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## Wage Law Has Little Effect

[By Russell Max Simon and Kiera Hay](#)

Journal Staff Writers

Santa Fe's "living wage" ordinance has not caused the massive job loss that was predicted by opponents of the law, according to a recent study by the University of New Mexico's Bureau of Business and Economic Research.

Nor has it created job growth.

"The analysis shows that overall employment levels have been unaffected by the living wage ordinance," the study reads.

The study does detail drops in employment in some high-profile sectors of the Santa Fe economy.

The study concludes that the hotel, restaurant, retail and health care sectors on average actually reduced their work forces in the two years since wage law became effective. Restaurants and hotels affected by the law cut an average of 4.3 employees, while retailers trimmed an average of 3.5 employees. The health care industry was hit harder, losing 11.6 employees per business.

But the study says the job losses were not the result of the living wage law, since the trends reflect similar declines in Albuquerque, which did not have a local minimum wage law during the study period.

"Overall, this analysis found that the living wage ... had no discernible impact on employment per firm, and that Santa Fe actually did better than Albuquerque in terms of employment," the report states.

The Santa Fe Living Wage Network's Carol Oppenheimer said the study should help combat opponents' claims that the living wage law would mean economic disaster.

"You have to look at this whole issue in the context of the doom and gloom that we heard when the City Council first passed it, that this was going to spell the end of a thriving economy," Oppenheimer said.

"This program was never passed as an economic stimulus package. ... It was passed in the context of a moral framework that said no one should have to work on the lower wages," she continued.

Santa Fe Chamber of Commerce President Simon Brackley said he had not read the report and declined to comment, while representatives from the Santa Fe construction sector—the industry that the study shows had the most significant job losses under the ordinance—said the minimum wage law hasn't really affected them.

Passed by the City Council in 2002 and first imposed in June 2004, the

ordinance raised the minimum wage from the federal level of \$5.15 an hour to \$8.50 an hour, a 65 percent increase. The law only applies to businesses with 25 or more employees. In January, the wage requirement was raised to \$9.50 an hour.

The job numbers in the new report represent a comparison of Department of Labor employment figures for the year after the law went into effect— July 2004 through June 2005— to the previous year.

Robbie Day, owner of San Francisco Street Bar and Grill and Santa Fe Bar and Grill, said he's had to decrease his 120-plus work force by 10 to 16 workers since the ordinance took effect.

Consequently, some of his remaining workers— such as those on a salary— have had to work harder, he said.

Day, who along with the Chamber of Commerce and other businesses unsuccessfully sued to overturn ordinance, said he believes the law has made it harder for Santa Fe to attract large restaurants, including chains popular in other parts of the county.

The city's food industry employees are more likely to end up working at small restaurants that aren't required to pay the living wage, he added. "I don't believe this is the way we want to go," he said.

Researchers at BBER chose Albuquerque as a comparison out of several options, including Taos, Bernalillo County and Santa Fe County, because Albuquerque's job increases and declines over the past 10 years have largely mirrored those of Santa Fe.

"The opposition was demanding this kind of study," said Gerry Bradley, research director for New Mexico Voices for Children, an Albuquerque-based advocacy group.

"It's a zero sum game in some ways. You're taking money away from employers and giving it to employees, so it's not something that accelerates the economy, and I wouldn't expect it to. But it does help people at the bottom of the income distribution," Bradley said.

The study itself acknowledges certain shortcomings: "This method rests on the two regions (Albuquerque and Santa Fe) behaving similarly in all other respects. ... As can be imagined, it is difficult to attribute a significant change directly to the minimum-wage law as any number of other shocks could have caused the given impact."

BBER director Lee Reyner said: "It's not easy to say, 'This is good, or this is bad.' There are going to be some businesses for which it's a much more significant adjustment than for others. And there may be some areas of the economy that are just not going to grow and prosper."

One of those areas, according to the study, may be Santa Fe's construction industry. Both Albuquerque and Santa Fe have seen a decline in construction,

but Santa Fe's is significantly more severe, according to the report. Santa Fe construction companies with 25 or more employees experienced a decline of 5.6 workers on average, while Albuquerque lost 2.08 workers.

But builders say the slowdown is not being caused by the living wage. "From the information we have, I don't see any correlation to that at all," said Gary Ehlert, head of the Santa Fe Area Homebuilders Association.

Mike Chapman of Chapman Homes agreed. "I would say there's not a direct effect," he said.

Contractors, who rely on skilled workers, have historically paid their employees high wages, Ehlert said.

And Chapman, who said he pays his 22 employees more than \$9.50 an hour, has seen his company's numbers remain steady over the past year.

Both Ehlert and Chapman said the construction slowdown in Santa Fe was more likely related to builders running into "over-regulation" at City Hall.

Santa Fe Mayor David Coss, a supporter of the living wage, acknowledged the lag in construction may have been caused by back-logged building permit requests, the city's water-saving toilet retrofit program and an uncoordinated annexation policy.

Coss also said he doesn't expect the study to silence the law's opponents.

"You could take all the economists in the world and lay them end to end and you still wouldn't have enough to reach a definite conclusion, so I don't expect it to end the disagreements or the discussions about the policy," Coss said.

Coss will travel to Chicago next week to speak at a news conference on a recent minimum wage law that requires all large retailers to pay workers \$10 an hour. Coss will ask Chicago Mayor Richard M. Daley not to veto the ordinance passed by city councilors.