairman Max Baucus, a Democrat from Montana, said Senate and House leaders could come up with a compromise within two or three weeks.

"The minimum wage provision is going to trump all of this and is going to drive us to get this thing done pretty quickly," Baucus said, the Associated Press reported.

Across the aisle, Republican Senator Mitch McConnell of Kentucky said that the House tax package was "a good first step," the Washington Post reported. "While I support the more robust Senate package, I know we can create a stronger bipartisan package that provides meaningful benefits to both those who earn the minimum wage and those who pay it."

If Congress agrees on a bill and the president signs it into law, the federal minimum wage would start to increase later this year.

-- *Compiled by Noah Buhayar for NewsHour Extra*

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