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Minimum Wage, Minimum Opportunity

Walmart recently announced that it is pulling out of plans to build two new supercenters in Washington D.C.'s poorest neighborhoods.

By Alfredo Ortiz

Behind closed doors the company gave its reason: the city's \$11.50 minimum wage, which may rise to an untenable \$15 this November. This decision puts the debate over the role of entry-level jobs and how they are paid back in the news. The bottom line: entry-level jobs need entry-level wages. The government can mandate wages but it can't mandate companies to stay open.

Cities that want to help the working poor may have their heart in the right place as they consider raising their minimum wages, but aren't considering the opportunities they're taking away from young people looking to start their careers.

So let's put the problem in perspective. According to the Bureau of Labor statistics, of the 77.2 million hourly employees in the U.S., only 1.2 million earn the minimum wage. That's 1.6 percent. Of these minimum wage employees, 705,000 are between the ages of 16-24. This means that nearly 60 percent of minimum wage earners are in entry-level jobs that require entry-level wages. When governments mandate ultra-high minimum wages, it can have an unintended and deleterious impact on job opportuni-

ties for those younger people looking for entry to the job market.

Raising the entry-level wage to \$15 is just the wrong medicine because the ailment hasn't been properly diagnosed. Raising entry-level wages for entry-level jobs is like a doctor doing brain surgery on a patient to cure a headache. There are much more targeted solutions to help those workers who need middle class wages but only possess entry-level skills. The real issue is the 551,000 people over age 25 that are in these entry-level jobs who shouldn't be, and likely are through no fault of their own. This is where we should all focus our energies.

As an example, the Earned Income Tax Credit, which we have re-named the Working Americans Credit to more properly help the average person understand what it is, is a bipartisan-supported benefit that directly supplements entry-level incomes on a sliding scale through the tax code. It tops up the paychecks of those Americans who need it most, keeping career pathways open and the career ladder free of obstruction. An expansion to include adults without children and a more regular payment system that would tie with paychecks,

are both ways to modify this proven solution to help those that need it most without hurting our youth.

Another way to address the problems of the 25 years and older adults working in entry-level jobs is to develop a public/private job-training program to give these individuals the skills that match their income needs and help them move away from working in just a job to starting a career. There are more than 5.8 million unfilled jobs currently in this country, many of which go unfilled because employers can't find candidates with the right set of skills to fill those jobs.

The effect of Walmart pulling out of its locations in the poorest parts of Washington D.C. epitomizes what happens when the entry-level wage increases: Career opportunities are reduced. And if entry-level employees can't get an entry-level job, it's unlikely that they will build the skills necessary to develop successful and long-lasting careers.

Washington D.C.'s youth unemployment rate is currently 30 percent, and even higher in the neighborhoods Walmart planned to enter. In this sense, the loss of these opportunities because of the minimum wage means

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that some will be left with no other career options, limiting their ability for leading self-fulfilling, prosperous lives.

There is a youth unemployment crisis across the country as a whole. The best way to end it is with a plethora of entry-level job opportunities. But raising the entry-level wage for entry-level jobs only exacerbates the problem. Because of artificial wage mandates, we are risking a lost generation of young workers.

We all understand how hard it

is to earn a living. Going from paycheck to paycheck is hard and even harder if you have to work more than one job, and we all want to help society's most vulnerable members survive. But raising the requirements for entry-level jobs to try to help a fraction of a percent of the workforce is the wrong way to go about it.

The best way for employees to earn more is by developing more skills, and the best way to earn more skills is through training on the job.

In this sense, we should consider the minimum wage a training wage and treat it as such.

Walmart's announcement shows that raising the minimum wage only stacks the deck further against entry-level employees. Let's help the minuscule fraction of the workforce who needs it most with policies that don't cut off opportunities for the rest, especially our young adults.

Alfredo Ortiz is the President and CEO of Job Creators Network.