

State task force recommends increasing minimum wage

By Matt Bittle
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DOVER — A state task force formed to analyze the low-wage worker market is recommending the state raise its minimum wage to \$10.25 by 2017.

On Friday, the “Low-Wage, Service Worker Task Force” released the results of its study, concluding more support and protection is needed for employees making minimum wage.

Composed of legislators, state officials and union leaders, the group not only called for a minimum wage increase but also advised the state it would be well-suited to index the rate to inflation.

“The workers at the bottom of the pyramid need additional income for just living day-to-day,” said Sen. Robert Marshall, D-Wilmington, a co-chairman of the group.

“For their groceries and their day-to-day living expenses, anything that we can do to help with bread-and-butter issues matters to the people of our state,” he said.

However, a minority report issued at the same time suggests 5,000 Delaware residents could lose their jobs and others could have their work hours reduced as businesses are forced by government to pay out more money they can’t afford.

In the first days of the 147th General Assembly, Sen. Marshall introduced Senate Bill 6 to raise the minimum wage by \$1 to \$8.25. It was ultimately passed by both houses and signed into law.

Amendments from the two chambers rolled the change in over time, bumping the rate up by 50 cents in June 2014. It will do the same on June 1 of this year, setting the level at \$8.25.

Extra pay from a higher minimum wage benefits the state because it is often invested back in the economy in the form of daily expenses, he said.

“Every little bit counts,” he said. “If you’re at the low end of the wage scale, you can take home an additional \$30 a week, \$120 a month.”

Though he believes \$8.25 is an improvement, the senator said more is needed. He plans to introduce the recommendations in a bill that he and committee co-chairman Rep. Michael Mulrooney, D-Wilmington Manor, will sponsor. There is currently no timetable for when the proposal would be brought forth.

A spokeswoman for Gov. Jack Markell said he supported the \$8.25 change and plans to speak with Sen. Marshall about the group’s conclusions.

The task force’s report advised again using a two-year period to bump the minimum wage up \$3. Delaware should strive to index the rate to the Consumer Price Index, allowing it to grow as inflation rises. It also called for moving toward a \$15-per-hour level, which the report said would save the state money in social programs like Medicaid.

According to the conclusion, more employee protection should be provided and the minimum of \$2.23 for tipped workers should rise.

“While it may not be feasible to follow the example of states such as California, Montana and Oregon where the minimum wage and wage for tipped workers are identical, steps should be taken to raise the wage above its current level of \$2.23 per hour,” it states. “At a minimum, the tipped wage rate should be indexed in the same manner as the general minimum wage. Although many people think only of waiters and waitresses when they consider tipped workers, the field is much wider-ranging.”

The task force was formed by the General Assembly and met over the course of the fall, listening to comments from individuals in support of and opposition to a raise, as well as those working low-income jobs.

The publication also contained a minority report from Sen. Colin Bonini, R-Dover; Rep. Michael Ramone, R-Pike Creek Valley; and two members of the business community.

The four said the government should take time to study the impacts of the \$8.25 minimum wage and consider a seasonal rate. The report cited a study from the Cato Institute which concluded a \$10.10 minimum wage could cause about 5,000 Delaware residents to lose their jobs.

“Delaware family incomes have not recovered since their precipitous drop in 2008, and it is vitally important that the Delaware state government not pursue policies, regardless of how well-intentioned, that will reduce the number of jobs available, the number of hours worked, and reduce take-home pay for workers,” the report stated.

But Sen. Marshall said he was not concerned about “unintended consequences” if the wage is raised.

“When we increased the Delaware hourly minimum wage in the past, and we’ve had that same argument about it will cost jobs, it never has,” he said. “We’ve always had a net increase. And plus you have a rising tide effect of those who are at or near the minimum may get an increase in their wage.”