

Councilmembers David Catania, Mary Cheh, and Tommy Wells
1350 Pennsylvania Avenue, NW
Washington, DC 20004

September 12, 2013

Dear Councilmembers Catania, Cheh, and Wells:

As you come to your decision regarding the vote to override Mayor Gray's veto on the Large Retailer Accountability Act (LRAA), we would like to bring to your attention five facts and arguments that you may not have considered at the time of your original vote on June 27, 2013.

1. District of Columbia workers deserve a raise.

- Workers who, in the past, were offered some protection from unconscionably low pay by the federal minimum wage can no longer rely on this federal backstop. In the past 45 years, the federal minimum wage has lost nearly one third of its inflation-adjusted value. If the peak 1968 federal minimum wage kept pace with inflation, it would be \$10.70 today.ⁱ If it kept pace with worker productivity, it would be \$18.67 today.ⁱⁱ If it kept pace with the wealth of the top 1% of earners, it would be \$28.34 dollars day.ⁱⁱⁱ Unfortunately, it now stands at a miserly \$7.25.
- Congress has been slow to act to correct this injustice, citizens have had to turn to state and local legislation. For example, Santa Fe, New Mexico's \$10.50 minimum wage is \$1.28 more per hour than the estimated Santa Fe living wage of \$9.32 to sustain one adult. By contrast, D.C.'s \$8.25 minimum wage is **\$5.42 less per hour** than the estimated District living wage of \$13.67 per hour to sustain one adult.^{iv}

2. D.C. residents can't afford low wages.

- Low-wage retail workers, many of whom support families with children, cannot live on \$8.25 an hour, which adds up to a measly \$17,160 a year. This is especially the case in the District, which remains one of the most expensive places to live in the country^v and where the typical low-income family now spends more than half of its income on housing.^{vi} A wage of \$12.50 an hour would boost a full-time salary to \$26,000 a year and lift a family of three above the poverty line.^{vii}
- Corporate spin about minimum wage jobs being part-time work for teenagers is inaccurate: the median age for a retail worker in the District is 34 years of age and nearly 75 percent of retail workers work full-time hours.^{viii}
- D.C. taxpayers cannot afford big-box stores' low wages either. If big-box stores pay a living wage, their workers become less reliant on public programs to get by. If not, taxpayers and small businesses end up footing the bill for the unconscionably low wages paid by profitable, large corporations. In fact, the U.S. House Committee on Education and the Workforce estimates that the 300 employees working at a single Walmart Supercenter store in Wisconsin cost taxpayers at least \$904,542 per year in welfare benefits. If one of the world's most profitable retailers paid respectable wages and benefits, this would not be the case.^{ix}

3. Big box stores can afford higher wages.

- Companies similar to Walmart are profitable while paying their workers respectable wages. Costco starts its workers at \$11.50 an hour plus benefits and is more profitable than ever.^x Walmart Canada is required to pay its workers at its 110 Ontario stores at least \$10.25 an hour. There are two Walmarts in Santa Fe, New Mexico -- one of which was opened after the Santa Fe living wage bill passed -- which are each subject to a \$10.50 minimum wage. In an April 4, 2013 letter to me, Walmart U.S. CEO Bill Simon wrote that "in the U.S., Walmart's full-time, average hourly wage is \$12.67 per hour."
- Walmart CEO Mike Duke makes \$11,000 an hour, meaning he makes more during a Nats game than most of his workers do working a full year.
- Walmart recently announced a \$15 billion stock buyback.^{xi} They have already used \$36 billion to buy back stock throughout the past four years, which averages out to \$9 billion a year. If instead of enriching its wealthy shareholders, Walmart had chosen to use the money to pay a more respectable wage, they could have given each of their 1.3 million U.S. workers a \$3.30 per hour raise for those four years.
- Walmart can raise their wages without drastic changes to their customer's experience. A study from UC Berkeley's Center for Labor Research and Education has shown that raising Walmart's wage floor to \$12 per hour would add just \$0.46 per trip for the average Walmart customer if the entire wage increase was absorbed by price increases. But this impact could be even smaller since portions of the raise could be absorbed through other mechanisms, including increased productivity or portions of the stock buyback being rolled back.^{xii}

4. Big box stores undermine small business.

- The presence of large retailers like Walmart often drains business from small local stores. A 2009 study from the Center for Economic Studies at the U.S. Census Bureau found a "substantial negative impact of Big-Box entry and growth on the employment growth at both single unit and especially smaller chain stores" selling the same types of goods nearby.^{xiii} Another 2009 study by the Center for Urban Research and Learning showed that within one mile of a Walmart supercenter, businesses had a 25 percent chance of shuttering in the first year, and a 40 percent chance of shuttering by the second year when compared to businesses further from a Walmart.^{xiv}
- The result of this market homogenization is fewer jobs, lower wages and less consumer power: there are less jobs as small businesses close down; lower wages as the surviving businesses make cuts to compete; and less consumer power as consumers have less choices as one large corporation dominates an area.
- Shuttering of local businesses is troublesome because local businesses keep more money in the community than big-box stores. A 2009 study of the differential impact of locally owned businesses and big-box stores in New Orleans shows that while big-box stores only recirculate 16 percent of revenues into the community, locally owned businesses recirculate twice as much.^{xv}
- Economists recognize that low-wage workers are more likely to spend increases in wages on much needed goods and services than other income groups. A raise for District retail workers would therefore pump more money back into local businesses – lifting the economy for all D.C. residents.

5. This vote is about more than the wages of a couple hundred workers; it is an important rallying point about respectable wages and civic self-determination.

- This vote is also important for the District's civic self-respect. What message does it send to statehood activists that the District can be bullied into watering down the terms by which one of the largest and most powerful non-democratic, non-local entities enters its neighborhoods? What messages does it send to other entities interacting with the District that Walmart can promise to pay \$13 an hour to local ministers and then renege as soon as that promise is to be ensured by law?

You have a chance to make history this month by standing up to Walmart bullying for the sake of respectable District jobs.

Sincerely,

Ralph Nader

TimeForARaise.org

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