



ACTION ALERT

February 28, 2005

Minimum Wage

Legislation to Hike Minimum Wage in Senate; Senator Kennedy to Add Amendment to Bankruptcy Bill; Call Your Senators

The Senate is expected to take up S. 256, the bankruptcy reform bill this week. This legislation will be open for a variety of related and unrelated amendments, including a proposed amendment by Senator Ted Kennedy (D-MA) to hike the minimum wage by \$2.10. The legislation is expected to increase the federal minimum wage in three steps. The federal minimum wage would increase from \$5.15 an hour to: (1) \$5.85 an hour, beginning on the 60th day after enactment of the legislation; (2) \$6.55 an hour, beginning 12 months after that 60th day; and (3) \$7.25 an hour, beginning 24 months after that 60th day.

Senator Santorum (R-PA) is expected to introduce alternative Republican legislation to raise the federal minimum wage \$1.10 to \$6.25 per hour. It is anticipated the wage will be phased in over an 18 month schedule and may include tax cuts to offset the costs.

Contact your Senator and tell them to oppose Senator Kennedy's wage hike amendment. Call the Senate switchboard at (202) 224-3121 and ask to speak to your Senators' offices. Explain to them the following negative consequences of a minimum wage increase:

- An increase in the starting wage will have adverse economic consequences by reducing the number of employment opportunities for low-skilled, entry level workers.
- The Kennedy amendment contains the largest increase in the entry-level wage rate ever proposed and would hike the starting wage by 41 percent. Such legislation would limit opportunities for entry level workers and could lead to job loss.
- Nationwide, 85 percent of individuals who would be impacted by a minimum wage hike are teens living with their working parents, adults living alone, or second earners. As these employees gain skills, they receive significant raises, with more than 65 percent receiving a raise within a year.
- The adverse economic effects of minimum wage increases are well documented. Adopting the Kennedy amendment will unfairly penalize businesses which employ entry-level workers and will result in a significant increase in labor costs, directly impacting these labor-intensive businesses.

Please contact Erik Lieberman, N.G.A Director of Government Relations, with any questions at (703) 516-0700 or at elieberman@nationalgrocers.org.