

## Minimum wage cooks up more controversy

*Inflation takes center stage in the latest minimum wage debate; scheduled increase to \$6.65 takes effect Jan. 1*

By Cory Smith - 10/22/2007

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For the second time in as many years, flipping burgers is becoming more lucrative.

Missouri's minimum wage is scheduled to increase Jan. 1 to \$6.65 an hour from \$6.50. The 2.3 percent wage bump is tied to 2.2 percent growth in the national consumer price index between July 2006 and July 2007. A CPI inflator was written into the law that passed by 76 percent in January.

For local Back Yard Burgers franchisee Kevin Rolf, the minimum wage hike from \$5.15 that took effect in January was bad enough. The scheduled CPI increase makes it even worse.

"We're feeling the squeeze," Rolf said. "It has impacted me about \$80,000 to \$100,000 this year."

Brothers Kevin, Michael and Donald Rolf own eight Back Yard Burgers restaurants, six of which are in Missouri. Kevin Rolf said they employ about 250, and about a third of the staff earns minimum wage.

Rolf said he's been able to stave off job cuts, but he's had to cut hours and demand more productivity from employees to make up for the higher wages.

Michael Grote, vice president of governmental affairs for Missouri Chamber of Commerce and Industry, said many Missouri businesses won't be able to afford a continually increasing minimum wage based on the CPI.

"The Missouri chamber didn't oppose, and has not opposed, an increase in minimum wage," Grote said. "What we have opposed is that inflator. And we're going to find out over the course of time that that inflator will be very detrimental to Missouri's economy. In the end, we're not going to have more high-paying jobs, (but) we're going to have fewer jobs that pay minimum wage."

Grote cited Washington's \$7.93 minimum wage, the highest in the nation due to the CPI inflator written into that state's 2001 minimum wage law.

However, U.S. Department of Labor data seems to refute Grote's point. Washington's unemployment rate has improved each year since 2004, when it ranked 45th in the nation at 6.3 percent, according to DOL. It advanced to 40th in 2005 at 5.5 percent, 38th in 2006 at 5 percent and 29th in the country in August with a 4.6 percent seasonally adjusted unemployment rate. Missouri ranked 39th with a 5.3 percent unemployment rate, according to DOL's August report.

Arguing for annual increases in minimum wage is Brad Stokes, president of the Springfield Labor Council of the Missouri AFL-CIO, a federation of labor unions.

Stokes said the CPI inflator in Missouri's minimum wage is important in keeping the minimum wage from becoming stagnant, which he said happened when Missouri last increased minimum wage to \$5.15 from \$4.25 in 1997. He also said businesses should be able to absorb the increasing labor costs.

Stokes said the most important benefit of increasing minimum wage was the ripple effect of increasing wages across the spectrum.

"By increasing minimum wage, everybody gets a boost from it," said Stokes, adding that workers with higher wages help the economy by spending their money.

However, Back Yard Burgers franchisee Rolf said Stokes' theory of a rising tide hasn't materialized at his restaurants.

"We have had, obviously, quite a few employees that were before making right at \$6.50 or more thinking that, 'OK, now that their wages are going up, so are mine,'" Rolf said. "This is already impacting me \$100,000, (and) you just can't bump everyone up a dollar just because minimum wage is being bumped up. It's affected morale."

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