

**TESTIMONY OF ED LAZERE, EXECUTIVE DIRECTOR
At the Public Hearing on
B20-62, the Large Retailer Accountability Act Of 2013
DC Council Committee on Business, Consumer and Regulatory Affairs
March 20, 2013**

Chairman Orange and members of the Committee, thank you for the opportunity to testify today. My name is Ed Lazere, and I am the Executive Director of the DC Fiscal Policy Institute. DCFPI engages in research and public education on the fiscal and economic health of the District of Columbia, with a particular emphasis on policies that affect low- and moderate-income residents.

I am here to voice my strong support for the goal of this legislation, which is to improve compensation for DC's lowest-wage workers. The fact that we are having this hearing, and that it is generating substantial opposition, is a sign that the DC economy sets many residents up for failure. Our regional economy has created hundreds of thousands of jobs with pay and benefits that leave people in poverty and struggling to cope with a very high cost of living. Many of these jobs are in retail. Wage inequality contributes to DC's substantial and growing income inequality. Low wages paid by employers lead to a number of adverse social outcomes that have to be addressed through other public policies.

One-fifth of working DC residents earns below \$13 per hour, and many of them earn less than that. Even with full-time year round employment, this wage level is less than 150 percent of the poverty line for a family of three. Many of the lowest wage occupations in the region are in retail. The median wage for cashiers in the DC area is \$10 an hour and the median wage for retail salespeople is \$11 an hour.

The impact of low-wage work in the District can be seen in a number of measures:

- **Tremendous Income Inequality:** The poorest 20 percent of District households have average income under \$10,000. Income inequality in DC — the gap between rich and poor — is third highest among the nation's largest cities. And the average income for DC's poorest families has fallen over the past decade.
- **High Rates of Working Poverty:** The majority of DC families with incomes below 150 percent of poverty are working, and fully one-third are working full-time year-round.
- **High Housing Cost Burdens:** DC has lost half of its low-cost housing in the past decade, due to rising rents, at a time when incomes were falling at the bottom of the earnings scale. The typical low-income family now spends more than half its income for housing, leaving families at risk of homelessness

- **Social Problems:** Families living on low wages are forced to live in the areas of the city with the lowest housing costs, leading to neighborhoods with high concentrations of poverty. These neighborhoods tend to have the highest crime rates and lowest-performing schools. The District is moving assertively to help families move from welfare to work, but low wages of families leaving welfare — \$9 an hour on average — threaten the success of these reforms.

This means that the jobs that have been brought to the District by Target, and the jobs that will be brought here by Walmart, while no doubt appreciated by those who have them, leave many families in poverty and struggling to support their families and keep them safe. Low-wage jobs create costs that all of us pay.

Not surprisingly, raising wages can lift families out of poverty and address many of these issues. The DC Fiscal Policy Institute has found that full-time work at \$15 an hour would be enough to lift four-fifths of poor families above 150 percent of poverty.

Some will note that it is unfair to target large retailers when setting wage standards, and there is some merit to that. Nevertheless, there are at least two reasons why starting with large retailers makes sense. As noted retail jobs are among the lowest-paying overall. Large retailers have greater ability than other retailers to reduce prices charged by suppliers, and large retailers have substantial marketing budgets, both of which make them more able to absorb pay increases. Beyond that, large retailers are also large employers, and the wages they pay heavily influence the industry standard.

I appreciate the DC Council's interest in addressing the adverse externalities caused by low-wage work in the District and look forward to working with Council members on legislation to raise wages.

Thank you for the opportunity to offer testimony. I am happy to answer any questions you may have.