



The District's Dime

Going Beyond the Budget Book

The DC Fiscal Policy Institute blog

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We All Pay the Costs of Low-Wage Jobs: The DC Council Considers a Bill to Raise Retail Wages

By Ed Lazere

The DC Council held a hearing today to address the fact that the DC economy sets many residents up for failure. The problem: thousands of low-wage jobs that leave workers and their families in poverty and struggling to cope with DC's very high cost of living.

The bill before the DC Council, the [Large Retailer Accountability Act](#), is one effort to find solutions to this problem. It would require large retail corporations to pay their workers a living wage, defined in the bill as \$11.75 per hour in combined pay and benefits. The bill would affect only the largest retailers in the city, including Target and the soon-to-be-open Walmart stores.

One-fifth of working DC residents earns below \$13 per hour. Even with full-time year-round work, that leaves a family of three below 150 percent of the poverty line. Many of the lowest-wage occupations in the District are in retail. The median wage for cashiers in the DC area is \$10 an hour and the median wage for retail sales workers is \$11 an hour.

There are many negative effects of low-wage work in the District:

- **High Rates of Working Poverty:** The majority of DC families with incomes below 150 percent of poverty [work](#), and one-third are working full-time year-round.
- **Affordable Housing Challenges for Low-Income Working Families:** DC's housing costs are rising sharply, while incomes at the bottom of the earnings scale are staying flat. The typical low-income family now spends [more than half](#) its income for housing, leaving families at risk of homelessness.

Low wages also create challenges for important District initiatives. 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 prepare for work, but the low wages of families leaving welfare — [\\$9 an hour](#) on average — threaten the success of these reforms.

In other words, low-wage jobs create costs that all of us pay.

Some opponents of the bill say that it is unfair to set higher wage standards just for large retailers, and indeed there are other policy changes that could affect a larger number of workers, such as an increase in the minimum wage. Nevertheless, there are at least two reasons why it may make sense to start with large retailers. As noted, retail jobs are among the lowest-paying overall. Large retailers have greater ability than small businesses 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.

The hearing on the Large Retailer Accountability Act is an important opportunity to discuss solutions to the problem of low-wage work in the District. You can read DCFPI's testimony [here](#).