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Minimum wage benefits 145,000 today

New Arizona law boosts prices at some businesses

By **Becky Pallack**

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Maybe Lucien Breault won't have to live paycheck-to-paycheck anymore.

Or maybe he'll pay down his credit card debt and go out to eat sometimes.

The 23-year-old Pima Community College student and retail clerk is one of more than 145,000 Arizonans who get raises today because of a voter-approved increase in the minimum wage.

Arizona's longtime prohibition on a wage floor meant most minimum-wage earners received \$5.15 an hour, the federal minimum. In November, voters changed the minimum to \$6.75 an hour starting today, and they approved an annual raise linked to inflation.

Economists say the increase is unlikely to have a broad economic impact on the state, but some small-business owners and low-wage workers see the change as significant.

"I think it's about time it's going up," Breault said. "With the rising cost of living, the minimum wage in this state was exceptionally low."

He started near minimum at Suncoast Motion Picture Co. at the Tucson Mall. Now, as a part-time floor manager, he earns \$6.65. When the company bumps up the entry-level wage to \$6.75, his earnings also will improve, he said.

Among the others likely to get a raise today are waiters and fast-food workers, movie theater staffers, child-care workers, crossing guards, manicurists and many entry-level workers in a wide range of jobs.

"We're excited that working families are getting a raise," said Rebekah Friend, president of the Arizona AFL-CIO.

With a positive economic outlook for next year, the \$6.75 minimum won't have any impact on the economy, said Marshall Vest, an economist at the University of Arizona. It won't even have the effect the voters wanted — a lower poverty rate and a livable wage for workers, he said.

"It's been so long since the minimum wage was increased that wages even for entry-level workers have moved above the minimum wage," he said. "There are not very many workers who are affected."

There is a downside. The 30 percent increase in the cost of labor is forcing some small-business owners to raise their prices and cut back jobs that aren't vital to business operations.

Kent Edwards, a managing partner at Grand Cinemas, said his company took action right after the election results came in. Their ticket price increased from \$3 to \$3.25, and one or two jobs were eliminated, he said.

"It does have a big impact on my industry, but I understand why people want it, and I'm not against the minimum-wage increase," Edwards said.

Since business owners can't cut into already tight profit margins, "we have to pass the costs on to our guests," said Pat Connors, who owns Pastiche Modern Eatery, 3025 N. Campbell Ave.. Menu prices will go up by about 7 percent,

he said. His signature dish, thyme-crust sea bass, will cost \$20.95 instead of \$19.95.

"We'll see how it affects the quantity of products we sell," he said. "I think people will be receptive because they support the minimum wage, but on the whole, I don't think it did what people wanted it to do. It's just causing prices to go up."

He also runs on a bare-bones staff, so while there are no jobs that can be cut, the increased wage probably will prevent him from hiring more staffers, he said.

Restaurateurs were paying \$2.13 an hour to tipped employees. Now they must pay \$3.75, a 76 percent increase. Waiters and others make up the \$3 difference in tips and typically earn much more than the minimum wage.

At Papagayo Mexican Restaurant and Cantina, 4717 E. Sunrise Drive, owner Alice Mazon has had to lay off a server and a kitchen helper, the newest hires. She also dropped one of her managers to a part-time schedule and had her son pick up the hours.

"I think it's going to be harder to run the business, running on less of a crew," she said.

The family-owned business has 25 employees, many of whom will be getting raises. To compensate, she's raising some prices. A dinner that used to cost \$11.50 will be \$11.95 now.

"If we could have absorbed it ourselves, we would have, but it's impossible for an independent," Mazon said. "We just want to survive and make a living."

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