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## Op-ed: 'Living wage' is key for Baltimore's economy

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The Baltimore City Council is [considering a new law](#) to guarantee that the city's major retailers, like **Walmart** and **7-Eleven**, pay employees decent, living wages.

It's smart economic development policy: full-time retail workers would see around \$100 more in their paychecks each week, boosting consumer spending just when the city's economy needs it most. Moreover, the real world evidence from other cities puts to rest opponents' charges that large retailers cannot afford to pay a living wage or that mandating one will stifle growth.

Several major cities have already done what Baltimore is proposing. In 2003, both San Francisco and Santa Fe, N.M., enacted higher city minimum wages, with built-in increases each year based on the cost of living. While these laws applied to all employers citywide, their chief impact has been on retail and restaurants — two of the lowest-wage industries in most cities.

Today, the mandated wages are \$9.79 in San Francisco, and \$9.85 in Santa Fe — levels roughly comparable to the proposed Baltimore law. The Baltimore measure would require \$10.57 per hour.

However, it would also allow up to \$2.00 to be credited toward the hourly wage for benefits that the employer provides. So in practice, employers would be required to pay somewhere between \$8.57 and \$10.57 – with only employers that provide no benefits being required to pay the higher amount.

When the San Francisco and Santa Fe laws were proposed, opponents predicted they would create “retail deserts” and cause businesses to close down or fire workers. What happened?

In fact, the retailers in these cities provide inspiring precedents for Baltimore. After San Francisco enacted its law, the nation's top 100 retailers expanded the number of stores in the city from 207 to 241. This included a new **Safeway** (NYSE: SWY) supermarket, five

new **Walgreens** (NYSE: WAG), seven new 7-Eleven stores and four new Gaps — hardly an exodus.

And in Santa Fe, Sam's Club began voluntarily paying the higher wage even before the new law took effect, and Walmart (NYSE: WMT), Lowe's (NYSE: LOW) and Sunflower supermarkets all opened new stores. The Lowe's manager there told the media that the required higher wage was "not a problem" and that Lowe's was "glad to comply."

Thorough studies by the University of California and the University of New Mexico confirmed these experiences, finding no evidence of job losses or store closures in either city.

Washington, D.C., also has a similar city minimum wage law, which currently requires retailers there to pay at least \$8.25 an hour. In 2008, D.C. amended the law to require even higher wages — \$12.71 plus benefits — for security guards in the city. There has been no evidence that either measure has hurt business growth or employment.

The Baltimore measure proposed by Councilwoman Mary Pat Clarke would extend the city's first-in-the-nation 1994 living wage law to multimillion-dollar retailers in Baltimore. How would it work?

Let's conservatively assume that the average Baltimore retailer provides around \$1.00 per hour in benefits — a very modest amount that isn't even close enough to purchase health insurance. Under the new law, it would have to boost starting wages to around \$9.50.

If that still sounds like a lot, consider that [Costco](#) — one of the nation's leading mass retailers — currently has starting wages of \$10.00-\$10.50 an hour for all workers in all 50 states, demonstrating that paying decent wages in retail is economically realistic. Furthermore, if the federal minimum wage had kept pace with inflation over the past 40 years, it would be \$10.03 an hour.

Rather than harming local economies, boosting wages for frontline workers in retail is a smart strategy for achieving balanced economic development. By ensuring that economic development in Baltimore generates living wage jobs for local residents, Councilwoman Clarke's proposal would make a small but real difference in the lives of the city's working families.

And according to the **Economic Policy Institute**, every \$1.00 increase in wages for a low-wage worker generates more than \$3,500 in new spending over the first year. For example, the 2004 increase in San Francisco's minimum wage is estimated to have boosted spending in low-income communities by as much as \$70 million to \$90 million annually.

In other words, Baltimore's economy stands to benefit when these workers spend the extra dollars on necessities at neighborhood businesses, helping restore the consumer spending that Baltimore's economy needs to grow.

Rather than hurting growth, boosting local wages has proven to be a key strategy for stimulating local economies while helping working families. Baltimore would be smart to bring its largest retailers into the fold.

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