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Let's Roll Back Regulations, Not Opportunities

By Alfredo Ortiz

Now that Walmart has officially shelved plans to build two new supercenters in Washington, D.C.'s poorest neighborhoods, we should take a look at what led up to that decision, and what we can do to avoid similar situations in the future.

Walmart executives told city leaders behind closed doors that D.C.'s $11.50 minimum wage, which may rise to $15 in November, played a large part in the company's choice not to move forward with the stores.

D.C. lawmakers, and those in other cities, may have the interests of society's most vulnerable members in mind when they try to raise the minimum wage, but they also must consider the opportunities they're taking away from entry-level workers just getting into the job market. It may help put things in perspective if we look at exactly who holds these entry-level jobs.

According to the Bureau of Labor Statistics, just 1.2 million Americans, or about 1.6 percent of the 77.2 million hourly employees, earn the minimum wage. Most of these employees — about 60 percent — are between 16 and 24-years-old. These are entry-level employees that require entry-level salaries.

If governments force businesses to pay entry-level employees $15, businesses will be forced to cut hours — or worse, cut employees — just to stay viable. There are much smarter and economical solutions to help workers who need to earn a living, but lack the necessary skills to command a higher wage.

The Earned Income Tax Credit, or as I like to call it, the Working Americans Credit, is the best option we have to help these workers earn living wages. The proposed tax credit has bipartisan support and would directly supplement the incomes of those who need it most.

It works on a sliding scale through the tax code, and the payout falls as employees earn more, so there's no risk of sliding down the ladder. The WAC reduces poverty while providing a livable income to those who work. It provides entry-level employees the opportunity to build long-term careers without the deleterious effects of a blanket $15 minimum wage.

Currently, 26 states and the District of Columbia offer smaller, state-level WACs, but there's still room for improvement. Expanding the program to adults who don't have children and increasing the payout frequency from once a year at tax time to tie in with paychecks would allow more people to take advantage of this proven solution without hurting our young workers.

When Walmart decided to nix its plan to open stores in D.C.'s poorest neighborhoods, it served as just the latest example of a sad reality: When governments mandate higher wages, career opportunities disappear. And that hurts young people the most.

The youth unemployment rate in D.C. currently sits at 30 percent, and it's even higher in the poor neighborhoods where Walmart wanted to build its stores. Losing these two stores is devastating for the residents of those neighborhoods, some of whom are now left with no other viable career opportunities.

The youth unemployment crisis isn't limited to the nation's capital, either. The latest BLS data puts the national youth unemployment rate at 12.2 percent — more than double the national unemployment rate. The best way to solve this problem isn't mandating higher wages, it's offering more opportunities for entry-level jobs. If we continue the trend of artificially inflating wages, we will just continue to hurt our youngest workers.

Earning a living is hard, and going paycheck to paycheck is even harder. I know this. But raising the requirements for entry-level employment is the wrong way to go about it. Let's help the small number of entry-level employees who need it most, but not take away opportunities for young people in the process.

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