

Overdue pay boost or job killer?

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OPINION: How can voters weigh competing claims about the initiative to change Alaska's minimum wage that will appear on the November ballot? They can listen and ask questions of two experts who will share different perspectives.

In the Nov. 4 general election, Alaskans will vote "Yes" or "No" on Ballot Measure 3. That's an initiative to raise Alaska's minimum wage (set at \$7.75 since 2010) to \$8.75 on Jan. 1, 2015, and to \$9.75 on Jan. 1, 2016. Thereafter, the minimum wage would be adjusted yearly for inflation. In any case, it would stay at least \$1 above the federal minimum wage.

Data and studies on the impacts of Alaska's existing minimum wage law are scarce. The federal minimum wage, however, has been well studied. So have the possible effects of a proposed rise in the federal minimum wage. As you might guess, there are dueling facts and findings. Still, the federal studies suggest some points for Alaska voters to consider.

But first, a few big-picture facts may help frame the issues. The U.S. Bureau of Economic Analysis, record-keeper for the nation's income statistics, reports that by 2012, post-recession corporate profits had reached an all-time high as a share of total national income. At the same time, the share of wages and salaries had dropped to an all-time low. Profits are up. Wages and salaries are down. Meanwhile, the U.S. Census Bureau finds income inequality has grown much more extreme since 1980. Perhaps these broad trends are why minimum wage laws are now a live issue for Alaska and several other states and cities.

The Economic Policy Institute, a think-tank, estimated a proposed federal minimum wage increase to \$10.10 by mid-2016 would affect 44,000 employees in Alaska. That's about 15 percent of Alaska's workforce. Alaska's smaller proposed increase would likely affect fewer workers.

A recent study by the nonpartisan Congressional Budget Office supplies findings for both sides. The CBO estimated the proposed federal increase would lift 900,000 persons above the poverty level. The CBO also estimated that 500,000 employees would lose their jobs.

Generally, pro-labor groups and liberal economists favor minimum wage laws. Pro-business groups and conservative economists oppose them. Oddly, both advocates and opponents center their arguments on the impacts on minimum wage workers.

Advocates can point to studies that find minimum wage laws raise incomes for minimum wage and other low-wage workers, with few or no job losses. Advocates also say putting more money in low-income pocketbooks boosts consumer spending and creates new jobs. And better incomes reduce dependency on public income assistance programs.

Opponents counter that higher wages mean higher prices, lost sales, squeezed profits, and, soon, lost jobs. Some opponents also say such laws penalize minimum wage workers in other ways, such as loss of earned income tax credits, higher payroll taxes and reduced eligibility for food stamps and housing and health care subsidies. Additionally, minimum wage laws are ineffective because much of the gain goes to families already above the poverty line.

Alaska Common Ground is co-sponsoring a forum on the minimum wage initiative at the Wilda Marston Theatre in Anchorage's Loussac Library from 7 p.m. to 9 p.m. July 30. Ed Flanagan, who supports a "Yes" vote, is former commissioner of the Alaska Department of Labor and an initiative sponsor and chair

of Alaskans for a Fair Minimum Wage. Dr. Kyle Hampton, who opposes the initiative, is assistant professor of economics at the University of Alaska Anchorage and director of its Center for Economic Education. Audience members will have plenty of time to put questions to the speakers.

The event is free and open to the public. The League of Women Voters of Anchorage, the League of Women Voters of Alaska, the Anchorage Public Library and Alaska Integrated Media are co-sponsors.

Kevin Waring is a board member of Alaska Common Ground, a membership-supported, nonprofit, nonpartisan tax-deductible organization that focuses on fostering understanding and dialogue about Alaska's public policy issues.

Read the piece in the Alaska Dispatch.