

SANTA FE NEW MEXICAN

Once the nation's highest, Santa Fe's minimum wage has fallen far behind

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Unless action is taken by the New Mexico Legislature or the Santa Fe mayor and City Council, the city might never again lead the nation when it comes to the minimum wage paid by employers — or even come close to the top.

In just a few years, there have been drastic changes in minimum wage laws in cities and states across the nation, outpacing annual increases in Santa Fe.

“Santa Fe used to be a national leader with its living wage but has fallen far behind,” said Paul Sonn, state policy program director at the National Employment Law Project.

An effort to accelerate increases here doesn’t appear likely, however.

Santa Fe Mayor Alan Webber said he is not inclined to change a 16-year-old city minimum wage ordinance to enable higher increases to the rate, now set at \$11.80 per hour. The rate is the same in Santa Fe County.

“The next step is for the state to look at increasing the minimum wage,” Webber said. “The governor has proposed a \$15 minimum wage.”

Gov. Michelle Lujan Grisham campaigned with a plan to raise the state’s base wage to \$12 per hour. The Legislature approved a more conservative increase — to \$9 per hour from \$7.50 per hour — that will take effect next week. The wage is set to gradually rise to \$12 per hour in 2023.

Legislation already has been filed for the 2020 session proposing to push the minimum wage to \$15 per hour by 2024. But Nora Myers Sackett, a spokeswoman for the governor, said \$15 is not on the table.

“We just did raise the minimum wage,” Sackett said. “We feel good about that. We have to account for the needs of communities across the state.”

The Santa Fe Living Wage Ordinance — approved by the City Council in April 2003 and enacted in January 2004 at a rate of \$8.50 an hour, made the city the first in the U.S. to set a minimum wage higher than the base wage set by the state. In February 2004, the same wage took effect in San Francisco following a ballot measure approved by voters the previous November.

After that, increases in the two cities' minimum wages, tied to the regional Consumer Price Index, had them trading claims for the highest wage in the nation until Santa Fe's last appearance in the top spot in 2012. Santa Fe's rate now ranks 36th among U.S. cities and counties, but that doesn't include higher statewide minimum wages set in the states of Washington, Massachusetts, California and Colorado.

Washington state's minimum wage is now \$13.50 per hour, with Massachusetts at \$12.75, and Colorado and California at \$12, though California requires employers with more than 25 employees to pay \$13 per hour.

SeaTac, Wash., now tops the country at \$16.34 but Emeryville, Calif., is expected to gain the top spot in July at an estimated \$16.42 per hour.

Workers in New York City will earn a minimum of \$15 per hour at the year's end.

By the time New Mexico's minimum wage reaches \$12 per hour under current law, three other states — California, Massachusetts and Connecticut — along with Washington, D.C., will have a minimum wage of \$15 per hour. Earlier this year, New Jersey approved \$15 per hour for 2024, and Illinois and Maryland are set to reach \$15 for 2025.

There are now 29 states with higher minimum wages than the federal minimum wage of \$7.25 per hour.

The U.S. House in July approved a bill that would increase the federal minimum wage to \$15 by 2025. The U.S. Senate is not expected to follow suit.

Nearly all Democratic presidential candidates have voiced support for the measure.

Housing cost connection

Economic researcher David Cooper sees similarities between 2004 — when Santa Fe and San Francisco pioneered minimum wage hikes — and 2015, when the floodgates opened nationwide, with dozens of cities and states increasing their base wage for the lowest-paid workers. Each time, it had been about half a dozen years since the most recent increase in the federal minimum wage.

“You had an extended period with no change [in the federal minimum wage],” said Cooper, senior economic adviser at the Economic Policy Institute, a nonprofit Washington, D.C.-based think tank that focuses on low- and middle-income workers. “You had two cities recognizing their workers needed more than the minimum. They were really at the front of the pack. They have been vindicated.”

In the mid-2010s, cities saw a greater urgency to act on minimum wages as housing costs across the country swiftly rose, becoming out of reach for median-wage workers, let alone low-income workers. In San Francisco, an annual household income of \$117,000 is considered the upper limit of “low income,” according to the U.S. Department of Housing and Urban Development.

Housing costs might explain, in part, why New Mexico cities aren't keeping up with the minimum wage derby in other regions of the country.

Among the 43 local governments in the U.S. that have enacted higher minimum wages than those of their state, the city of Santa Fe and Santa Fe County have the lowest of what's known as the housing wage — the wage required to spend less than 30 percent of monthly income on a two-bedroom rental. According to a report from the National Low Income Housing Coalition, most jurisdictions on the list with the lowest housing wages are in New Mexico: Albuquerque, Bernalillo County and Las Cruces.

But for most Santa Fe residents, rental rates and home prices are sky high. The National Low Income Housing Coalition determined 60 percent of people here can't afford a two-bedroom apartment.

Low-income life in Santa Fe

The left-leaning Brookings Institution in November released a report saying 44 percent of all U.S. workers ages 18 to 64 have low-wage jobs with a median hourly wage of \$10.22.

In Santa Fe, 21.5 percent of workers, about 13,250 people, earn the city's minimum wage of \$11.80 per hour — or less — and 38.6 percent, or about 23,750 workers, earn less than \$15 per hour, according to data from the New Mexico Department of Workforce Solutions.

While many business advocates and conservative groups that oppose minimum wage increases argue the minimum is designed only for entry-level workers, Stephanie Welch, an attorney at the New Mexico Center on Law and Poverty, disputes that, citing such workforce data.

“This is not a fringe issue,” she said. “Only 30 percent of those who work for minimum wage are under 25. Seventy percent are over 25; 35 percent are over 35. These are lifetime jobs. These are not transition jobs. They are not teenagers.”

Zach Causey, 24, works at Eldorado Hardware for \$12 an hour and lives with his girlfriend in a one-bedroom apartment with monthly rent of \$1,000.

“The main way we get by is income from two of us,” Causey said. “She makes a little more than me. If I was by myself, it would be much harder.”

He is still covered by his parents' health insurance and shares car insurance costs with his girlfriend. They have a frugal lifestyle.

“It's a lot of eating at home,” Causey said.

A 23-year-old woman, who asked that her name not be published because she fears repercussions from her employer, said she earns \$11.80 per hour plus a split of the tip pool at the “trendy, health-oriented restaurant” in Santa Fe where she is the lead server.

The woman does not own a car and walks about six miles a day. Essentially homeless, she bounces around among the homes of friends and her mother.

She said she is saving money in an effort to get out of her cycle of couch surfing.

A 29-year-old man employed at a downtown retail store, who also asked to remain anonymous over concerns about his employment, said he makes \$15 an hour. He owns a car but bikes everywhere and says he can't afford car insurance and registration fees.

"We sleep without heat," the man said, adding he is often uncertain about where his meals will come from. "A lot of my meals I get from friends in the restaurant industry. ... I go to a food pantry to get food."

The man said he moved to Santa Fe three years ago with a master's degree in philosophy and \$30,000 in student loan debt. He does not see an avenue out of the low-paying retail sector.

"Where are the jobs I'm going to graduate to?" he asked. "I have a master's degree, but so does everybody else."

'A job is better than no job'

Industry groups remain convinced that higher minimum wages are harmful to business and do not reduce poverty.

Rob Black, CEO of the New Mexico Association of Commerce and Industry, said many communities in the state don't have "the market or the economy to support the extremely high minimum wages."

"We supported the measure that was passed," Black said, referring to the \$9 statewide increase taking effect Wednesday. "We felt it was good compromise that took into account the impact in our rural communities. ... If you set the minimum wage too high in an economy that can't support higher wages, it becomes a weight in new hiring."

The Cato Institute in Washington, D.C., a libertarian public policy research organization, and the Phoenix-based Goldwater Institute, a conservative think tank, both believe higher minimum wages result in job losses, hurt low-skilled workers, have little effect on reducing poverty and often result in higher prices for consumers.

"What ends up happening is our least-educated and least-skilled get pushed out of the market and [employers pay] higher wages to workers with more experience and skills," said Jon Riches, director of national litigation at the Goldwater Institute.

In response to the Brookings Institution's report last month that found more than 40 percent of adult U.S. workers are in low-wage jobs, Riches said, "A job is better than no job."

A wage that meets basic needs

Advocates for a higher minimum wage insist that a day's work, no matter how low skilled, should pay enough to live on.

"All workers should make a wage to meet a family's basic needs," said Welch at the New Mexico Center on Law and Poverty. "... I don't think the original minimum wage was meant to keep people in poverty."

Sonn, from the National Employment Law Project, said, "Today, in 2019, a single worker in Santa Fe County without kids needs to make around to \$18 an hour to afford very basic living costs like rent, food, health insurance, car, car insurance and cellphone. And workers supporting families need even more."

Destiny Allison, a co-owner of La Tienda retail center in Eldorado, where Causey's employer is located, and the owner of two businesses at the center, is among those who believe workers should be paid a so-called living wage.

She'd like to pay her staffers \$20 an hour.

"I'm between \$13 and \$15. I'm pulling profits from multiple businesses [to pay higher wages]. I believe in a healthy society where I pay my staff what they are worth," Allison said.

"They stay longer," she added. "They have loyalty to my business. They better represent my business. If they are not coming to work stressed every day, they are going to be happy people."