

## **Minimum wage takes a jump; business owners consider effect on bottom line**

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By: Brian Brus

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OKLAHOMA CITY – Jamie Brown doesn't like having to balance her employees' salary increases against the company's success in the current recession.

"If you are worrying about your bottom-line profit and you have a forced minimum wage raise, then you wonder, well, do I go ahead and give myself a raise, too? Or my salaried employees? Or do I wait until I see how this is going to affect my labor costs?" said Brown, the general manager of Earl's Rib Palace in the Bricktown district near downtown Oklahoma City.

"You're real cautious about what you do because, for example, you've got vendor increases because of gas prices, and in this economy, it just makes things tougher," she said.

Jim Hopper, president of the Oklahoma Restaurant Association, said most of his members are ready for the mandatory change that takes effect Friday, raising the minimum hourly wage from \$6.55 to \$7.25. The increase is the last of a three-stage adjustment mandated by the federal Fair Minimum Wage Act, signed by President George W. Bush in mid-2007.

"They've been preparing for this for quite some time. ... It's just another incremental step," Hopper said.

"Many of them are already paying above that amount anyway.

"When this was passed by Congress three years ago, things were a lot different. So it absolutely has an impact," he said. But as to whether it will affect business operations on a large scale, Hopper said, "It's too early to tell."

The U.S. Bureau of Labor Statistics reported 48,000 Oklahomans were paid at or below the federal minimum wage level in 2008, and most of those jobs were held by young workers in the food and personal services industries. Neither the state Employment Securities Commission nor the Oklahoma Labor Department keep statistics on the number of employees who work for minimum wage, representatives at those agencies said.

The latest 70-cent wage change means that an employee working 40 hours a week will see his or her annual gross income rise from about \$13,600 to \$15,100.

By comparison, a single person's poverty threshold, a standard used by the U.S. Census Bureau, was \$10,600 in 2007, the latest bureau data available. For a household of two adults and one child, the threshold was \$16,700. The Census Bureau uses a set of money income thresholds that vary by family size and composition to determine who is in poverty. If a family's total income is less than the family's threshold, then that family and every individual in it is considered in poverty.

Mike Seney at The State Chamber said the organization hasn't heard many rumblings from the business community about the impending change, nor does he expect it to trigger much of a bump in other wage rates as Brown expressed.

"I think that it may make some decisions harder as far as hiring new people at the entry level and the part-time level. It usually impacts teenagers and summertime jobs. So with the economy the way it is, it may have a greater impact on some employers," he said. "But they're making those adjustments pretty well into their payrolls."

Brown said that when she first started working as a manager at Earl's Rib Palace, "My bus servers and dishwashers were making around \$6 an hour. We were actually paying a little more than minimum wage at the

time, and I felt real good that we were able to pay even the low-end employees more than just the basic salary and operate a business.”

For the last couple of years, though, she’s had to keep raising her labor costs as the economy tightened. And it doesn’t seem fair to increase pay for a job that hasn’t also increased in some way, she said.

“It’s not like they’ve increased their responsibilities. For them, I’m sure it’s very good. If I were at the bottom of the totem pole, I would probably like that my minimum wage got raised,” Brown said. “But as far as the general manager’s point of view, it does make it kind of tough.”

Even though he said he won’t be directly affected because he already pays his employees above the minimum level, Kent Ross at Al’s Bicycles joined the Business Alliance for Local Living Economies, a national network of economically and environmentally sustainable businesses, to express his support of the wage increase.

“I just believe in fairness, and living in Oklahoma we already have our own set of challenges,” the bike shop owner said. “I understand business owners’ concerns, but most of the owners I’m familiar with pay more than the minimum wage anyway.”

Ross also sees the raise as something of an economic stimulus: “It puts more money in circulation. ... I hope it has a positive effect, because if a kid’s working and wants to buy a bike to go back to school, now they’ll have a little more cash to do it,” he said.