GUEST OPINION

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Iowa View: 'Opportunity wage' is a misleading term

By Heather Gibney

So the restaurant industry doesn't want to see an increase in the minimum wage. Now there's a surprise.

The arguments of Jessica Dunker of the Iowa Restaurant Association ("Wage Increase Would Cut Entry-Level Jobs," March 18) are as stagnant as the wage itself — a wage not raised in six years in Iowa.

Better to consider the real impacts of an increase in the minimum wage for the actual population who would be affected. Dunker, focusing only on teenagers and people just starting out, leaves out the vast majority of those who would gain from the minimum-wage increase proposed by Sen. Tom Harkin.

Focus instead on the Iowans who are 20 or older who represent the largest share — 78 percent — of those who would be affected by the proposed increase from the current $7.25 to $10.10 per hour. Of that share, the Economic Policy Institute notes, more than half are 30 or older.

More than one in five Iowa workers — over 300,000 — would gain directly or indirectly as pay scales adjust. In many cases, Iowa families count on minimum wage income for a major share of their household budget. EPI found it to be 46 percent of the family income of the average worker affected. Like all of us, they have seen their costs rise dramatically over the past six years.

These are hardworking men and women, some with college degrees, many with children, and many working full time. Many want to rise through the ranks and maybe someday reach the middle class. But it's a long and steep climb, made longer and steeper when wages are held down.

Our recent cost of living in Iowa report shows the current minimum wage doesn't even come close to paying the bills. For example, a single parent with two children working a full-time job would need to make $28.11 per hour just to be able to pay for a basic, no-frills monthly budget; $56,212 annually before taxes and credits. With low wages, families need public work supports, such as food, energy and child care assistance.

So when Dunker calls the minimum wage an "opportunity wage," she should be careful. An opportunity for what? To take on more debt? To make your kids do without? To receive more mail from the utility company? Interestingly, the "opportunity wage" is a term sometimes used to describe a below-minimum wage that can be paid to teens.

Yes, restaurant owners will adjust as Dunker suggests, but common sense should tell you her scenario of fewer servers and clearing your own table is not likely. This would be bad for business.

When restaurants and other low-wage employers begin to catch up with the need for better pay, all will benefit. Those businesses will get business from employees who can afford to spend more.

Where employers reduce the number of hours worked, the higher pay can raise the standard of living for affected employees, offering an opportunity for more family time or even other work. Higher pay can make it easier to find and keep employees; less turnover reduces training costs.

Some costs could be passed on as higher prices, but those estimates are small — and those costs have been held down artificially by the stagnant minimum wage.

Two things are certain with debates over increases in the minimum wage. Some industry sectors will always fight it, and once it passes, more families will be better off.

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