
SANTA FE LIVING WAGE BASELINE STUDY

Reporting Baseline Data and Offering a Portrait of the
City of Santa Fe Economy
Prior to Implementation
of the Living Wage Ordinance

March 2004

UNIVERSITY OF NEW MEXICO
BUREAU OF BUSINESS AND
ECONOMIC RESEARCH



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Dr. Lee A. Reynis

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ACKNOWLEDGEMENTS

This report has been an effort by many people. On BBER staff, I would like to thank Jeff Mitchell for putting together the literature review, taking the lead on the cost of living survey and assisting with other pieces of the research. Rick Zimmerman worked with one of our student research assistants Betty King to put together the material on housing. Tony Sylvester provided invaluable assistance at all stages. Tony organized student researchers to pull together Bureau of the Census data on the population and demographics (decennial censuses) and on businesses (*Economic Census, County Business Patterns*), and prepared narrative based on this research. Tony also provided critical input into the design of the focus groups and in editing the final document. Norton Francis, Dolores Busch, and student Nafisa Halim provided assistance in setting up the large administrative databases for analysis. Guy Dameron, Dolores Busch and student researcher Billy Ulibarri together took responsibility for administering the business survey, cleaning and coding responses, and analyzing survey results. Our administrator Mike Byrnes was there when we need him, allowing the research effort to proceed. Myra Segal succeeded in holding 2 focus groups with members of the business community and 3 focus groups with low wage workers, including one session that was held in Spanish. Students Elvira Lopez and Martha Napoles-Baca conducted the focus group with Spanish-speaking workers. Elvira and Bill Ulibarri spent hours on the phone setting up the focus groups under Myra's direction. Students Julian Baca and Betty King proved to be able research assistance in mining secondary data sources. Colette Smith and Marie Martinez helped with research and also with document production.

The research effort on this project was given a major boost by having access to New Mexico Department of Labor administrative records under a formal contractual agreement. Special thanks go to Gerry Bradley, Chief of the Economic Research Unit at the Department of Labor, for making this possible and to Michelle Duran of his staff, for providing us with the data in electronic form and patiently answering our many questions.

There are many people who assisted by providing us with contacts or patiently answering our questions. Among them, Carol Oppenheimer and Morty Simon were very helpful in giving us contacts within the labor and social service communities through which we were able to identify a diverse group of low-wage employees willing to participate in focus groups. We also wish to thank Jerry Easley, President, Santa Fe Chamber of Commerce, and David Kaseman of the Santa Fe Alliance, both of whom met with us, shared their insights, helped us identify business people to be included in our focus groups, and reviewed our survey instrument. We also very much appreciated the time business people and employees took to participate in our focus groups and the time that business people took to fill out and return our business survey.

Finally, I wish to thank the members of the City Council who pushed to have this study done and those who met with me, some on more than one occasion, to share their ideas and concerns. City Manager Jim Romero helped to facilitate these meetings and

to manage the contract. Until he left, Arturo Rodriguez was my main point of contact, then Steve Whitman, followed by Terry Lopez. A special thank you to all three of these people, each of whom helped in their own way to move things along.

In thanking the many people who helped with this report, I must take responsibility for the final content, including any errors. We have tried to present the information objectively. Others may draw conclusions from what is written. I believe we have documented some problems that exist in Santa Fe today. Whether a living wage is the best way to address these problems is another question. If the ordinance survives the current legal challenges, we have assembled baseline data that can be used in doing a thorough analysis of the impacts.

EXECUTIVE SUMMARY

SANTA FE LIVING WAGE STUDY

On February 27, 2003, the Santa Fe City Council passed an ordinance mandating a phased-in living wage for all people working at private sector businesses with 25 or more employees. The ordinance was scheduled to go into effect January 1, 2004, when the minimum hourly wage for workers in these larger private establishments would be \$8.50, inclusive of tips and any employer contributions toward health insurance and/or toward the provision of day care.ⁱ On January 1, 2006, the minimum wage for businesses with 25 or more employees would be increased to \$9.50 (plus inflation), with a further increase to \$10.50 (plus inflation) effective January 1, 2008.

What impact will the living wage ordinance have on the City of Santa Fe economy, on local businesses, on workers and residents, and on the City budget – on revenues, on the demand for City programs and services? This study is a baseline study of the Santa Fe economy prior to implementation. The goal has been to paint an accurate picture of the Santa Fe economy today and to collect data today that will be critical in the future to a thorough analysis of the actual impacts of the ordinance.

Potential impacts of the living wage include those on employment and particularly employment of lower skill workers, on wage levels and the structure of wages, on skill development and acquisition, on the cost of living and the cost of doing business, on business competitiveness and business investment, on the distribution of income, the problem of poverty the cost and efficacy of anti-poverty programs.

Baseline: Demographics, Labor Force, Income and Poverty, Cost of Living, Housing

The City of Santa Fe nestled at over 7,000 feet against the magnificent Sangre de Cristo Mountains is a place of scenic beauty, of historic significance, of rich cultural traditions, a center for the arts, and a gateway both to the pueblos and historic Hispanic villages of northern NM and to an abundance of recreational opportunities. Santa Fe is a multi-cultural city, with a large Hispanic/Latino population (48%). In terms of race, 76% of the residents in 2000 identified as White Only, 2.2% as Native American, 2.1 as Black, Asian or Pacific Islander and 15% as some other race. Santa Fe is a world-class tourist destination and it continues to attract the more affluent visitors. The luxurious homes that dot the foothills and residential real estate prices attest to the City's attractiveness to amenity migrants, a number of whom have built vacation and retirement home in the area. The City of Santa Fe has an older population (50% were 40 or older in 2000 versus 42% nationally) and population growth within the City limits (11% over the decade of the 1990's) has been much slower than in the areas surrounding the City.

ⁱ The federal minimum wage was last increased to \$5.15 on September 1, 1997. Had the federal minimum wage been increased regularly with inflation since 1968, the federal minimum wage today would be \$8.51.

Santa Fe County is one of only two counties in the state where per capita income exceeds the national average. Dividends, interest, and rent per capita in the County are 50% higher than in the US as a whole. City of Santa Fe households with income of \$200,000 or more in 1999 accounted for a larger percent of City aggregate income – 16.6% versus 15.1% nationwide. Educational attainment for the population 25 and older is very high, with 18% having a masters, a doctorate or a professional degree versus less than 9% nationwide.

There is, however, another side to Santa Fe. While per capita income exceeds the national average, the average wage per employee is 80% of the US. Despite having relatively more people in the highest income category, median income is lower -- \$40,392 versus \$41,994 for the US in 1999. Moreover, median earnings for households with a White Non-Hispanic head are roughly a third higher than for those headed by a Hispanic/Latino. The City has far fewer households where the head is 65 or older with income less than \$20,000 but it has relatively more households with a head under 25 in this situation. The overall poverty rate in the City is close to the national average but the rates for families with children under 5 are much higher.

And while the overall educational attainment is high, in 1999 30% of the City's Hispanic population 25 years and older did not have a high school degree or equivalent (versus 4% of White Non-Hispanics) and only 15.4% had a college degree or more (versus 60% of White Non-Hispanics).

Labor force participation has generally been higher for both men and women living in the City of Santa Fe than for their counterparts elsewhere, and unemployment rates have been lower. However, both male and female Hispanics/Latinos had lower rates of labor force participation in 1999 than Non-Hispanic Whites and their rates of unemployment were almost twice as high. Compared to the US in 1999, a smaller percentage of the workers residing in the City of Santa Fe worked full-time and a larger percent of the men work part-time year round.

The problems of unemployment, of part-time work and low pay are compounded by the high cost of living. As of July 2003, the cost of living in Santa Fe exceeded the national average by 13.0 percent. Costs were above the national average in nearly every category but most significantly for housing. According to a report issued in July 2003 by Voices for Children, the calculated "bare bones budget" for a two-adult two-child family, with one of the children an infant, living in Santa Fe is \$37,376. This budget would require one parent working for \$18 per hour to work full-time year-round full-time, although it could be achieved with both parents making \$9 per hour and each putting in 2080 hours annually.

The lack of affordable housing is the other side of the real estate boom that has driven housing prices into the stratosphere. In 1999, 26% of City of Santa Fe owner-occupied households and 44% of renting households were paying 30% or more of household income toward shelter costs. According to the *2001 Survey of the Santa Fe Rental Market*, 33% of Santa Fe renters could not afford a one-bedroom apartment, 40% could

not afford a two-bedroom apartment and 54% could not afford a three-bedroom apartment. The City has taken a variety of actions to create more affordable housing, but the gap has grown wider recently as incomes have stagnated and housing prices have soared.

Historically, Santa Fe County has had a lower percent of the population receiving public assistance. However, and in contrast with the state as a whole, the TANF caseload in 2000 for Santa Fe County was higher than in the years before welfare reform when the program was known as AFDC. During the past year from December 2002 to December 2003, as food stamp cases statewide increased 12%, foodstamp cases in Santa Fe County soared 17.5%. TANF cash assistance cases in the County swelled 10.2% versus 6.1% growth statewide.

Baseline: City of Santa Fe Economy

Government – federal, state and local – accounted for 29% of estimated total covered employment in the City of Santa Fe in 2002, followed by retail trade (14%), accommodations and food service (13%), and health care and social assistance (10%).

During the 1990's employment in both the City and the County grew at a compound annual rate of 3.1% -- faster than New Mexico as a whole where growth was 2.5%. There was a pause mid-decade in 1996, when employment actually declined year-over-year, reflecting job losses in government, accommodations and food service, and construction. The manufacturing sector shrank by about one-quarter over the decade. Otherwise, growth during the 1990's was relatively broad-based. Overall growth in both the City and the County slowed after 2000 reflecting the combined problems of drought, the Cerro Grande Fire, 9-11, and the US recession and global slump. Manufacturing and information services were particularly hard-hit but the leisure and hospitality sector has also suffered.

Almost 60% of Santa Fe employers have only 1-4 employees. However, BBER was able to identify over 400 establishments in the City with 25 or more employees in at least one month during 2002. Three industries – accommodations and food service, retail, and health services account for over half of all the employees of these larger businesses. The lowest average pay is in the accommodations and food service industry -- less than \$17,000 in 2002.

Of considerable interest is the use of temporary or seasonal employees during times of the year when demand is high. Among these largest employers, the greatest seasonal variation in employment is in the arts, entertainment and recreation industry where summertime employment is almost 30% above the annual average while employment in the low month, October, is more than 30% below. The hospitality industry has about 15% more people working during the summer months than their average for the year and this is roughly the case for other services as well. Santa Fe's smaller employers in these four industries evidence much less seasonal variation in their employment.

Annual increases in earnings (average wages per employee) during the 1990's were generally in the 3 to 5% range except transportation, warehousing and utilities, where the compound annual growth was only 2% and four industries -- information, finance and insurance, real estate, and management and administration -- where the compound annual increases were 6% or more. Wage developments since 2000 have varied widely depending upon the industry.

BBER mail survey of Santa Fe businesses included questions on health insurance. Many of the employer establishments responding to the survey indicated that they offer health insurance. As has been found in other studies, larger employers are more likely to offer insurance to at least some of their employees. However, when offered, insurance is typically only offered to full time employees and in many cases only some full time employees are eligible. The latest data on New Mexico employer based health insurance found an average employer contribution rate of 82% for single coverage. The Santa Fe businesses surveyed for this study indicate contribution rates generally under 80%, with the lowest rates at eating and drinking places (66%) and other retail establishments (62%).

Unions represent a number of workers in the public sector in Santa Fe but also have a presence in retail trade (food stores), construction, utilities, and hospital workers. Unions have not made inroads into the hospitality industry.

According to the US Bureau of Economic Analysis, self-employed proprietors account for roughly 24% of total non-agricultural employment in Santa Fe County.

During the decade of the 1990's the City of Santa Fe's gross receipts tax base -- its taxable gross receipts -- grew at a compound annual rate of 6.0 percent. Growth outside the City limits was somewhat faster (6.8%). In 2001, when the US economy was in recession and experiencing shockwaves from 9/11, taxable gross receipts for the City of Santa Fe grew by only 0.6%, with growth for the County registering 1.8%. In 2002, taxable gross receipts for the City of Santa Fe grew by 5.4%, somewhat above the County average of 4.0%.

BBER queried Santa Fe businesses regarding current business conditions. Many of the respondents in each of the industries said that activity was down from even a year ago, but this response was more common for businesses in industries that depend on tourism and travel, e.g., retail, eating and drinking places, lodging. Not surprisingly, fewer businesses in the construction and financial services/real estate industries were experiencing a slowdown from last year. Indeed, almost half (47%) of the construction businesses were experiencing growth over last year, with about 8% saying that things are booming.

The businesses surveyed were also asked about the greatest challenges they face. The question listed a number of possibilities and then asked them to rank the greatest challenges faced 1, 2, and 3. The biggest single challenge faced by businesses in almost every industry was the sluggish economy. Having noted that, over half the

businesses in eating and drinking and in education, health and social assistance had labor-related concerns, with 80% of those in information and other services rating labor as their greatest challenge. Attracting/retaining workers with the necessary skills was a big concern in construction (30%), professional and business services (20%), education, health and social assistance (25%), info and other services (36%), and culture and recreation (21%). The cost of labor loomed large for eating and drinking places (23%) and for the few responding from info and other services (33%). Eating and drinking places and accommodations both ranked high the problem of attracting/retaining workers with the right attitudes (19% and 16% respectively). Real estate, mortgage, and rent considerations loomed large for many retailers (16%).

Who Are the Low-wage Workers?

Many young people are low-wage workers. Low-wage workers frequently work only part-time, perhaps only part of the year. In the City of Santa Fe, the low-wage workers are disproportionately women and minority men. An hourly wage of \$8.50 per hour translates to an annual income of \$17,680 for a full-time year-round worker. According to Census 2000, in 1999, there were 3,650 full-time year-round workers who earned less than \$17,500 – about 19% of all of these workers. Some 17% of the men and 21.5% of the women were in this group. Hispanic males were 2.5 times as likely and Native American males were almost 4 times as likely as white non-Hispanic males to be earning less than \$17,500.

From the New Mexico Department of Labor's latest survey of occupations and wages (Occupational Employment and Wage Statistics, January 2003), it is evident that the low-wage workers in the Santa Fe MSA, which includes Los Alamos County, are concentrated in certain occupations. The mean hourly wage was \$17.67 (an annual wage of \$36,758 if the person worked full time year round and was paid for 2080 hours). The median wage was \$13.64 an hour (or \$28,374 if the person worked full time year round).

Thirty-eight percent of those employed (27,280) worked in occupations where the entry-level wage was less than \$8.50 an hour, and 10,590 worked where 50% of the employees earned less than \$8.50 an hour. In terms of employment, the most important low-wage occupations include cashiers, food preparation and service workers, maids and housekeeping cleaners, waiters and waitresses, fast food cooks, home health aids, teaching assistants, retail sales persons, dishwashers, restaurant hosts, dining room and cafeteria dining room helpers, institution and cafeteria cooks, janitors, and child care workers.

Low-wage workers are concentrated in certain industries. According to data from the NM Department of Labor on workers covered for unemployment insurance, the lowest wage sector is accommodations and food service, with average weekly wages in 2002 of \$290. This sector had average quarterly employment of 7,642 and accounted for 13% of total Santa Fe County Covered employment in 2002. Other low-wage sectors include: administrative and waste services (\$431 in average weekly wages, 1,769

employees); agriculture, forestry and fishing (\$447, 147 employees); retail (\$476, 8,354 employees); other services (\$476, 2,283 employees); and arts, entertainment and recreation (\$481, 2,293 employees). Together, the employees in these sectors account for over half (50.8%) of the employees in the private sector.

Sectors with higher wages on average may contain low-wage industries. Thus, within manufacturing, where many of the jobs compensate well in terms of wages and benefits, food manufacturing (\$327 per week) and beverage and tobacco product manufacturing (\$265) stand out as low-wage industries. Within health care and social assistance, workers in social assistance average only \$411 a week, while workers in the sector as a whole averaged \$670. Of course, many workers in low-wage industries do not have the opportunity to work full time.

The occupation and wage survey of the Department of Labor is the only source of data on hourly pay. BBER's business survey did ask employers to indicate the number of employees by wage category for regular workers, separately full-time part-time and part-time, and for season employees. Among all regular employees, the survey results indicate that 22% earned \$8.50 an hour or less. Among full-time workers, 17% earn \$8.50 an hour or less; among part-time workers, the percentage is 42%. Those regular employees earning between \$8.51 and \$9.50 comprised 13% of the total, with 12% earning between \$9.51 and \$10.50. These results are not inconsistent with other findings in this study.

Looking at the individual industries, even after including tips, about 37% of the full-time workers and some 70% of the part-time workers in eating and drinking places were paid \$8.50 or less per hour, with many of these workers earning less than \$6.50 per hour. The accommodations industry, which is here classified as leisure/hospitality, also has a very high percentage of regular employees (41% of full-time workers, 49% of part-time workers) who earned \$8.50 or less per hour. Retail is another industry that has a percentage of regular employees who earned \$8.50 an hour or less – 24% of all regular employees, 46% of part-time workers. Two other industries stand out as having a large number of regular employees earning \$8.50 or less per hour: manufacturing, where 20% of regular employees were in this situation; and education, health and social assistance, with 15%. The other service sector also has a high percentage but this industry is very diverse and the number of responses is relatively small.

Many of the businesses surveyed bring in temporary employees to deal with seasonal peaks and to meet high levels of demand. The use of temporary employees varies considerably across industries and depending on demand. According to the survey, in the second quarter of 2003, some 10% of employees were seasonal or temporary. The percent varied dramatically across industries. Some industries, like wholesale trade and manufacturing made negligible use of temporaries, while businesses in the culture and recreation industry reported a high percent. Almost 11% of the workforce in eating and drinking establishments and about 8% of those in accommodations were in temporary positions. Across all the industries surveyed, 31% of the seasonal employees earned \$8.50 an hour or less.

The three focus groups held with workers provided insight into the lives of Santa Fe's low-wage workers. Low-wage workers in the focus groups, and particularly those with children, were forced to rely on a variety of strategies to make ends meet:

- Sharing household expenses. This is the most common strategy and is crucial where there are children.
- Public assistance. Without Medicaid for their children, Section 8 housing, or food stamps, they would not be able to house, feed and insure the health of their children.
- Working more than one job. A common method, but this creates stress and strain for them and their families.
- Crowded living arrangements. Housing struggles were common to all. Participants described living situations with seven people in a mobile home, five people in a one-bedroom apartment, two families living in one-bedroom apartment...

Workers in the focus groups lack reserves and could not go more than a month without earnings. The participants who were most able to "make ends meet" were those using these jobs to supplement a consistent source of income such as a retirement pension.

Many workers did not or do not intend for these low-wage jobs to be their long-term jobs. Some ended up "working there five years anyway" and do not foresee making changes; some use these jobs to gain experience and skills; some, and particularly immigrants, feel pressure to keep their jobs on a long-term basis, even if the conditions are not good; some stay because of the friendly working conditions. Santa Fe natives perceive the need to leave Santa Fe to gain opportunity and potential prosperity. The income gap between wealthy newcomers and lower income residents is discouraging to these lower-wage workers. The cost of living in Santa Fe has increased and their wages have not kept up. They expressed concern that the public school system has not adequately prepared them for the work force.

Added income is desirable, yet so is the perception that higher wages imply they are valued as people and as employees.

Industry Analyses

Accommodations. Santa Fe has many high-end hotels where average daily room rates are almost two-times the New Mexico average. Some 40 – 50% of the workforce is paid \$8.50 or less per hour and many find only part-time employment opportunities or work only during seasonal peaks. Average weekly wages are low (\$372 in 2002) but they are almost one-third higher than the wages paid in this industry in New Mexico as a whole and are in line with the averages for Arizona and Colorado and the US, although well below the average for Nevada (\$543). Behind the averages, however, there are many individual employees who earn very little perhaps nothing in a quarter and many

who apparently work multiple jobs in an effort to make ends meet. Payroll expenses run about 26% of total revenues. Almost half (46%) of the total payroll is absorbed by the 15% who annually earn in excess of \$21,840 (which is 2080 hours at \$10.50 an hour). Only about one third of the workforce has insurance.

Eating and drinking places. Santa Fe as a center for art and culture attracts many wealthier tourists as well as many wealthy individuals who have purchased retirement or vacation homes in the area -- amenity migrants. Some of its restaurants cater to a wealthier clientele but the City has a full spectrum of eating and drinking establishments. Average weekly wages for the County at \$280 in 2002 are very low but are actually somewhat higher than the averages for Colorado and Arizona and the US as a whole, all of which are close to \$240, and well above the average for New Mexico (\$207). The average weekly wage in eating and drinking places in Nevada was \$286. These figures include tips, but it is generally assumed that tips are under-reported. Some 45% of the Santa Fe workforce is paid \$8.50 or less per hour and many find only part-time employment opportunities or work only during seasonal peaks. Payroll expenses run about 31% of total revenues. Only 9% of those employed during 2002 in eating and drinking establishments earned more than \$21,840 (2080 hours at \$10.50 an hour), yet these workers accounted for 41% of the total wages and tips reported as earned for residents working in this industry. Only about 20% of the workforce was reported as having insurance coverage from their employer.

Retail trade. Retail trade is a large and diverse sector, accounting for about 7,800 jobs -- 14% of total covered employment in the City. This sector includes a large number of art galleries, with sales that ranked second in the nation in 1997, many, often small, specialty retail shops as well as the full spectrum of food stores, big box retailers, gasoline stations and other retailers that would be found in any city. In 2002, average pay for this industry in Santa Fe County was \$476 a week or \$24,752 for the year, which is roughly in line with the statewide averages for Arizona and Colorado (\$467 and \$475 respectively), higher than the US (\$447), significantly higher than New Mexico (\$407) and below Nevada (\$493). Some 24% of regular employees in this industry are paid \$8.50 or less per hour and many find only part-time employment opportunities or work only during seasonal peaks. Payroll expenses average about 10% of total receipts according to the 1997 Economic Census, although the average of those responding to the BBER survey was about twice that amount. Looking at the wage record data, jobs in this industry paid an average of \$4,000 to \$5000 per quarter, with median earnings in the \$3,200 -- 3,800 range. Employees of general merchandise stores earned considerably less, with average wages running about \$1,000 below the sector as a whole. According to the survey results, about 60% of establishments with employees offer health insurance, with the employers picking up a little over 60% of the costs on average.

1. ASSESSING THE IMPACT OF THE CITY OF SANTA FE LIVING WAGE

Introduction

On February 27, 2003, the Santa Fe City Council passed an ordinance mandating a phased-in living wage for all people working at private sector businesses with 25 or more employees. The ordinance was scheduled to go into effect January 1, 2004, when the minimum hourly wage for workers in these larger private establishments would be \$8.50, inclusive of tips and any employer contributions toward health insurance and/or toward the provision of day care. On January 1, 2006, the minimum wage for businesses with 25 or more employees would be increased to \$9.50 (plus inflation), with a further increase to \$10.50 (plus inflation) effective January 1, 2008.

A lawsuit was filed and on December 18, 2003, Judge Daniel Sanchez delayed the implementation of the Living Wage from January 1st until after trial, which he set for February 17th and 18th, 2004. Recently, the Judge ordered a continuance until April.

The federal minimum wage was last increased to \$5.15 on September 1, 1997. (See Appendix A for the history of changes in the federal minimum wage.) Had the federal minimum wage been increased regularly with inflation since 1968, the federal minimum wage today would be \$8.51, or almost exactly the minimum mandated by the City ordinance. Whether this wage is truly a living wage depends upon what it costs to live in Santa Fe.

In the absence of federal action to increase the minimum wage even in line with inflation, there have been efforts in a number of communities around the country to mandate a living wage. As happened in the City of Santa Fe, the initial efforts have typically been aimed at the local government, with the idea that government will act as a model and also use its leverage over individual businesses – City contractors, those benefiting from business incentives -- to expand coverage. The City of Santa Fe was among the first to require more generally that businesses operating in the City pay their workers a living wage, although San Francisco recently passed an ordinance covering all employers.

What impact will the living wage ordinance have on the City of Santa Fe economy, on local businesses, on workers and residents, and on the City budget – on revenues, on the demand for City programs and services? The City of Santa Fe Living Wage has its advocates; it also has been strenuously fought by elements of the business community and others. There is much conjecture. What is needed is good data and sound analysis. This study is part of an effort to collect and analyze data bearing on the impacts, real and imagined. It is less an impact study than a baseline study of the Santa Fe economy prior to implementation. The goal has been to paint an accurate picture of the Santa Fe economy today and to collect data today that will be critical in the future to a thorough analysis of the actual impacts of the ordinance. Since some information will be lost unless collected today, it is of utmost importance that all the various impacts be anticipated. As always, the right questions need to be asked.

Guidance has come from an extensive literature and from what local businesspeople and workers have to say. Conversations with Santa Fe business people and business leaders and the focus groups held with employers surfaced a variety of concerns about the ripple effects of the Living Wage Ordinance. In addition to the two focus groups held with employers, BBER conducted three focus groups with workers, including one session in Spanish. Details on the focus groups with business people and with workers are provided in Appendix B.

Potential Effects of Mandating a Living Wage

Employment effects. Will imposing a minimum wage reduce employment, especially for low-skill workers? This question has been the principal focus of the published research going back to the 1940s. The consensus generally showed that a minimum wage has a modest negative effect on employment for low skill workers, especially teenagers. Concerns nationally about the impact on teenagers in particular resulted in the passage of a sub-minimum wage – today \$4.25 per hour – during their first 90 days with an employer.

More recent work by Card and Krueger threw this issue open for debate. First, Card & Krueger find no evidence that a minimum wage reduces teenage employment; to the contrary, they find evidence (though not statistically significant) of increased levels of teenage employment. Also, using the econometric time-series analysis similar to earlier studies, Card & Krueger find that the negative relationship between the minimum wage and teenage employment documented in earlier studies does not hold when the study period is extended to include the 1980s.ⁱ The 1980s was a period when average wages greatly exceed the minimum wage; i.e. when the minimum wage was “less important” as defined in the cross-sectional studies discussed above. Finally, they find no evidence that an increase in the minimum wage results in a reduction in fringe benefits, and that lower ‘training wages’ for teenagers are seldom used, even when allowed.ⁱⁱ

Business people in our focus groups expressed the view that the market in Santa Fe has established a prevailing minimum wage of about \$7.00 per hour. (As reported in Chapter 5, our survey of Santa Fe businesses found that about 6% of the workers earn \$6.50 or less.) At \$7.00, a mandated increase to \$8.50 per hour represents an increase of more than one fifth. Employment opportunities, particularly for workers currently in low wage jobs, may become more limited. Some opined that businesses may be forced to kick people out of the bottom rung of the labor force and will find other ways to get the tasks done.

Indicators to watch: *reduced employment growth, cut-backs in average monthly employment/people employed at existing businesses, reductions in low-skill/low wage*

ⁱ Card and Krueger, 1995, Chapter 6.

ⁱⁱ Card and Krueger, 1995. For work supporting the consensus see Neumark & Wascher; Burkhauser, Couch and Wittenburg; Partridge & Partridge; against, see Card and Krueger, Dickens, Machin and Manning, Zavodny, Wimmer.

employment opportunities, as found in occupational wage surveys; maybe increased unemployment, maybe fewer people in the labor force working or actively seeking work, lower rates of labor force participation.ⁱⁱⁱ

Business people with whom we spoke were concerned that implementation of the living wage ordinance may force some firms to lay off workers or to shut-down their Santa Fe operations, perhaps moving operations elsewhere. They were concerned about the effects on investment and indirectly on employment. They felt that the ordinance would make it difficult to attract new businesses and would deter expansion by existing businesses (at the current location or for creating new locations) and worries that some businesses would shut down or move operations elsewhere.

Indicators to watch: *rates of closure/relocation by businesses with employees, jobs lost to business closure, new employer start-ups, job gains due to start-ups; movement of businesses outside the City, perhaps to unincorporated parts of the County.^{iv}*

In thinking about the possibility of reduced employment opportunities, it is important to think about hours worked as well as jobs. The evidence reported below suggests that many workers in Santa Fe face not only low hourly pay but limitations on the number of hours they may be scheduled to work from one week to another, from one month to another. The seasonal swings of the tourist trade in particular create seasonal demands for labor. These seasonal swings may mean opportunities for some to pick up some extra income or to combine work in restaurants and hotels with other endeavors, like going to school or being an artist. For workers trying to support a family, however, the combination of low wages and part-time/part-year schedules can make it very difficult to hold things together, with the result that the family is always living on the edge, a payroll away from missing a rent or mortgage payment, ill-equipped to deal with a car that breaks down or the illness of a family member.

The ordinance could mean less hours for people in low wage jobs but the fact that it is imposed only on employers with 25 or more employees could provide incentives for more full-time work or for providing schedules with more hours to a smaller group of employees. Indeed, some of the employers in our focus groups thought that the effect of the ordinance might be to encourage employers to create more full time job opportunities and to make less use of part-time labor. Also pushing in this direction might be a desire to minimize the fixed costs associated with having additional

ⁱⁱⁱ BBER would propose to do statistical analysis of data on individual employers using the longitudinal database on employers that we have use of under an agreement with the NMDOL.

^{iv} The NM Department of Labor is currently involved in efforts to look behind the employment averages – at new hires and terminations, at business start-ups and terminations. Some of this information is becoming available to the general public through the Census Bureau. The Longitudinal Employer - Household Dynamics (LEHD) program is an innovative new state/federal partnership between the Census Bureau and ten states. For links, go to the NMDOL website (http://www.dol.state.nm.us/dol_lmif.html). Currently BBER, with the access NMDOL has provided under a confidentiality agreement to both the employer files and also the wage record data gathered in conjunction with the unemployment insurance program, is uniquely in position to analyze these questions.

employees (e.g., the need to maintain payroll records, provide uniforms, recruit and train people). In this regard it is interesting that individual businesses squeezed from downturn in economy since 2000 (Cerro Grande blaze, national recession, 9/11) reported that they have already improved internal efficiencies and don't know if they can absorb increased labor cost. We do not know what measures were taken to improve efficiencies, but our analysis of the data clearly suggest reduced use of part-time labor with fewer employees working more hours.

Participants in the employee focus groups believed that higher wages under a living wage would result in greater job attachment and less turnover. For participants, added income would be a decided plus, but they also hoped that higher wages would mean that they would be valued as people and as employees. They felt that they would be more likely to stay at their jobs if they felt valued. They also felt that with higher wages they would have less need to work multiple jobs. If the primary job compensated better, workers would have less need to have a secondary job and they might be able to reduce their work hours and enjoy more leisure time.

Indicators to watch: hours worked, if the NM Department of Labor becomes required by law to collect this information; variations in average employment over the year; numbers of employees, median and average earnings of employees and these relative to average employment and earnings, number of jobs worked, turnover.^v

What are the low-skill jobs? What are the possibilities for restructuring this work? Who are the low-wage workers in Santa Fe? If a higher minimum wage leads to the elimination of some jobs, what kinds of jobs will go and who currently holds these jobs? Will these people find new opportunities? From the 2000 Census data reported in Chapter 2, we know that there are striking differences in education attainment of different racial and ethnic groups in the City of Santa Fe. From our discussions with workers, we also know that many low wage jobs in Santa Fe are held by immigrant workers. We also know that younger workers provide a critical source of labor in some industries.

Indicators to watch: changes in employment and wage data for different low wage occupations in the NMDOL Occupation and Wage Survey. Examine the wage record data to see what happens to individuals with low earnings today over time, whether they change jobs or disappear, whether their situation with current employers – earnings per quarter, hours worked (if this data ever comes available) -- indicates change. Look at the wage records over time for younger workers and for women to see whether there is a disproportionate impact.^{vi}

^v See previous footnote.

^{vi} The wage record data that BBER accesses from NMDOL has fields for age and gender as the result of an interagency agreement that allows a match with the driver master from the NM Motor Vehicle Division. Currently the only data by race and ethnicity is that from the decennial Census. The Social Security Administration has race and ethnicity fields in their databases. The LES project cited in footnote 3 above is linking these variables to their databases and may in the future provide this information in their tabulations of information on employees on their website.

Effects on wage levels and the wage structure. As noted above, participants in the focus groups felt that the market already determines a prevailing wage of approximately \$7.00 an hour though the federal minimum wage is \$5.15 per hour. They expressed concern that all businesses, even those with less than 25 employees, will have to offer entry-level workers the living wage rates in order to compete to attract and retain employees.

In the academic literature, the effects on wage structure are also referred to as composition of labor force effects. Does a higher minimum narrow the distribution of wages within firms and within a labor market (e.g. does a higher minimum suppress wage growth for middle-level workers, compressing the overall distribution of wages)? The research is fairly thin on this question, and the results are mixed. Card and Krueger suggest that employers will attempt to maintain pre-minimum wage differentials to retain experienced workers and there is some other empirical work giving credence to “ripple effects”; others find no evidence of this and suggest that middle level earners get stuck at the new minimum wage.^{vii}

Some business people were particularly concerned about the problem of wage compaction if wages at the lower end were raised. Participants in the focus groups were concerned that the entire pay scale may increase, not just for minimum wage workers, because the higher paid workers will demand a corresponding increase to maintain their wage differential.

Employees in the focus groups also expressed concerns about the impacts of the living wage on the overall structure of wages. They wondered how the wage differential would keep up for people earning higher wages. Some expressed concerns about the distortion of the overall pay scale if entry-level wages were increased without a corresponding increase for the higher paid jobs. There was also an equity concern raised about unfairly providing entry-level workers with a wage rate that took a long time for these participants to work up to.

Indicators to watch: *occupational and wage survey data from NMDOL; additional survey data on the structure of wages at Santa Fe employers to compare with the results of BBER’s business survey.*^{viii}

Labor force development effects. Does a higher minimum wage negatively effect skill development and acquisition? This issue is getting more and more attention in the

^{vii} YES: Dickens, Machin and Manning; NO: Card and Krueger;

^{viii} If the NMDOL were to collect data on hours employed for individual workers as well as earnings, it would be possible to study the effects on individual hourly pay of a higher minimum wage and develop a picture of changing wage structures from administrative data. In the absence of information of hours, it will be difficult to use the wage records since both hours and hourly pay may be changing in response to the legislation. One could examine records for more stable employees (i.e., those who have a history of working every quarter and have spent some time with a particular employer) and test for structural changes in the wage relationship. One could also examine the treatment of new entrants versus longer term workers with lower earnings. In terms of the pressures to retain workers at the higher end of the wage scale, one might look for increased turnover.

academic literature since the minimum wage/employment question is no longer closed. There are two related sets of questions, based on different answers to the Employment Effect question. The first is whether the loss of entry-level jobs means a loss of on-the-job training opportunities. Second, do students leave school for higher paying jobs, or conversely does the loss of employment opportunities encourage students to remain in school, gaining skills there? The findings are inconclusive but the issue is receiving more and more attention.^{ix}

This issue was generally not raised by participants in our focus groups. Higher entry wages may well induce students to put off plan to obtain additional training or education. On the other hand, higher wages may make it possible for people to put aside money for their own or their children's education. Workers in our focus groups did talk about how if higher wages translated to higher earnings, this would improve their household balance sheet, perhaps allowing them to reduce their reliance on debt, maybe buy a reliable car. Some saw the additional income as reducing their dependence on family and others, perhaps allowing them to increase their savings or invest in an education.

Indicators to watch: *These impacts would probably be difficult to study without doing some kind of survey. It would be possible to look for differences in the job experiences of young people in the wage record data. One could also look at enrollments in post-secondary education programs.*

Inflation. Does a minimum wage increase the cost of living? If so, who bears the burden of these higher costs, and to the extent that it is low-income families does this offset the benefits of higher wages and thus the worsen the problem of poverty?

Card and Krueger touch on this issue in *Myth & Measurement*, showing that minimum wage does have a minor effect in raising the costs carried by low income households, but that the increase is trivial in comparison to the direct benefits of wage gains. BBER was unable to find other empirical studies on the question.

Employers in the focus groups expressed concerns about the living wage leading to higher prices for goods and services in Santa Fe. They worried that their non-personnel costs as well as their labor costs would go up. They were concerned that the increased labor cost will be passed "up the line" (i.e. that higher cost of services and materials needed to operate a business would be passed on to the next business who buys their product, adds value and sells it to another business who then passes on their higher input costs to another business...) They foresaw the possibility that higher overall prices in Santa Fe would erode the benefit of a higher wage to low income workers.

Some workers in the focus groups were also concerned about inflation resulting from increasing wages, thinking that inflation would just add to, rather than ameliorate, Santa Fe's high cost of living for low income and general residents as well as tourists. Some

^{ix} YES: Leighton and Mincer; Neumark and Wascher; Landon; NO: Ravn and Sorensen

feared that increases in the cost of consumer goods along with increased taxes would nullify the increase in wages.

It is probably worth pointing out that housing costs are the single most important factor driving the cost of living in Santa Fe 13% above the national average. How will housing and real estate prices in general be affected by implementation of the living wage? If the business arguments regarding disinvestment are to be believed, it is not unreasonable to expect some adverse affect on real estate markets.

Indicators to watch: ACCRA Cost of Living series for Santa Fe versus other cities and the US as a whole. BBER also collected baseline data on cost of living in the City using methodology from ACCRA and the BLS. The survey can be replicated to measure changes over time.

Competitiveness. This issue was raised in the focus groups with business people. Businesses who export to markets elsewhere were concerned about being put at a cost disadvantage. Those who serve the local market worried that Santa Fe businesses might be put at a competitive disadvantage with surrounding communities (Albuquerque in particular). There were many concerns about Santa Fe having difficulty competing with other tourist destinations.

One way of responding to increasing pressure on the cost side is to reduce quality/cut-back or eliminate services. To attract tourists Santa Fe needs to offer high quality for the high prices charges. Fears were expressed that costs would be high and higher without offering enough to compete with other destinations.

Indicators to watch: trends in data on taxable gross receipts; tourist indicators, including estimates of numbers of visitors, lodgers tax revenues, taxable gross receipts data on accommodations, eating and drinking places, culture and recreational activities; cutbacks in employment in certain industries/businesses; business closures and associated losses in employment.

Distortions in business behavior. Business people in the focus groups complained that the thresholds specified in the ordinance were arbitrary. The feeling was that businesses will adapt their structures to avoid ordinance requirements:

- Reduce labor pool if close to the 25 cut-off
- Consolidate labor pool (reduce part-time workers)
- Divide business into smaller business corporations or 'Limited Liability Corporations' (LLC's) to remain under the 25 employee cut-off.

Indicators to watch: measures discussed above regarding reduced use of part-time labor; trends in number of establishments with less than and with more than 25 employees.

Who benefits: distributional and substitution effects. Do the benefits of a higher minimum wage accrue to workers from low-income households? (Or conversely, does a higher minimum wage primarily benefit higher income households since employers will respond to the higher minimum wage by substituting higher-skilled workers for lower-skilled workers?)

In the academic literature, this question was only minimally considered prior to Card and Krueger but now is a major issue. Card and Krueger and others show that minimum wages do benefit low-income households disproportionately (earnings gap between lowest income households and other households diminishes when the minimum wage is increased). However, others argue that earnings are only half the poverty equation – one must also consider household needs (family size and composition). By this account there is no reason to assume that the lowest earners are in greatest need; i.e. minimum wage is a blunt instrument to fight poverty. The debate continues in and out of academic circles.^x

Concerns about whether a higher minimum wage will actually benefit lower income families can be heard in many of the comments of employers, with some doubts also raised by employees.

***Indicators to watch:** In many ways, this is an extension of the employment effects, so many of the indicators suggested there will apply here as well. Data on income distribution are most easily obtained from the decennial census. County Income tax data from the NM Department of Taxation and Revenue would enable one to test for changes in the income distribution over time. The data may become available in the not too distant future. The available federal income tax data are too aggregated to be helpful. Also, because of the Low Income Comprehensive Tax Rebate (LICTR), the State data has considerably better coverage of people with lower incomes.*

Impacts on other anti-poverty programs. Will implementation of a living wage reduce the need for various anti-poverty programs and the dollars currently spent on them?

For working parents in the focus groups, public assistance is often needed to make ends meet on wages less than \$8.50 per hour. Without Medicaid for their children, Section 8 housing, or food stamps, they would not be able to house, feed and insure the health of their children. They do not see how they could afford to be free of public assistance at their current or comparable jobs.

City Councilors and other expressed the hope that implementation of a living wage would reduce poverty and provide lower income households with more income, making them less reliant on various subsidies and anti-poverty programs.

^x YES: Card and Krueger, Addison and Blackburn; DiNardo, Fortin and Lemieux; NO Neumark & Wascher; Burkhauser, Couch and Wittenburg; Deere, Murphy and Welch; Zavadny; Teulings.

A more cynical view would see minimum wage legislation as potentially compromising the effectiveness of other anti-poverty programs, such as the Earned Income Tax Credit (EITC). BBER found almost nothing in the scholarly literature on this question, but business-backed interests (e.g. Employment Policy Institute) pay a lot of attention to it. Their perspective is that minimum wage legislation is too blunt to fight poverty, that other programs (such as EITC or targeted training subsidies) would be more effective, and that minimum wage legislation conflicts with these other programs.^{xi}

Indicators to watch: *in addition to the sources cited in the previous section, US Bureau of Economic Analysis data on Santa Fe County transfer payments, particularly Income Maintenance programs like foodstamps and TANF; monthly statistical reports from the NM Human Services Department on caseloads in Santa Fe County; local studies of housing affordability, City budgetary information and statistics on program participation; if available, data from the NM Taxation and Revenue Department on use of LICTR by City residents.*

Baseline on the City of Santa Fe Economy

This report attempts to pull together the relevant data to provide a baseline on the Santa Fe economy prior to implementation of the living wage. Chapter 2 starts with a review of the available demographic data, including population growth, age-sex composition, racial-ethnic composition, and educational attainment, and moves on to a discussion of the City of Santa Fe labor force, and then to a review of available data on income distribution, poverty and use of anti-poverty programs. From there, we examine data on the cost of living, including the “bare bones budget” and look in depth at housing, housing affordability and current City efforts to create more affordable housing for City residents.

Chapter 3 continues the presentation of baseline data by focusing on the City of Santa Fe economy. The first section looks in depth at wage and salary employment and earnings. The second section gives focus to self-employment and for-profit businesses that are non-employers. The third section looks at trends in taxable gross receipts. A final section reports the findings from the focus groups and BBER’s survey of Santa Fe businesses regarding the Santa Fe economy today.

Chapter 4 looks at who the low wage workers in Santa Fe are, what types of jobs they hold, and what industries they work for.

Chapter 5 presents case study information on three industries which have a large number of low wage workers: accommodations, food service, and retail. The chapter examines evidence on overall industry performance and also looks at the situations of individual workers in these industries.

^{xi} NO: Moore; YES: Employment Policy Institute.

2. CITY OF SANTA FE: DEMOGRAPHICS, LABOR FORCE, INCOME AND POVERTY, COST OF LIVING, AND HOUSING

Population and Demographics

Population. According to the Decennial Census, in April 2000, 62,203 people were living within the City of Santa Fe, 6,344 more than in 1990. Over the decade the annual growth in population was 1.1%, down from 1.3% in the 1980's and from 1.8% in the 1970's. Table 2.1 presents data based on the decennial census for the City, the areas surrounding the City^{xii}, Santa Fe County and the State of New Mexico. In terms of population at least, the City of Santa Fe has been growing much more slowly than the surrounding areas, and in 2000 accounted for 48% of the County population, down from 65% in 1980.

Table 2.1
CITY OF SANTA FE POPULATION CHANGE 1980 - 2000
WITHIN THE CONTEXT OF THE LARGER REGION

	Population			Change
	1980	1990	2000	1990-2000
City of Santa Fe	48,953	55,859	62,203	6,344
Urban Area (outside City)	na	10,682	17,342	6,660
Central Region (outside Urban Area)	na	14,910	25,056	10,146
Santa Fe County	75,519	98,928	129,292	30,364
New Mexico	1,303,303	1,515,069	1,819,046	303,977
	Population Percent Change			
	1980-90	1990-2000	1980-2000	
City of Santa Fe	14.1	11.4	27.1	
Urban Area (outside City)	na	62.3	na	
Central Region (outside Urban Area)	na	68.0	na	
Santa Fe County	31.0	30.7	71.2	
New Mexico	16.2	20.1	39.6	

na - not available.

Source: US Census Bureau, Decennial Censuses.

Age Sex Composition. Compared with the US, the City of Santa Fe population is generally older. According to Census 2000, only 18% of City residents were 15 or younger versus almost 24% in the US as a whole. On the other hand, 50% of Santa Fe residents were 40 or over, while only 42% of US residents were in these age groups. Consistent with the above since women have greater longevity, the City of Santa Fe has a higher percentage of female residents (52.5% versus 51.0%).

^{xii} The Santa Fe Urban Area includes about 70 square miles, about 39 square miles in the city and 31 square miles outside the city limits. The urban area's boundaries are Interstate-25 to the south and NM Highway 599 to the west/northwest.

Race and Ethnicity. Table 2.2 presents the Census 2000 data on race and ethnicity for the City of Santa Fe, Santa Fe County, New Mexico and the US. Reflecting its location in northern New Mexico, the City has a large Hispanic/Latino population (47.8%). In terms of racial identity, almost 77% of City of Santa Fe residents claimed White Only. This percentage is higher than that for all the comparison geographies, including the US. Forty seven percent of City residents identified as White Non-Hispanic.

Table 2.2
RACIAL AND ETHNIC COMPOSITION OF THE POPULATION, 2000

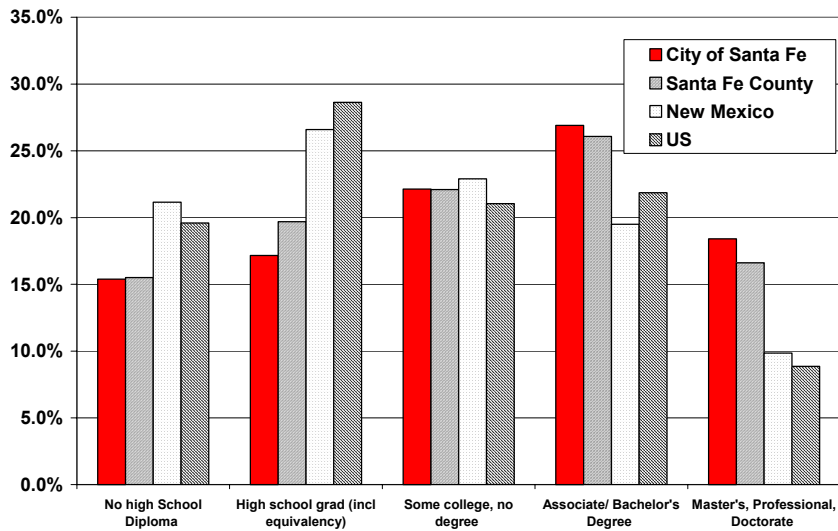
	City of Santa Fe		Santa Fe County		New Mexico		United States	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
All Races	61,805	100.0%	129,292	100.0%	1,819,046	100.0%	281,421,906	100.0%
White alone	47,368	76.6%	95,200	73.6%	1,214,680	66.8%	211,353,725	75.1%
Black or African American alone	385	0.6%	974	0.8%	33,513	1.8%	34,361,740	12.2%
American Indian & Alaska Native alone	1,393	2.3%	3,950	3.1%	172,276	9.5%	2,447,989	0.9%
Asian alone	551	0.9%	944	0.7%	18,286	1.0%	10,171,820	3.6%
Natv Hawaiian & Oth Pacific Isle alone	14	0.0%	80	0.1%	1,248	0.1%	378,782	0.1%
Some other race alone	9,120	14.8%	22,881	17.7%	308,963	17.0%	15,436,924	5.5%
Two or more races	2,974	4.8%	5,263	4.1%	70,080	3.9%	7,270,926	2.6%
Hispanic, all Races	29,744	47.8%	63,405	49.0%	765,386	42.1%	22,354,059	7.9%
Non-Hispanic White alone	29,300	47.1%	58,790	45.5%	813,495	44.7%		

U.S. Census Bureau Census 2000 □

Educational Attainment. Figure 2.1 examines educational attainment for the population 25 and older as reported for the 2000 Census. Compared with the County, the State and the US, the City of Santa Fe has a larger percentage of residents who have a college degree, and the City also has a larger percentage with masters, professional and doctorate degrees. However, there are striking differences in educational attainment depending upon race and ethnicity. Only about 4% the City's White Non-Hispanics have less than a high school education versus about 30% of the City's Hispanic population 25 and older. On the other hand, 60% of White Non-Hispanics have a bachelor's degree or more versus 15.4% of Hispanics. These differences in educational attainment have serious implications in terms of the job opportunities open to different groups.

Figure 2.1

EDUCATIONAL ATTAINMENT, POPULATION 25 AND OLDER, 2000



Labor Force

Labor Force Status. Table 2.3 presents the data from Census 2000 on the labor force status of men and women 16 and over residing in the City of Santa Fe and makes comparisons with Santa Fe County, New Mexico and the US. Note that labor force participation was higher for both men and women living in the City of Santa Fe than for their counterparts elsewhere. Unemployment rates were lower. These are historical trends.

Table 2.3
EMPLOYMENT STATUS OF THE POPULATION 16 AND OVER, 2000

	City of Santa Fe	Santa Fe County	New Mexico	United States
Male:	23,923	49,096	663,095	104,982,282
% <i>In labor force:</i>	73.7%	72.8%	67.6%	70.7%
In Armed Forces	0.2%	0.2%	2.1%	1.3%
Civilian:	99.8%	99.8%	97.9%	98.7%
Employed	95.6%	95.3%	92.6%	94.3%
Unemployed	4.4%	4.7%	7.4%	5.7%
% <i>Not in labor force</i>	26.3%	27.2%	32.4%	29.3%
Female:	27,001	52,856	706,081	112,185,795
% <i>In labor force:</i>	60.8%	61.5%	54.7%	57.5%
In Armed Forces	0.0%	0.1%	0.5%	0.3%
Civilian:	100.0%	99.9%	99.5%	99.7%
Employed	95.4%	95.2%	92.8%	94.2%
Unemployed	4.6%	4.8%	7.2%	5.8%
% <i>Not in labor force</i>	39.2%	38.5%	45.3%	42.5%

US Bureau of the Census, Census 2000

The above figures are averages for the population residing within the City limits. Labor force participation varies depending upon race and ethnicity. Thus, among the Hispanic/Latino population there were lower rates of labor force participation in 2000 for both men (72%) and women (58%) than were true for White Non-Hispanics (75% and 63% respectively for men and women). On the other hand, Native Americans had still higher rates for both men (78%) and women (73%). The unemployment rates were more than two-times higher for Hispanic men (7.0%) and women (6.7%) than for their White Non-Hispanic counterparts (2.3% and 3.2% respectively). Native American men had an 11.7% unemployment rate, with women experiencing a 7.7% rate.

Between the decennial censuses, statistics on the civilian labor force by county are published by the New Mexico Department of Labor. The figures are based on a household survey. Sample size is small and this series typically reports lower rates of unemployment than the decennial Census. (In April 2000, for example, this series showed unemployment at 2.3% in Santa Fe County.) Table 2.4 presents the preliminary figures for 2003 for Santa Fe County, offering comparisons with New Mexico and the US.

Table 2.4
CIVILIAN LABOR FORCE, UNEMPLOYMENT AND UNEMPLOYMENT RATE, 2003
PRELIMINARY, SANTA FE COUNTY, NEW MEXICO, US

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
Santa Fe County									
Civilian Labor Force	69,783	70,302	70,907	70,728	70,297	72,685	73,295	72,019	71,409
Employment	67,516	68,165	68,646	68,574	67,988	69,794	70,589	69,399	68,766
Unemployment	2,267	2,137	2,261	2,154	2,309	2,891	2,706	2,620	2,643
Rate	3.20%	3.00%	3.20%	3.00%	3.30%	4.00%	3.70%	3.60%	3.70%
New Mexico									
Civilian Labor Force	882,711	885,394	894,206	894,845	895,012	912,469	910,776	897,506	896,891
Employment	829,217	834,789	842,814	844,755	842,137	849,006	851,947	843,566	843,646
Unemployment	53,494	50,605	51,392	50,090	52,875	63,463	58,829	53,940	53,245
Rate	6.10%	5.70%	5.70%	5.60%	5.90%	7.00%	6.50%	6.00%	5.90%
Seasonally adj rate	5.80%	5.80%	5.90%	5.90%	6.00%	5.90%	6.10%	6.10%	6.10%
US									
Civilian Labor Force	145,301	145,693	145,801	145,925	146,067	148,117	147,822	146,967	146,166
Employment	135,907	136,433	136,783	137,424	137,567	138,468	138,503	138,137	137,731
Unemployment	9,395	9,260	9,018	8,501	8,500	9,649	9,319	8,830	8,436
Rate	6.50%	6.40%	6.20%	5.80%	5.80%	6.50%	6.30%	6.00%	5.80%
Seasonally adj rate	5.70%	5.80%	5.80%	6.00%	6.10%	6.40%	6.20%	6.10%	6.10%

New Mexico Department of Labor, Table A

Hours Worked per Week. Table 2.5 presents the data on the number of hours usually worked per week and the number of weeks worked per year for City of Santa Fe adults and provides a comparison with the other areas. Note that fewer of the workers residing in the City of Santa Fe worked full-time and that a larger percent of the men work part-time year round.

Table 2.5

USUAL HOURS WORKED BY SEX FOR POPULATION 16 AND OVER, 2000

	City of Santa Fe	Santa Fe County	New Mexico	United States (000's)
Male:				
<i>Worked in 1999:</i>	18,913	38,644	488,591	80,243
<u><i>Usually worked 35 or more hours per week:</i></u>	83%	84%	85%	86%
50 to 52 weeks	70%	72%	72%	76%
27 to 49 weeks	21%	20%	18%	16%
1 to 26 weeks	9%	9%	10%	8%
<u><i>Usually worked 15 to 34 hours per week:</i></u>	14%	13%	12%	11%
50 to 52 weeks	38%	35%	34%	36%
27 to 49 weeks	31%	30%	29%	29%
1 to 26 weeks	31%	34%	36%	35%
<u><i>Usually worked 1 to 14 hours per week:</i></u>	3%	3%	3%	3%
50 to 52 weeks	38%	34%	31%	32%
27 to 49 weeks	28%	30%	26%	25%
1 to 26 weeks	34%	36%	43%	43%
<i>Did not work in 1999</i>	5,010	10,452	174,504	24,739
Female:	18,020	36,180	428,124	70,742
<u><i>Usually worked 35 or more hours per week:</i></u>	68%	70%	70%	71%
50 to 52 weeks	67%	68%	66%	71%
27 to 49 weeks	22%	21%	21%	19%
1 to 26 weeks	11%	11%	13%	10%
<u><i>Usually worked 15 to 34 hours per week:</i></u>	26%	25%	24%	23%
50 to 52 weeks	41%	41%	38%	42%
27 to 49 weeks	31%	31%	31%	30%
1 to 26 weeks	28%	28%	31%	28%
<u><i>Usually worked 1 to 14 hours per week:</i></u>	6%	5%	5%	6%
50 to 52 weeks	32%	32%	27%	29%
27 to 49 weeks	29%	30%	29%	29%
1 to 26 weeks	39%	39%	44%	43%
<i>Did not work in 1999</i>	8,981	16,676	277,957	41,444

U.S. Census Bureau, Census 2000

Commuting Patterns. Table 2.6 presents data on commute times for employed residents. Note that City residents spend less time commuting than do their counterparts elsewhere and that a larger percentage of working City and County residents work from their homes. The implication is that many City of Santa Fe residents work in the City. According to the 2000 Census, 84% of employed Santa Fe County residents worked in the County. About 6% work in Bernalillo County, and many of these probably resided in Edgewood. The Census does not report on the residence of people employed within the City limits, but 83% of those who worked in the County also lived there.

Table 2.6

TRAVEL TIME TO WORK FOR EMPLOYED POPULATION, 1999

	City of Santa Fe	Santa Fe County	New Mexico	United States
Total:	31,893	63,653	759,177	128,279,228
Did not work at home:	29,562	58,966	727,204	124,095,005
Less than 19 minutes	70.6%	52.6%	54.5%	45.2%
20 - 39 minutes	19.8%	32.4%	32.5%	36.1%
40 or more minutes	9.6%	15.0%	13.1%	18.7%
Worked at home	2,331	4,687	31,973	4,184,223
% at home	7.3%	7.4%	4.2%	3.3%

U.S. Census Bureau Census 2000

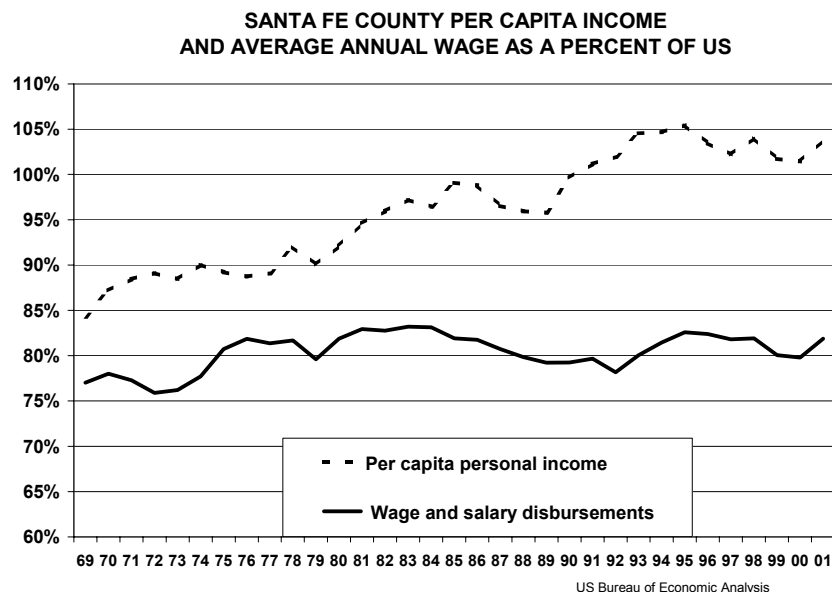
Income and Poverty

Personal Income. During the 1990's through 2001, the latest year available, personal income in Santa Fe County grew at a compound annual rate of 7.1 percent per year versus 5.8 percent in New Mexico as a whole and 5.4 percent for the US. Income growth in Santa Fe County has typically exceeded income growth for New Mexico and for the US. Indeed, over the last three decades, income growth in Santa Fe County has averaged 1.2 times that in New Mexico and more than 1.3 times that in the US.

Personal income has five major components: (1) wage and salary disbursements adjusted for residency; (2) other labor income; (3) farm and non-farm proprietors' income; (4) dividends interest and rent; and (5) transfer payments, the most important of which is social security. In the majority of communities, the most important source of personal income for residents is wage and salary disbursements. Nationwide in 2001, wage and salary income accounted for 57 percent of total personal income. In Santa Fe County, however, wage and salary comprised only 44 percent of total personal income. Twenty-seven percent of Santa Fe County income came from dividends, interest and rent – versus 19 percent for the US as a whole. Proprietors' income was almost 9 percent of the County's personal income versus 8.4 percent nationwide. Transfer payments in 2001 were 10.0 percent of the County total. By comparison, transfer payments accounted for 13.5 percent of US personal income.

Santa Fe and Los Alamos are the only two counties in New Mexico with per capita income in excess of the US. Figure 2.2 presents the ratio of Santa Fe to US per capita income since 1969, showing an almost consistent improvement over time, with the notable exceptions being the late 1980's and the late 1990's. The performance of Santa Fe per capita income is in marked contrast to that of average annual wages, where Santa Fe County is still only about 80 percent of the national average.

Figure 2.2



Distribution of Household Income. As noted above, Santa Fe County per capita personal income is above that of the US. The Census numbers indicate that in 1999, 16.6% of City of Santa Fe aggregate household income went to households with incomes above \$200,000 versus 14.9% countywide, 10.1% for New Mexico, and 15.1% for the US. The distribution of household income by income category in 1999 is given in Table 2.7. As indicated in the table, the City has relatively more high-income households and the distribution of income is more unequal. If all households are ranked according to their income, the household in the middle of the distribution in the City (the median household) had income of only \$40,392 in 1999, versus \$42,207 in the County and \$41,994 nationwide. Median household income for New Mexico was only \$34,133.

Table 2.7
DISTRIBUTION OF HOUSEHOLD INCOME IN 1999

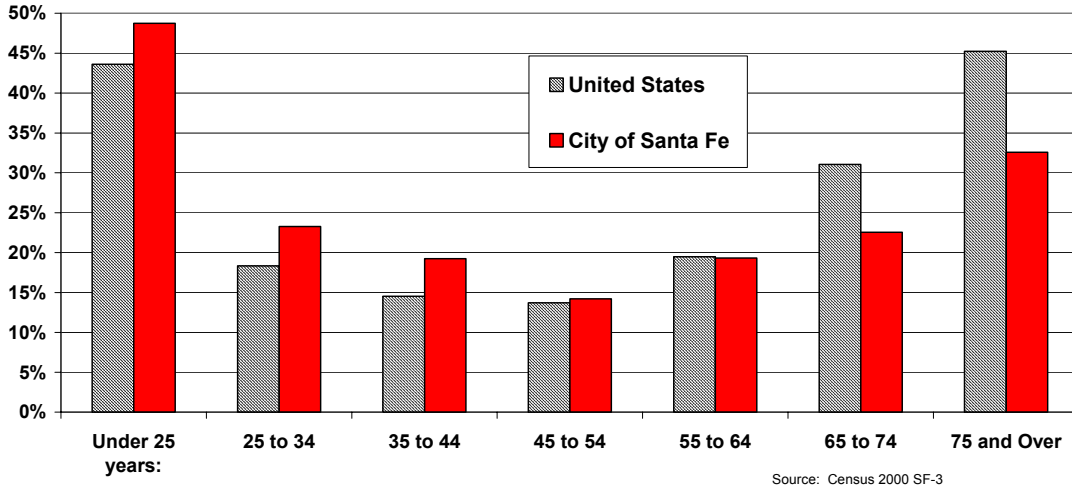
	City of Santa Fe		Santa Fe County		New Mexico		United States	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Households	27,493	100	52,481	100	678,032	100	105,539,122	100
Less than \$10,000	2,606	9.5	4,787	9.1	84,527	12.5	10,067,027	9.5
\$10,000 to \$14,999	1,615	5.9	3,157	6.0	56,773	8.4	6,657,228	6.3
\$15,000 to \$24,999	3,672	13.4	6,573	12.5	107,287	15.8	13,536,965	12.8
\$25,000 to \$34,999	3,793	13.8	6,834	13.0	97,447	14.4	13,519,242	12.8
\$35,000 to \$49,999	4,615	16.8	8,863	16.9	115,315	17.0	17,446,272	16.5
\$50,000 to \$74,999	5,123	18.6	9,672	18.4	111,913	16.5	20,540,604	19.5
\$75,000 to \$99,999	2,839	10.3	5,771	11.0	53,079	7.8	10,799,245	10.2
\$100,000 to \$149,999	1,787	6.5	4,116	7.8	34,045	5.0	8,147,826	7.7
\$150,000 to \$199,999	708	2.6	1,368	2.6	8,750	1.3	2,322,038	2.2
\$200,000 or more	735	2.7	1,340	2.6	8,896	1.3	2,502,675	2.4

US Census Bureau, Census 2000

Household income varies considerably depending on the age of the household head. Figure 2.3 below looks at the percentage of households with income of less than \$20,000 in 1999 for each age category for the household head. Note that compared with the US, the City of Santa Fe has more younger households in this situation and far fewer households where the head is 65 or older with income less than \$20,000.

Figure 2.3

**HOUSEHOLDS WITH INCOME LESS THAN \$20,000
BY AGE OF HOUSEHOLD HEAD
CITY OF SANTA FE AND US**



As might be expected, the distribution of income varies considerably across racial and ethnic groups. Table 2.8 provides figures for the median household income depending upon the racial or ethnic identity of the householder.

Table 2.8

**MEDIAN HOUSHOLD INCOME BY RACIAL AND ETHNIC IDENTITY OF THE HOUSEHOLDER
CITY OF SANTA FE, 1999**

	White Alone	Black Alone	American Indian Alaskan Native	Asian	Hispanic/Latino	White Non Hispanic
Median household income	42,473	35,455	17,829	41,458	34,677	46,382

U.S. Census Bureau, Census 2000

Poverty. Table 2.9 summarizes the statistics from Census 2000 on families in poverty in the City of Santa Fe, the County, the state and the nation as a whole. Note that 24% of families with children under 5 in the City were below the official federal poverty level and that almost 52% of female-headed households with children under 5 were in this situation. While the overall poverty rate in the City is close to the national average, the rates for families with children under 5 are much higher.

Rates of poverty vary depending upon race and ethnicity. Thus while only 4% of white-only non-Hispanic married couple families were in poverty, 13% of Hispanic –all races married couple families had income under the federal poverty level. For female-headed families the figures were respectively 17% for white only non-Hispanics and 24% for Hispanic families with a female head.

Table 2.9
POVERTY STATUS IN 1999
Number and Percent of Families in Each Category Below Federal Poverty Level

	City of Santa Fe		Santa Fe County		New Mexico		United States	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Families below the Poverty Level	1,425	9.5	3,115	9.4	68,178	14.5	6,620,945	9.2
With related children under 18	1,098	14.9	2,339	13.4	54,184	20.8	5,155,866	13.6
With related children under 5	630	24	1,173	18.8	27,271	26.4	2,562,263	17
Families below poverty with female householder, no husband present	737	22.7	1,350	23.3	29,891	34.1	3,315,916	26.5
With related children under 18	654	30.3	1,197	28.8	26,547	41.6	2,940,459	34.3
With related children under 5	317	51.5	578	46.3	12,844	54.3	1,401,493	46.4

US Census Bureau, Census 2000

Poverty in the Census is defined by the federal government, which each February issues Federal Poverty Guidelines. Whether or not a household is classified as being in poverty depends upon the number of people in the household as well as the total household income. The local cost of living is not taken into account. The 2003 Federal Poverty Guidelines are given in Table 2.10. These are the guidelines used to determine eligibility for Medicaid, Food Stamp and TANF.

Table 2.10
2003 FEDERAL POVERTY GUIDELINES
(Annual Amounts in \$'s)

Family Size	100%	130%	185%	235%
1	8,980	11,674	16,613	21,103
2	12,120	15,756	22,422	28,482
3	15,260	19,838	28,231	35,861
4	18,400	23,920	34,040	43,240
5	21,540	28,002	39,849	50,619
...				
15	52,940	68,822	97,939	124,409

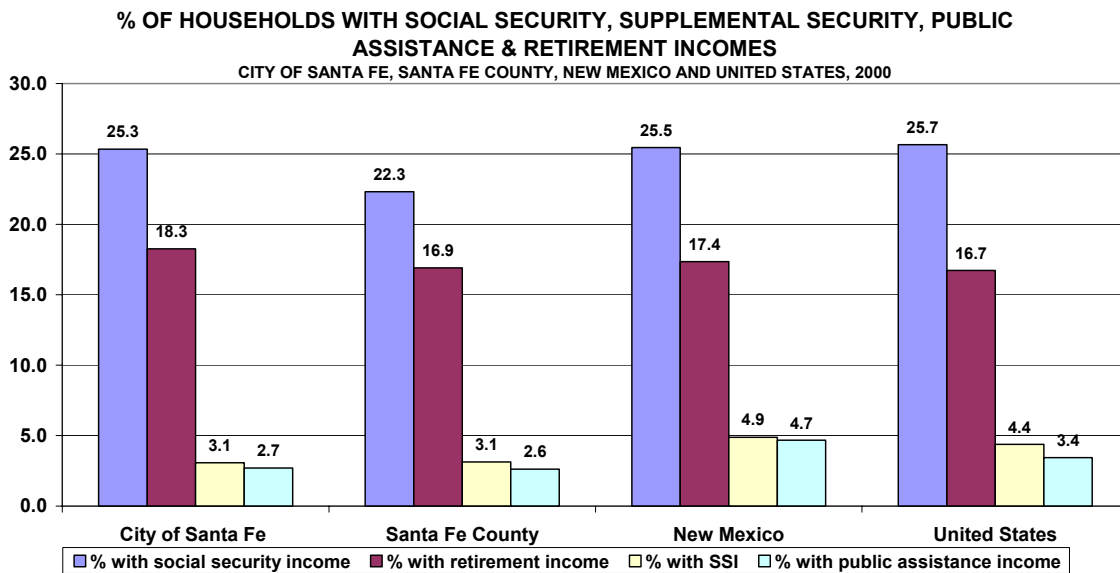
Source: Federal Register, Vol 68, No. 26, February 7, 2003, pp. 6456-58, as reported in NM Human Services Department, Monthly Statistical Report Nov. 2003.

Public Assistance in Santa Fe County. No figures are available on public assistance expenditures for residents of the City of Santa Fe but data are available for the County. In the personal income data available from the Bureau of Economic Analysis, public assistance payments are included in transfer payments. In 2001, about 60% of transfer payments in Santa Fe County were comprised of Social Security payments to older residents and Medicare payments for older residents and those who with disabilities. This figure is higher than that for the State as a whole (50%) and for the US (56%). Only about \$34 million, or 8%, of total transfer payments were for income maintenance,

with \$7 million going to Supplemental Social Security, \$6 million for family assistance, \$5 million for Foodstamps, and \$14 million for other income maintenance including unemployment insurance. An additional \$71 million was spent on public assistance medical care, primarily through the Medicaid program. A substantial proportion of Medicaid expenditures are for long-term care.

Figure 2.4 presents data from the 2000 Census on the percent of households with different types of transfer payment income. In 1999, 2.7% of City households and 2.6% of Santa Fe County households received public assistance, versus 4.7% of New Mexico household and 3.6% of households nationwide.

Figure 2.4



Source: U.S. Census, Census 2000, SF3
UNM Bureau of Business and Economic Research

Table 2.11 presents data from the New Mexico Human Services Department on caseloads for public assistance in Santa Fe County and in New Mexico for the most recent 12-month period for which data were available. As might be expected, the per capita caseload was lower in Santa Fe County than statewide. The residents in Santa Fe County account for only about 4% of the public assistance caseload versus 7% of the total state population. Over the past year, public assistance caseloads in Santa Fe County have also grown more slowly than statewide. However, as a comparison of the two graphs in Figure 2.5 suggests, monthly caseloads for TANF, the federal programs to provide income support for families, in the County show a very different pattern than those for the State as a whole since welfare reform in 1997. Indeed, and in contrast to the State, TANF caseload were actually higher in 2000 after welfare reform than in the years immediately preceding reform, when the federal program was called Aid to Families with Dependent Children. This finding is consistent with the data above on poverty among families with children and suggests that both the problem and the costs of providing income assistance to families in need in Santa Fe County increased over the 1990's.

Table 2.11
PUBLIC ASSISTANCE FOR SANTA FE COUNTY AND NEW MEXICO,
AVERAGE FOR MAY-02 to APR-03 PERIOD

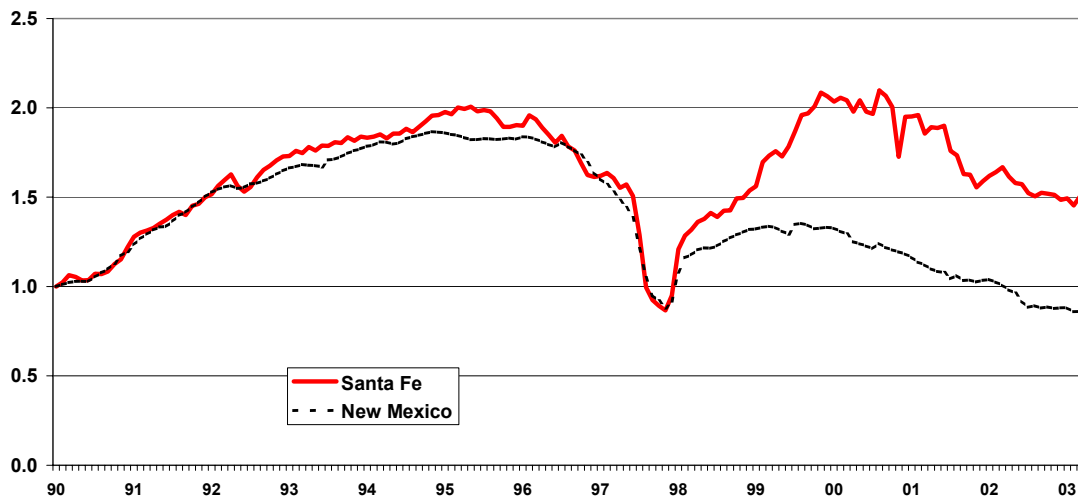
	Santa Fe		SF Co. as %
	County	New Mexico	of NM
Food Stamp Cases	2,862	70,808	4.0
TANF Cash Assistance Cases	726	16,585	4.4
General Assistance Cases	67	1,107	6.0
Medicaid Eligibles ¹	15,366	381,128	4.0
Population, 2002	134,525	1,855,059	7.3

¹Average for Medicaid Eligibles based on Apr-02 to Mar-03 period.

Source: State of New Mexico, Human Services Department, Monthly Statistical Report, May 2003 Issue; US Census Bureau Estimates

Figure 2.5

TANF CASES FOR SANTA FE COUNTY AND NEW MEXICO
INDEXED TO JANUARY 1990



Source: NM Human Services Department

Cost of Living

Cost of Living Index. One of the major concerns expressed about the Living Wage Ordinance by business people in particular is that the law will result in increased inflation. Two calculators were developed to compute the Cost of Living indices for the City of Santa Fe. One follows the ACCRA methodology to facilitate comparisons between the City of Santa Fe and other cities across the US. The choice of commodities in the ACCRA bundle and weights assigned reflect the costs of living faced by business people.^{xiii} For purposes of examining effects of the living wage ordinance on the overall cost of living as faced by Santa Fe residents, a second index was

^{xiii} The ACCRA index was originally developed by analysts from several Chambers of Commerce.

calculated. The commodity bundle and the weights assigned more closely resemble those in the Consumer Price Index produced monthly by the US Bureau of Labor Statistics.

A team of BBER researchers collected pricing data on Friday and Saturday, July 18 and 19, 2003.

As of July 2003, the cost of living in Santa Fe exceeded the national average by 13.0 percent. (See Table 2.12). Costs were above the national average in nearly every category but most significantly in the costs of housing. It should be noted that while the calculations were done for the City only the results are very similar to the official ACCRA numbers for the Santa Fe MSA.

Table 2.12
COST OF LIVING INDEX:
 Comparing costs in City of Santa Fe to the National Average

Component	Component Index	Component Weight	Contribution to Composite Index
Grocery Items	102.1	0.14	14.3
Housing Index	138.1	0.29	40.0
Utilities Index	89.3	0.10	8.9
Transportation Index	109.4	0.10	10.9
Health Care Index	121.9	0.04	4.9
Misc. Goods & Services Index	102.4	0.33	33.8
Composite Index		1.00	112.9

The costs of groceries and miscellaneous goods and services were 2.1 and 3.8 percent above the national average. These costs, which comprise respectively 14 and 33 percent of the overall index, are typically expected to vary minimally from national averages. Health care costs, a relatively lightly weighted category at 4 percent of the composite index, were 21.9 percent above the national average. Utilities, the only category where Santa Fe fell below the national average, were 10.7 percent below the national average.

The cost of housing is the principal factor in explaining the overall high cost of living in Santa Fe. The cost of rental housing is 16.7 percent above the national average, and the cost of homeownership is fully 43.6 percent above the national average. Because housing represents 29 percent of the composite index, these costs represent 85 percent of the excess costs associated with living in Santa Fe relative to other parts of the nation.

Bare Bones Budget for Santa Fe. In July, 2003, NM Voices for Children released a report by Sherri L. Alderman and Kelly O'Donnell, *Bare Bones Budgets: Measuring the Minimum Income Needed for the Bare Necessities of Families in New Mexico*. This report addresses the inadequacy of existing measures of poverty and estimates what it would actually cost in 2003 for a family to live "at a minimally adequate standard of

living” in 52 New Mexico communities, including Santa Fe. Costs are estimated for four family types: (1) a mother and father in their early 30’s, both of whom have full-time jobs, with an infant and a child 6-8 years; (2) a female headed household, with the mother in her early thirties and two children, one 6-8 years, and one 9-11 years; (3) a grandparent household, with two adults, both 65, retired, on Medicare and in good health, and one grandchild, 6-8 years; and (4) a retired couple, both 65, retired, on Medicare and in good health.

In terms of expenditures, the study utilizes those categories in the Bureau of Labor Statistics *Consumer Expenditure Survey* that are essential for the minimally adequate standard of living: housing, food, transportation, child care, clothing, health care, miscellaneous and taxes. “Expenses such as vacation, entertainment, electronics, savings or pensions and debt payment were considered to be beyond minimally adequate and not included in the BBB.” Appendix B reproduces the table of the estimated annual expenditures required by the four family types for Santa Fe.

The calculated bare bones budget for a two-adult two-child family, with one of the children an infant, living in Santa Fe is \$37,376. On a year-round full-time basis, this level of expenditure would require one parent working for \$18 per hour, although it could be achieved with both parents making \$9 per hour. The bare bones budget for the mom and two children family type is \$28,306. Working full-time year-round, the mother would have to make \$14 per hour to afford this budget.

Based on the data presented above from the 2000 Census and adjusting for inflation, it appears that a large percent of Santa Fe household lack sufficient income for a bare bones budget. Thirty-four percent of families would not have had sufficient income for a 2-parent 2-child household, and roughly 30% would have had insufficient income to provide a bare bones budget to a mother with two children.

The Santa Fe barebones budgets for both the mother and father with two children and the mother with two children are both 21% higher than the state average for all the studied communities. Housing accounts for 27% of the budget for the two parent two child family in Santa Fe versus 19% statewide and 35% of the budget for a single mother with two children versus 26% statewide. Housing helps to explain more than 60% of the difference for the two parent family and almost 80% of that for the single parent family.

Housing in the City of Santa Fe and Surrounding Area

Housing Stock, Tenure, Vacancy. The housing stock in the City of Santa Fe was 30,533 units in 2000. During the 1990’s, the number of housing units within the City limits grew by 5,825 units, or 24%. (This is more than 2 times the growth in the City’s population.) During the same period, the housing stock in Santa Fe County increased by 39%, while that in the state of New Mexico as a whole was up 23%.

Table 2.13 reports on housing tenure and vacancy status as of the 2000 Census, offering comparisons with other areas. About 90% of the housing units in the City of Santa Fe were occupied in April 2000, a figure that is comparable with both the County and the US as a whole. However, only 58% of City housing units were owner-occupied versus 69% in the County, 70% for New Mexico, and 66% for the US.

The U.S. Bureau of the Census categorizes a housing unit as vacant if nobody is living in it at the time of enumeration. Vacant housing units are categorized by the terms under which the unit may be occupied in the future, e.g., for rent, for sale, or for seasonal use only. In Santa Fe County, seasonal, recreational or occasional use units comprised 51.5% of the vacant housing units, making up 61.3% of vacant units in the City of Santa Fe and 38.5% in the remainder of the county. Smaller proportions of these housing units were evident in New Mexico (34.4%) and the U.S. (37.1%).

Table 2. 13
HOUSING UNITS: TENURE AND VACANCY STATUS, 2000

	City of Santa Fe		Santa Fe Co.		New Mexico		United States	
	Number	%	Number	%	Number	%	Number ¹	%
Housing Units	30,488	100.0	57,701	100.0	780,579	100.0	115,905	100.0
Occupied	27,519	90.3	52,482	91.0	677,971	86.9	105,480	91.0
Vacant	2,969	9.7	5,219	9.0	102,608	13.1	10,425	9.0
Occupied housing units:	27,519	100.0	52,482	100.0	677,971	100.0	105,480	100.0
Owner occupied	16,012	58.2	35,977	68.6	474,435	70.0	69,817	66.2
Renter occupied	11,507	41.8	16,505	31.4	203,536	30.0	35,664	33.8
Vacant housing units:	2,969	100.0	5,219	100.0	102,608	100.0	10,425	100.0
Seasonal²	1,821	61.3	2,688	51.5	35,256	34.4	3,872	37.1
Other³	1,148	38.7	2,531	48.5	67,352	65.6	6,552	62.9

1 Thousands. 2 Includes vacant units used or intended for seasonal, recreational or occasional use. 3 Includes housing units for rent or sale, for migrant, and rented and sold but not occupied.

Source: U.S. Census, Census 2000 SF 3

Since 2000, more units have been added to the City's housing stock. BBER does not have data on demolitions and conversions to non-housing uses, but the City authorized 621 total housing units in 2001 (501 single family-units and 120 multi-family units) and 679 in 2002 (659 single and only 20 multi-family units). Calendar 2002 saw a housing boom nationally stimulated by record low mortgage rates. In this same year, 118 units were permitted in the Santa Fe Urban Area outside the City limits.

Owner-Occupied Housing. According to Census 2000, the median values of "specified" owner-occupied units^{xiv} were \$182,000 for the City of Santa Fe and \$189,400 in Santa Fe County compared to \$131,200 in U.S. metro areas. The median "selected" monthly owner costs for owner-occupied units^{xv} for homes with a mortgage

^{xiv} "Specified units" exclude mobile homes, houses with a business or medical office, houses on 10 or more acres, and housing units in multi-unit buildings.

^{xv} "Selected" owner costs are the sum of payments for the mortgage or similar debts on the property, real estate taxes, insurance, utilities, fuels, and, where appropriate, condominium fees.

was \$1,177 in the City of Santa Fe and \$1,214 in Santa Fe County versus \$1,088 in the U.S, and \$1,154, in the nation's metro areas. New Mexico median costs for homes with mortgages were \$929.

An indicator sometimes used to assess the financial burden posed by housing costs is the percent of household income spent on housing. Consistent with the changes that occurred nationally, the percent of owner-occupied households that paid 30% or more of their household income for housing costs increased between 1989 and 1999 in both Santa Fe County and New Mexico. The County experienced the largest increase since 1989, five percentage points, and had the largest proportion of owner-occupied households paying 30% or more of household income toward shelter costs, 26.5%. Twenty-six percent of City of Santa Fe owner-occupied households were in this situation.

As would be expected, the fraction of owner-households that paid 30% or more of household income for housing costs declined as income increased. Statewide, the percent of owner-households that paid 30% or more of their income toward shelter costs declined from 59.7% (households with incomes of less than \$10,000) to 5.6% (households with incomes of \$50,000 and more). However, in both the City of Santa Fe and Santa Fe County a sharp drop in the percentage contribution of income to housing did not occur until the \$50,000 income threshold was crossed. In the City of Santa Fe, 72% of owner- households with incomes less than \$10,000 paid 30% or more of their income toward housing, while 34% of those with incomes of \$35,000 to \$49,999 paid 30 percent or more. This percent almost halves for the next income group. About 10% of all the owner-households with income of \$50,000 or more pay 30% or more of their income for shelter.

The Santa Fe Association of Realtors provides current information on home sales and median values for new and existing detached single-family homes, with historical information fact to 1995. Table 2.14 summarizes the sales data for the Santa Fe area. Note that just over half of these sales occurred in the more affordable southwestern quadrant of the city.

In the City of Santa Fe, the northeast quadrant has the most expensive housing, followed by the southeast, then the northwest and southwest. The entire City of Santa Fe had a median sales price of \$242,400 in 2003 Q1, the most recent quarter for which data was available. This figure is up 11.9% from a year ago. In the relatively more affordable and growing southwestern part of the city, the median sales price was \$220,000, up from \$171,500 a year earlier. In the northwestern part the median sales price was \$246,250. Median prices for the more expensive northeastern and southeastern quadrants of the City were a respective \$467,250 and \$407,500. Median sales prices for condominiums and townhomes in the City of Santa Fe ballooned to \$250,000 in the first quarter from \$159,950 a year ago.

Table 2.14
SINGLE-FAMILY DETACHED HOME SALES (NEW AND EXISTING):
SANTA FE AREA¹, 1995 - 2002

	Number of Units Sold ²								Total
	1995	1996	1997	1998	1999	2000	2001	2002	
Santa Fe Area:	894	927	1,039	1,385	1,371	1,369	1,433	1,694	10,112
City of Santa Fe	515	567	625	830	780	826	761	797	5,701
County (outside City)	379	360	414	555	591	543	672	897	4,411
City and County Distribution of Sales:									
City of Santa Fe	57.6%	61.2%	60.2%	59.9%	56.9%	60.3%	53.1%	47.0%	56.4%
Santa Fe County	42.4%	38.8%	39.8%	40.1%	43.1%	39.7%	46.9%	53.0%	43.6%

1 - The Santa Fe Area does not include the entire county, excluding the northern- and southernmost portions.

2 - Does not include condos/townhomes, duplexes/multi-plexes or mobile homes.

Source: Santa Fe Association of Realtors, 2002.

Outside the city, the highest median price of a detached single-family home (\$512,500) occurred in the northern part and the lowest (\$203,314) in the southwestern part of the county. Mobile homes have been a more affordable housing option. During 1996-2000 there were between 10-20 mobile home sales annually in Santa Fe County but sales were 30 in 2001 and 44 in 2002. The median price for mobile homes increased 19% over the same period, from \$106,875 to \$127,125.

During the 1990's the median price of a single detached house (new and existing) grew quickly then leveled out during 1994-1997. In the couple years, however, median prices have risen dramatically, far outstripping gains in median income. The ratio of median household income to median housing sales price results in the housing affordability index, with higher ratios indicating greater affordability. In 1992 this index measured .23 and, after hovering at about .20 between 1995 and 2001, has trended downward reaching .17 in 2002. Santa Fe's housing affordability is far less than indicated by the national index, which measured .27 in 2002. Housing affordability appears to be a substantial and growing problem for Santa Fe residents.

Rental Housing. Owning a home – and particularly in Santa Fe -- is simply not an option for many people. In 1999, the median income of owner-occupied households in New Mexico (\$40,432) was 82% higher than that of renter-occupied households (\$22,267). Renter households had lower housing costs, but because of lower income levels they were more burdened by housing costs.

“Gross rent” is used by the U.S. Census Bureau to analyze the housing costs of renter-occupied housing units and is intended to eliminate differences that result from varying practices with respect to the inclusion of utilities and fuels as part of the rental

payment.^{xvi} According to Census 2000, the median gross rent paid in the City of Santa Fe (\$707) and in the county (\$690) significantly exceeded that for the state (\$503) and the U.S.(\$602). As Table 2.15 indicates, City and Santa Fe County renters were much more likely to have had gross rents of \$1000 or more and much less likely to have had gross rents of less than \$500.

Table 2.15
INCOME AND GROSS RENT MEASUREMENTS FOR RENTER-HOUSEHOLDS, 1999

	City of Santa Fe	Santa Fe County	New Mexico	United States
Median household income (1999):				
All occupied households	\$40,184	\$41,901	\$33,974	\$41,851
Renter occupied households	\$28,177	\$27,368	\$22,267	\$27,362
Percent of renter households paying 30% or more of their household income for gross rent:				
1989	41.9	41.4	37.6	38.6
1999	44.0	41.9	37.6	36.8
Percent of renter households amount of gross rent:				
Less than \$500	20.7	22.8	44.7	32.4
\$500 - \$999	59.5	55.6	39.8	50.9
Over \$1000	15.6	15.2	5.8	11.6
Not computed ¹	4.1	6.3	9.7	5.2
Median gross rent (dollars):	\$707	\$690	\$503	\$602
Median gross rent as a part of 1999 household income:	28.7%	28.2%	26.6%	25.5%

¹ Includes units for which no cash rent is paid
Source: U.S. Census Bureau, Census 2000.

Between 1989 and 1999, the percent of renter-households in New Mexico paying more than 30% of household income to gross rent remained constant at 37.6%, while the national rate declined to 36.8% (see Table 2.16). The 1999 rates for Santa Fe County (41.9%) were slightly higher than in 1989. In the City of Santa Fe, however, the percentage of renting households paying more than 30% of this income for gross rent increased from 41.9% in 1989 to 44.0% in 1999. In 1999, the median gross rent as a percent of household income was 28.7% in the City, versus 25.5% nationally.

According to the 2001 Survey of the Santa Fe Rental Market, the total number of rental units is estimated at 12,547 in the year 2001 (11,550 were reported in 1998). Of the 12,547 rental units, 35% (or 4,413 units) are located in larger apartment projects, which are those consisting of 30 or more units. For these non-subsidized, larger apartment projects, one-bedroom units averaged \$624.00 per month, two-bedroom units average \$715.00 per month, and three-bedroom units average \$854.35 per month. With respect to smaller apartment buildings, the 2001 Survey found that the “more desirable” one-bedroom units average under \$600 per month and “more desirable” two-bedroom units average somewhat over \$600 per month. Apartment units bordering on industrial areas “display a lower rent and higher tenant turn-over.” In these areas, one-bedroom units

^{xvi} Gross rent equals the amount of the contract rent plus the estimated average monthly cost of utilities (electricity, gas, and water and sewer) and fuels (oil, coal, kerosene, wood, etc.) if paid for by the renter (or paid for the renter by someone else).

average \$500 per month and two-bedroom units average \$550 per month. While vacancy rates are at 0%, turnover rates are high. Of the total rental units in the City of Santa Fe, 17% (or 2,177 units) were mobile home rentals, up 100 units from the 1998 survey. Rents for these spaces varied from \$285 to \$410 per month

“Fair Market Rent (FMR)” is used to determine how much a landlord can charge for rent in a specific area, and are established by the U.S. Department of Housing and Urban Development (HUD). The fair market rents for the City of Santa Fe are shown in Table 2.16

Table 2.16
Fair Market Rents for the City of Santa Fe, 2001 to 2004
 (\$ per month)

	0 BR	1 BR	2 BR	3 BR	4 BR
2001	428	607	749	1006	1139
2002	443	628	775	1041	1178
2003	455	644	795	1068	1210
2004	457	646	798	1072	1214

Source: U.S. Department of Housing and Urban Development (HUD)

At the 2001 Fair Market Rent, a person would need to earn \$24,280 to afford a one-bedroom apartment; \$29,960 to afford a two-bedroom apartment; and \$40,240 to afford a three-bedroom apartment. In order for a person to afford a two-bedroom apartment at the 2001 Fair Market Rent, she or he would have to earn \$14.40 an hour at 40 hours per week, which is 280% the Federal minimum wage. According to the *2001 Survey of the Santa Fe Rental Market*, 33% of Santa Fe renters could not afford a one-bedroom apartment. Forty percent (40%) could not afford a two-bedroom apartment and 54% could not afford a three-bedroom apartment.

Efforts to Create Affordable Housing. The challenges faced by Santa Fe’s low income workers and special needs populations in trying to meet their housing needs have been well documented.^{xvii} Since the early 1990s, several housing initiatives have occurred in the City of Santa Fe to address the issue of affordable housing. Through adoption of the Strategic Housing Plan for Santa Fe and formation of the Santa Fe Affordable Housing Roundtable, the City has supported efforts to create more affordable homes, finance low-cost mortgages, create housing for those with special needs, and provide training for homebuyers, among other initiatives. The City’s affordable housing efforts are aimed at building the capacity of its non-profit partners and at leveraging funds from other sources.^{xviii} To be affordable, the monthly rental cost of a unit should not exceed 25% of a family’s monthly income and the cost to purchase a home should not exceed three times a family’s annual gross income.

The City of Santa Fe’s affordable housing program encourages the construction of less expensive homes and the rehabilitation of substandard housing. According to the latest figures compiled by the League of Women Voters and available from the Community

^{xvii} See the discussion, City of Santa Fe Community Services Department, *Consolidated Plan 2000-2003*, pp. 25-54.

^{xviii} For a discussion of the City’s affordable housing initiatives, see *Ibid.* particularly pp. 29-40.

Development Division, since 1990 some 1,848 low-income family units have been added to the housing stock within the City, including 798 houses and 1,048 apartments. In 2002, 66 single-family homes were added.

Tierra Contenta, the largest residential development in the city, is a master planned community begun by the City of Santa Fe in 1995 with an approved capacity of 5,800 housing units on 1,400 acres. The land for the development was acquired from the Resolution Trust Corporation, and the City makes the land available at a price of \$12,000 per acre with a no interest loan for worthy projects in which at least 40% of the units meet the City's affordable housing criteria. This development is expected to provide a large portion of Santa Fe's growth in housing over the next decade or two. To date, 1,051 single-family units have been sold, 370 of which are affordable. The project also includes apartments, and low-income apartments have been built using the tool of federal tax credits. Between 1995 and 2002, 1,296 units, including 602 apartment units, were built, almost one-third of all new residential construction.

How much is the City spending on its affordable housing program. The FY 03 Budget for the Community Services Division of the Department of Community Services was \$7.1 million. However, housing is only one area of responsibility for the Division, which also oversees the Arts Commission, Children & Youth programs, the Monica Roybal Center, Economic Development programs, and the Community Development Block Grants (CDBG) program, 60% of which goes to housing programs.

The Division's *Consolidated Plan 2000-2003* specifically identifies General Fund monies to be used for housing. These include \$500 thousand in year 3, \$383.5 thousand of which will provide "administrative support to its primary nonprofit housing partners, for the Landlord/Tenant Hotline." In addition, there is \$150 thousand from Affordable Housing Trust (from Developer Contributions). Not quantified in the plan but a cost to the City are the foregone revenues from the Waiver program designed to induce more low-income housing. According to City staff, these waivers – of building permit fees, impact fees, and hook-up fees – amount to about \$4,000 per house. So if there were 70 units built under the program in a year, the cost would be roughly \$280,000 to different City funds.

3. CITY OF SANTA FE ECONOMY

Employment and Earnings

General Trends. The City of Santa Fe dominates the economy of Santa Fe County. With the exception of the Economic Census figures, which are compiled every five years, no published figures exist on the employment provided by businesses operating within the City of Santa Fe. BBER has previously attempted to estimate City employment from the Economic Census figures and from the series on the gross receipts tax base available from the New Mexico Taxation and Revenue Department. For this study, however, BBER used the administrative record data on employees covered for unemployment that is collected by the New Mexico Department of Labor and was able to compile a historical record on every employer reporting employment within Santa Fe County between 1990 and 2002.^{xix} Allocation of employment to the City was made based on address, where provided.^{xx} This method may have over-allocated construction employment to the City, but the numbers otherwise seem reasonable.^{xxi} By this method, City of Santa Fe covered employment in 2002 was roughly 94% of County employment. Adjusting for the potential over-estimate of construction activity in the City would drop the overall percent to 92%.

Figure 3.1 looks at the composition of City of Santa Fe covered employment in 2002 using the North American Industry Classification System (NAICS). Note that government – federal, state and local – accounted for 29% of the total, followed by retail trade (14%), accommodations and food service (13%), and health care and social assistance (10%). In the US as a whole, government accounted for less than 17% of all jobs, retail for less than 12%, and accommodations and food service for less than 8%.^{xxii} Like Santa Fe, health care and social assistance accounted for 10% of total non-agricultural employment in 2002. The US had a much larger presence of manufacturing jobs (12% versus 2%) and of professional and business services (12% versus roughly 7% in Santa Fe)

^{xix} BBER has a confidentiality agreement with NMDOL that provides access to the ES-202 employer records as well as the wage records on individual employees. The employer records are based on the required quarterly reports by employers of workers covered under state law for unemployment insurance. The records include figures on both monthly employment for each of the months in the quarter and quarterly totals for wages and salaries paid. In addition to the employment and wage information, each record includes identifying information on the employer and the reporting unit if multiple establishments, including local address and the SIC and NAICS industry codes appropriate to the primary activity of the establishment. BBER staff have processed the employer records and created a longitudinal database on Santa Fe employers that covers the period 1990 to 2002. This database can be used in the future to test hypotheses about the impact of the Living Wage Ordinance.

^{xx} BBER staff created a file of County of Santa Fe employer reporting units that either listed Santa Fe as the city where the business was located or had no location but had listed the City of Santa Fe as their official Unemployment Insurance address.

^{xxi} Analysis of the data on taxable gross receipts indicates that roughly half of the activity in Santa Fe County during the 1990's was outside the City of Santa Fe. (See the section on the Gross Receipts Tax Base for details.)

^{xxii} Figures given for the US are for non-agricultural employment, which includes a small group of workers not covered for unemployment insurance.

Figure 3.1

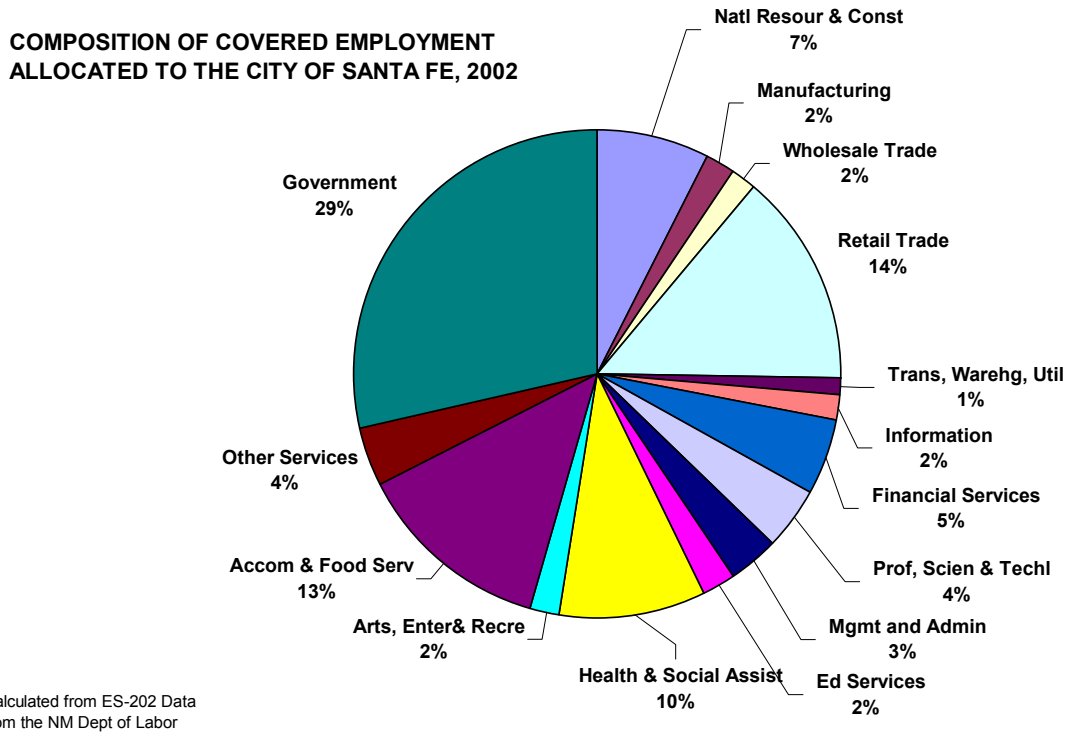


Table 3.1 presents 12 years of history on employment by NAICS sector for both the City and Santa Fe County. Note that during the 1990's employment in both the City and the County grew at a compound annual rate of 3.1%. There was a pause mid-decade in 1996, when employment actually declined year-over-year, reflecting job losses in government, and accommodations and food service and construction. The manufacturing sector shrank by about one-quarter over the decade. Otherwise, growth during the 1990's was relatively broad-based. Overall growth in both the City and the County slowed after 2000 reflecting at least in part the US recession and aftermath. Manufacturing and information services were particularly hard-hit in this recession. Other sectors experiencing major job losses in 2001 were retail and arts and recreation services, perhaps reflecting the additional impact of the drought, the Cerro Grande fire and 9-11. Accommodations and food service had small employment gains. Growth did pick up somewhat, however, in 2002. There was a major expansion at Los Alamos National Laboratory in 2002 and this may have helped to stimulate the local economy.

Table 3.1
ANNUAL COVERED EMPLOYMENT CITY AND COUNTY OF SANTA FE, 1990-2002
 Covered Employment by NAICS Sector (1,000s)

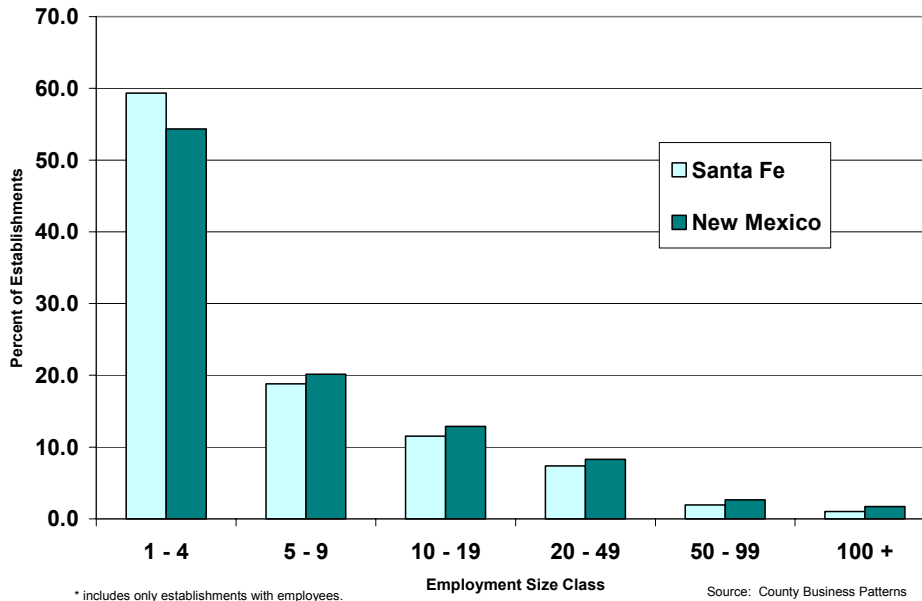
	ESTIMATED CITY OF SANTA FE PORTION OF COVERED EMPLOYMENT													Compound Annual Growth		
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	90-00	00-02	01-02
Private																
Natural Resources	209	218	210	202	214	229	229	253	246	233	281	169	142	3.0%	-28.9%	-16.3%
Construction	2,680	2,438	2,465	2,819	3,042	3,201	3,058	3,124	3,350	3,899	3,978	4,094	3,946	4.0%	-0.4%	-3.6%
Manufacturing	1,419	1,364	1,368	1,460	1,517	1,522	1,389	1,348	1,320	1,285	1,373	1,243	1,206	-0.3%	-6.3%	-3.0%
Wholesale Trade	605	763	808	755	786	809	773	724	796	809	799	891	930	2.8%	7.9%	4.4%
Retail Trade	5,813	6,057	6,497	6,779	7,397	7,702	7,671	7,676	7,559	7,638	7,954	7,800	7,812	3.2%	-0.9%	0.2%
Trans, Warehsg, Util	554	579	611	626	582	584	601	593	618	619	592	626	638	0.7%	3.8%	1.8%
Information	813	922	928	935	1,121	1,003	1,031	1,020	1,071	1,164	1,039	919	886	2.5%	-7.7%	-3.6%
Finance & Insurance	1,199	1,202	1,258	1,330	1,478	1,498	1,571	1,568	1,609	1,445	1,490	1,519	1,687	2.2%	6.4%	11.0%
Real Estate	627	636	626	666	755	857	912	898	937	903	952	988	987	4.3%	1.9%	-0.1%
Prof, Scient & Techn	1,721	1,829	1,869	1,960	1,973	2,099	2,069	2,170	2,308	2,326	2,387	2,435	2,382	3.3%	-0.1%	-2.2%
Mgt & Admin	872	1,113	1,060	1,054	1,182	1,119	1,196	1,267	1,511	1,665	1,672	1,740	1,816	6.7%	4.2%	4.4%
Educational Services	642	649	773	798	899	1,046	1,018	1,019	1,104	1,131	1,181	1,256	1,231	6.3%	2.1%	-2.0%
Health & Social Assist	3,386	4,103	4,269	4,427	4,458	4,623	4,588	4,662	4,805	4,725	4,783	5,015	5,417	3.5%	6.4%	8.0%
Arts, Enter & Rec	577	602	645	586	600	666	795	891	858	869	1,276	1,026	1,031	8.3%	-10.1%	0.5%
Accom & Food Serv	5,752	6,163	6,397	6,929	7,028	7,365	6,751	7,043	6,976	7,127	7,099	7,179	7,261	2.1%	1.1%	1.1%
Other Services	1,460	1,519	1,503	1,593	1,728	1,892	1,931	1,971	2,037	2,100	2,122	2,122	2,159	3.8%	0.9%	1.7%
Government	11,671	12,733	13,308	13,876	14,188	13,890	13,890	14,086	14,397	14,645	15,156	15,521	15,806	2.6%	2.1%	1.8%
Unclassified	0	-	-	-	-	3	8	2	1	2	3	8	30			
Total City	40,000	42,888	44,593	46,793	48,946	50,105	49,479	50,315	51,502	52,586	54,135	54,552	55,367	3.1%	1.1%	1.5%
	COUNTY OF SANTA FE COVERED EMPLOYMENT															
Private Sector																
Natural Resources	289	299	247	244	260	285	270	306	331	324	345	353	290	1.8%	-8.2%	-17.7%
Construction	2,955	2,711	2,741	3,210	3,576	3,669	3,472	3,590	3,611	4,233	4,288	4,415	4,260	3.8%	-0.3%	-3.5%
Manufacturing	1,593	1,558	1,666	1,762	1,607	1,651	1,595	1,544	1,525	1,489	1,469	1,298	1,251	-0.8%	-7.7%	-3.7%
Wholesale Trade	654	832	882	798	833	851	825	793	832	851	820	923	986	2.3%	9.7%	6.9%
Retail Trade	5,996	6,309	6,798	7,096	7,693	8,068	8,112	8,185	8,113	8,213	8,646	8,337	8,360	3.7%	-1.7%	0.3%
Trans, Warehsg, Util	590	617	657	683	641	660	688	639	665	659	631	674	694	0.7%	4.9%	3.0%
Information	818	927	937	951	1,139	1,027	1,078	1,055	1,108	1,205	1,075	953	909	2.8%	-8.1%	-4.6%
Finance & Insurance	1,228	1,237	1,334	1,371	1,508	1,537	1,608	1,613	1,680	1,532	1,542	1,532	1,710	2.3%	5.3%	11.7%
Real Estate	701	668	667	746	858	974	951	984	1,073	1,021	1,018	1,079	1,015	3.8%	-0.1%	-5.9%
Prof, Scient & Techn	1,828	1,932	1,960	2,097	2,080	2,239	2,273	2,285	2,426	2,507	2,560	2,598	2,534	3.4%	-0.5%	-2.5%
Mgt & Admin	1,244	1,198	1,133	1,159	1,384	1,453	1,676	2,032	2,317	2,425	2,044	1,877	1,978	5.1%	-1.6%	5.4%
Educational Services	651	665	792	820	920	1,058	1,024	1,024	1,111	1,141	1,191	1,286	1,273	6.2%	3.4%	-1.0%
Health & Social Assist	3,454	4,180	4,335	4,494	4,604	4,895	4,938	5,033	5,226	4,823	4,862	5,138	5,626	3.5%	7.6%	9.5%
Arts, Enter & Rec	705	759	833	793	833	883	1,005	1,738	1,633	1,556	1,883	1,069	1,072	10.3%	-24.5%	0.3%
Accom & Food Serv	6,036	6,483	6,637	7,182	7,302	7,766	7,338	7,511	7,435	7,575	7,604	7,548	7,656	2.3%	0.3%	1.4%
Other Services	1,525	1,602	1,593	1,698	1,818	1,997	2,022	2,044	2,123	2,189	2,223	2,219	2,278	3.8%	1.2%	2.7%
Government	12,021	13,110	13,688	14,237	14,282	14,574	14,122	14,322	14,662	14,921	15,443	16,654	16,848	2.5%	4.5%	1.2%
Unclassified	0	-	-	-	-	3	9	3	1	5	8	9	30			
Total County	42,286	45,085	46,898	49,340	51,338	53,589	53,004	54,699	55,870	56,668	57,649	57,958	58,770	3.1%	1.0%	1.4%
City as a % of County	95%	95%	95%	95%	95%	93%	93%	92%	92%	93%	94%	94%	94%			

Source: Calculated from ES-202 data provided by the New Mexico Department of Labor

Size distribution of establishments. Santa Fe has a large number of smaller employers. Figure 3.2 is based on data presented in County Business Patterns for 2000 and offers a comparison with New Mexico. Note that almost 60% of Santa Fe employers have only 1-4 employees.

Figure 3.2

**PERCENT OF ESTABLISHMENTS BY EMPLOYMENT SIZE CLASS
SANTA FE COUNTY AND NEW MEXICO, 2000**



Businesses with 25 or more employees and those with less. Using the records on individual employers discussed above, BBER identified all those places of business with 25 or more employees in at least one month during 2002. Under the Living Wage Ordinance, these are the employers who would have had to comply with the provisions of the ordinance. Table 3.2 provides summary information on the businesses that would have been subject to the ordinance. Three industries – accommodations and food service, retail, and health services account for over half of all the employees of these larger businesses. The lowest average pay is in the accommodations and food service industry, where pay was less than \$17,000. The second lowest average pay is in the management, administrative, support and environmental services industry, which includes temporary workers. The third lowest average pay is in the miscellaneous category of other services. Retail and arts, entertainment and recreational services also have pay below the average for the group of \$27,755.

Table 3.3 provides similar information on smaller businesses, except that a column has been added to indicate the average number of employees per establishment. Among the smaller employers, retail and construction account for the largest number of jobs, followed by professional, scientific and technical, then accommodations and food

service, and then other services. The pay in accommodations and food service businesses averaged less than \$14,000, with retail at about \$24,000 and other services at over \$26,000. The average pay for the smaller businesses was over \$31,000 versus under \$28,000 for the larger employers.

Table 3.2
CITY OF SANTA FE BUSINESSES WITH 25 OR MORE EMPLOYEES DURING 2002
 Industries Ranked by Total Number of Employees in Effected Businesses

	Number of Establishments	Total Annual Employment	Total Wages and Salaries	Average Pay
Accommodations & Food Service	105	5,597	\$94,438,493	\$16,874
Retail	73	4,444	\$114,426,374	\$25,751
Health Care	40	3,911	\$127,684,703	\$32,651
Education	13	1,593	\$42,425,008	\$26,628
Construction	49	1,630	\$53,504,857	\$32,817
Management, Administrative, Support and Environmental Services	25	1,157	\$24,826,324	\$21,462
Arts, Entertainment and Recreation	13	1,102	\$27,539,394	\$24,985
Finance & Insurance	25	884	\$41,860,348	\$47,358
Manufacturing	15	611	\$18,604,462	\$30,474
Information	11	554	\$22,157,992	\$40,020
Transportation, Warehousing and Utilit	6	397	\$12,833,577	\$32,320
Wholesale	8	339	\$13,628,927	\$40,203
Professional, Scientific & Technical	20	635	\$42,606,230	\$67,088
Real Estate*	8	288	\$9,065,566	\$31,505
Other Services	12	572	\$12,543,535	\$21,923
Total Private Enterprises	423	23,713	\$658,145,790	\$27,755

* excludes one outlier

Source: Calculated from ES-202 data provided by New Mexico Department of Labor

Table 3.3
CITY OF SANTA FE BUSINESSES WITH LESS THAN 25 EMPLOYEES DURING 2002
 Industries Ranked by Total Number of Employees in Effected Businesses

	Number of Establishments	Total Average Monthly Employment	Total Wages and Salaries	Average Employment per Establish	Average Pay
Retail	631	3,204	\$77,127,051	5.1	\$24,075
Construction	499	2,264	\$61,957,582	4.5	\$27,366
Professional, Scientific & Technical	538	1,687	\$79,984,732	3.1	\$47,403
Accommodations & Food Service	199	1,608	\$22,333,918	8.1	\$13,890
Health Care	323	1,505	\$66,548,244	4.7	\$44,223
Other Services	465	1,488	\$38,677,408	3.2	\$25,987
Finance & Insurance	202	813	\$42,628,788	4.0	\$52,455
Management, Administrative, Support and Environmental Services	187	646	\$19,350,761	3.5	\$29,966
Real Estate	187	591	\$18,496,186	3.2	\$31,301
Wholesale	119	554	\$20,086,328	4.7	\$36,257
Manufacturing	124	540	\$16,435,895	4.4	\$30,460
Arts, Entertainment and Recreation	107	330	\$9,954,466	3.1	\$30,196
Education	73	300	\$7,668,593	4.1	\$25,541
Information	81	260	\$11,189,466	3.2	\$42,981
Transportation, Warehousing and Utilit	42	161	\$5,970,801	3.8	\$36,990
Total Private Enterprises	3,777	15,951	\$498,410,219	4.2	\$31,247

Source: Calculated from ES-202 data provided by New Mexico Department of Labor

Use of temporary or seasonal employees. Of considerable interest is the use of temporary or seasonal employees during times of the year when demand is high. Figure 3.3 presents the patterns of seasonal employment for the four industries where the largest employers evidenced considerable seasonal variation. The largest variation is in the arts, entertainment and recreation industry where summertime employment is almost 30% above the annual average while employment in the low month, October, is more than 30% below. The hospitality industry has about 15% more folks working during the summer months than their average for the year and this is roughly the case for other services as well.

Figure 3.3

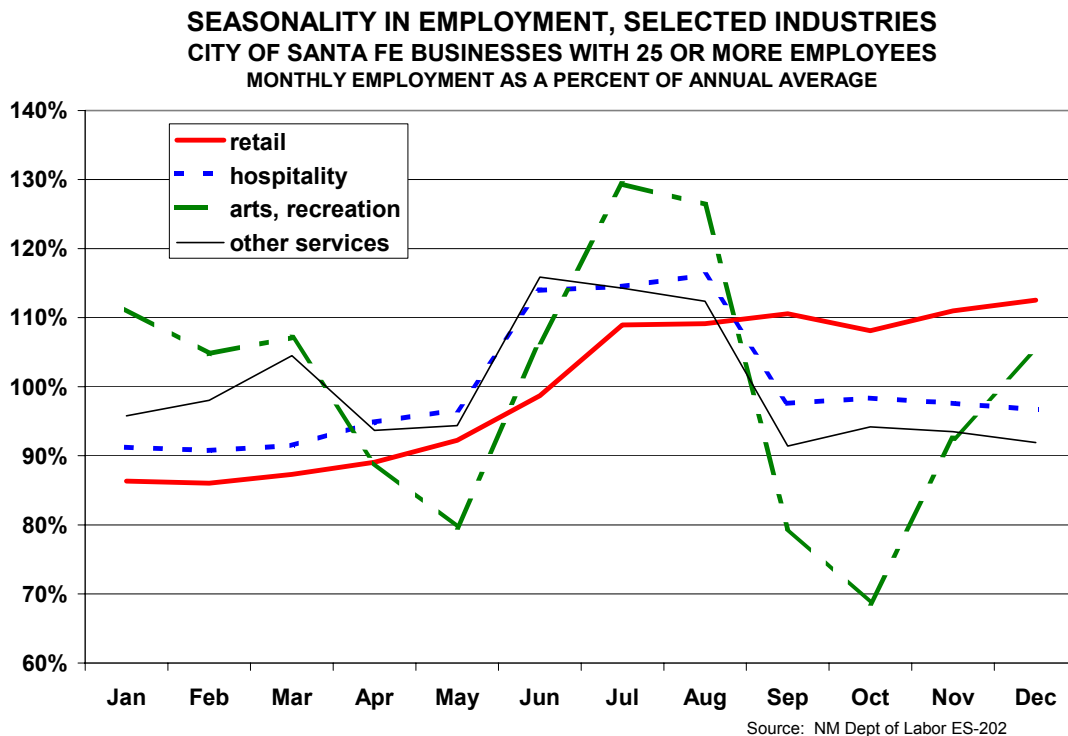
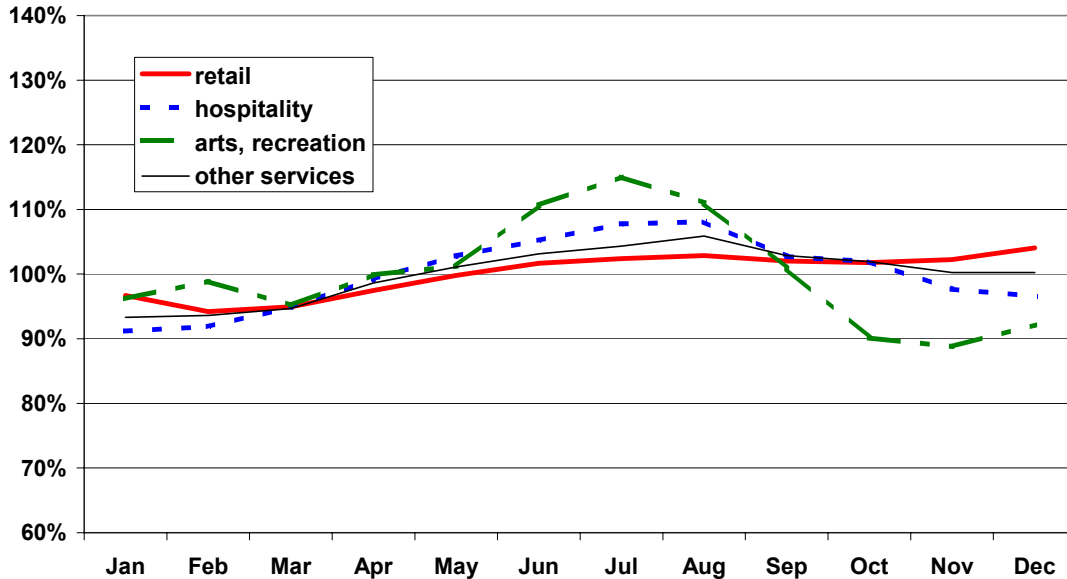


Figure 3.4 provides the picture for the same industries for Santa Fe’s smaller employers. The scale used on the vertical axis is the same in both cases. The contrast is striking. Santa Fe’s smaller employers in these four industries evidence much less seasonal variation in their employment. (Unknown is how much use each group may make of temp force or other contingent workers.) Arts and recreation shows the greatest variation but the summer peak is only about 15% above the yearly average versus almost twice that for the larger firms in this industry. Employment for smaller businesses within the hospitality industry varies by less than 10% in the summer peak. Retail and other services evidence even less seasonality.

The summer peak for the larger firms in the construction industry is about 11% higher than the annual average. For smaller firms in this industry the summer peak sees a pick up of only 2% over the annual average employment.

Figure 3.4

SEASONALITY IN EMPLOYMENT, SELECTED INDUSTRIES
CITY OF SANTA FE BUSINESSES WITH LESS THAN 25 EMPLOYEES
MONTHLY EMPLOYMENT AS A PERCENT OF ANNUAL AVERAGE



Source: NM Dept of Labor ES-202

We also examined the seasonal volatility in pay but as the data are only available for quarters and the peak seasons overlap quarters, the variation from one quarter to another was less pronounced. Among larger firms, the greatest quarterly variations in total pay were found in the hospitality industry where pay in the off-season was about 88% of the annual average.

Earnings. Table 3.4 uses the NMDOL administrative data on employers to calculate average annual wages for each NAICS sector over the periods 1990 – 2000 and 2000 – 2002. Note that the compound annual increases in wages during the 1990's were generally in the 3 to 5% range except for transportation, warehousing and utilities, where the annual increase was only 2% and for four industries -- information, finance and insurance, real estate, and management and administration -- where growth was 6% or more. Wage development since 2000 have been more erratic. Real estate and leasing activities took off with the housing boom, and annual earnings soared. On the other hand, average wages in information, wholesale trade, and the professional; scientific and technical industries actual fell between 2000 and 2002. It is important to note that the earnings data used in the calculations reflect total payrolls for the year and can include bonuses, overtime pay, and severance pay. No figures are currently collected on the number of hours worked. Year-to-year increases in average weekly earnings may reflect changes in average hourly pay, but there are other factors, which can contribute to the increase between one year and the next.

Table 3.4
COUNTY OF SANTA FE AVERAGE ANNUAL WAGE BY SECTOR, 1990-2002

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	Compound Annual Growth	
														1990-2000	2000-02
Private															
Natural Resources	22,628	22,848	21,759	22,593	26,389	26,175	30,339	37,176	30,944	31,156	31,653	32,843	36,160	3.4%	6.9%
Construction	18,564	19,333	20,885	21,958	22,952	23,105	23,718	25,793	25,621	26,116	27,332	28,386	28,914	3.9%	2.9%
Manufacturing	20,080	20,699	20,822	22,105	21,014	21,697	22,687	23,982	25,392	24,874	27,001	27,005	28,129	3.0%	2.1%
Wholesale Trade	22,371	24,986	24,433	24,258	25,576	27,259	29,425	30,782	31,607	34,175	36,585	36,692	35,768	5.0%	-1.1%
Retail Trade	16,059	15,907	16,317	17,101	17,400	17,922	18,630	19,336	20,628	21,962	23,371	24,571	24,713	3.8%	2.8%
Trans, Warehsg, Util	23,261	26,673	23,033	23,235	23,584	23,925	26,584	28,349	28,760	28,931	28,397	31,131	32,268	2.0%	6.6%
Information	21,884	22,509	23,273	25,435	32,190	30,426	29,232	31,499	38,615	37,243	41,856	39,099	38,666	6.7%	-3.9%
Finance & Insurance	24,315	25,242	27,084	30,330	30,754	30,980	33,754	39,267	46,014	46,203	48,548	49,750	49,597	7.2%	1.1%
Real Estate	18,008	19,065	23,371	23,183	25,130	34,266	35,076	30,878	30,941	37,005	33,935	34,121	84,144	6.5%	57.5%
Prof, Scient & Techl	27,778	30,858	31,812	31,610	34,567	36,306	38,900	44,258	46,311	46,334	52,944	53,866	52,543	6.7%	-0.4%
Mgt & Admin	12,911	14,883	14,406	16,026	15,639	16,728	18,041	19,663	20,276	19,840	23,179	23,863	23,565	6.0%	0.8%
Educational Services	16,205	16,162	16,078	18,094	18,298	20,814	21,562	21,802	22,841	23,784	24,080	26,132	27,299	4.0%	6.5%
Health & Social Assist	21,804	21,382	23,151	23,786	24,665	25,309	26,453	27,178	27,663	29,682	31,592	33,705	34,824	3.8%	5.0%
Arts, Enter & Rec	15,497	15,781	16,666	19,637	18,362	19,105	17,087	17,206	18,686	20,294	22,438	25,111	25,048	3.8%	5.7%
Accom & Food Serv	10,094	10,313	10,988	11,508	11,947	12,271	12,958	13,278	13,870	14,220	15,006	15,499	16,068	4.0%	3.5%
Other Services	14,526	15,693	16,822	17,129	17,797	18,302	18,581	19,297	20,170	21,285	22,827	24,276	24,793	4.6%	4.2%
Government*															
Federal	**	**	**	**	35,962	36,024	35,352	39,626	40,300	34,798	35,382	46,540	47,996		16.5%
State	**	**	**	**	25,528	28,762	29,985	30,643	29,068	30,666	32,281	33,800	35,516		4.9%
Local	**	**	**	**	22,006	22,615	22,756	23,331	25,428	25,752	25,749	27,924	29,536		7.1%

*Information on government employment derived from New Mexico Dept. of Labor, *Covered Employment and Wages, 1994-2002* Fourth Quarter Report, Annual Average Weekly V
 **Annualized data not available prior to 1994

Source of administrative data: New Mexico Department of Labor, ES-202 Employer File

Health Insurance. Nationally, health insurance costs are sky-rocketing. The latest figures on New Mexico are for 2001.ⁱ In that year the average annual cost of employment-based health insurance (single coverage for an employee) was \$2,591.08. On average, the employer paid 81.9% of this premium. Nationally, the health insurance premium for single coverage averaged \$2,889.19, with employers paying on average 82.7% of the premium. Health insurance premiums in Santa Fe are probably generally higher than in Albuquerque. The *Bare Bones Budget* (2003) figures on Medical Costs (the majority of which relate to insurance premiums) ranks Santa Fe costs 6 out of 10 across NM communities, where 1 is the highest and 10 is the lowest. Albuquerque is 8. BBER mail survey of Santa Fe businesses included questions on health insurance. (The details of the survey, which produced 751 valid responses, are presented in Appendix E.) As Table 3.5 indicates, many of the employer establishments responding to the survey indicated that they offer health insurance.

ⁱ Kaiser Family Foundation State Health Facts Online. Source of data is the Agency for Healthcare Research and Quality, Center for Cost and Financing Studies, *2001 Medical Expenditure Panel Survey – Insurance Component*, Table II,C1, II.D2 and II C3.

Table 3.5
SURVEY OF CITY OF SANTA FE BUSINESSES, 2003
ESTABLISHMENTS OFFERING INSURANCE

Business Type	% Offering Insurance
Eating, drinking places	48.9
Other retail	59.4
Wholesale	50.0
Manufacturing	33.3
Construction	43.9
Transport, warehouse, utilities	45.5
Financial, real estate	57.1
Professional, business services	50.0
Education, health, social assistance	59.5
Information services	55.6
Leisure, hospitality	56.0
Culture, recreation	28.6

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As has been found in other studies, larger employers are more likely to offer insurance to at least some of their employees. (See Table 3.6.)

Table 3.6
SURVEY OF CITY OF SANTA FE BUSINESSES, 2003
ESTABLISHMENTS OFFERING INSURANCE BY SIZE OF ESTABLISHMENT

Business Type	% Establishments Offering Insurance with Employment of			
	1 to 4	5 to 9	10 to 24	25 and over
Eating, drinking places	0.0	0.0	27.8	81.0
Other retail	38.1	68.4	83.3	100.0
Wholesale	50.0	0.0	100.0	66.7
Manufacturing	22.2	50.0	100.0	100.0
Construction	32.1	35.3	62.5	76.9
Transport, warehouse, utilities	0.0	50.0	100.0	100.0
Financial, real estate	52.6	50.0	100.0	100.0
Professional, business services	43.6	77.8	64.3	83.3
Education, health, social assistance	37.0	88.9	85.7	92.9
Information services	50.0	0.0	100.0	100.0
Leisure, hospitality	33.3	0.0	80.0	75.0
Culture, recreation	0.0	100.0	100.0	33.3

UNM Bureau of Business and Economic Research

However, when offered, insurance is typically only offered to full time employees and in many cases only some full time employees are eligible. (See Table 3.7).

Table 3.7
SURVEY OF CITY OF SANTA FE BUSINESSES, 2003
ELIGIBILITY OF EMPLOYEES ESTABLISHMENTS OFFERING INSURANCE

Business Type	% Establishments Offering Insurance to			
	All Full Time	Some Full Time	All Part Time	Some Part Time
Eating, drinking places	36.4	54.5	4.5	9.1
Other retail	64.2	34.6	4.9	4.9
Wholesale	100.0	0.0	14.3	14.3
Manufacturing	14.3	85.7	0.0	0.0
Construction	69.4	27.8	0.0	8.3
Transport, warehouse, utilities	100.0	0.0	20.0	0.0
Financial, real estate	80.0	15.0	15.0	20.0
Professional, business services	80.0	18.3	6.7	6.7
Education, health, social assistance	61.4	25.0	13.6	18.2
Information services	80.0	20.0	0.0	0.0
Leisure, hospitality	42.9	57.1	0.0	0.0
Culture, recreation	16.7	50.0	33.3	0.0

UNM Bureau of Business and Economic Research

The latest data on New Mexico employer based health insurance cited found an average employer contribution rate of 82% for single coverage. An earlier study by BBER (2000) for the Health Policy Commission found a contribution rate of about 80%. The average contribution rates for the Santa Fe businesses surveyed for this study indicate contribution rates generally under 80%, with the lowest rates at eating and drinking places (66%) and other retail establishments (62%).

Payroll in Relation to Receipts. BBER's survey asked employers to provide information on both their total annual payroll and their annual receipts. Table 3.8 presents the resultant average ratios of payroll to receipts for businesses by industry. The results by industry are in most cases very close to those reported in the 1997 *Economic Census* for the City of Santa Fe.ⁱⁱ See Appendix E.

ⁱⁱ The notable exception is retail, where the current survey found a ratio of 20% versus 10% in the Economic Census. As indicated in the appendix, the ratio varies considerably across different types of retail establishments.

Table 3.8
SURVEY OF CITY OF SANTA FE BUSINESSES, 2003
ESTABLISHMENT PAYROLL AS A % OF TOTAL RECEIPTS

Business Type	Average %
Eating, drinking places	30.7
Other retail	20.9
Wholesale	12.1
Manufacturing	24.9
Construction	25.5
Transport, warehouse, utilities	26.4
Financial, real estate	33.0
Professional, business services	39.6
Education, health, social assistance	46.1
Information services	37.5
Leisure, hospitality	26.0
Culture, recreation	35.0

UNM Bureau of Business and Economic Research

Trade Union Representation in Santa Fe. As of October 2003, an estimated 3,750 workers in the City of Santa Fe were represented by 10 trade unions. Union membership was approximately 2,400 workers. Table 3.9 summarizes the results of a BBER survey of Santa Fe unions. Unions represent a number of workers in the public sector but also have a presence in retail trade (food stores), construction, utilities, and hospital workers. Unions have not made inroads into the hospitality industry.

Table 3.9
ESTIMATED UNION MEMBERSHIP IN SANTA FE

Union Name	Membership	Total Repres-ented (Member + Non-Member)	Industries and Job Descriptions Covered	Businesses in the Union
AFSCME	571[1]	786	Blue collar, clerical and professional	City of Santa Fe, Santa Fe County
Communication Workers of America	≤ 50 [2]	100%	Line technicians	Qwest
International Brotherhood of Electrical Workers	94	100%	Component manufacturing, electric	PNM, Eberline, Beatty Electric
United Food and Commercial Workers	385	100%	Grocery Stores; cashiers, baggers, stockers, meat	Albertson's and Smith's
DS Local 1199 Hospital Workers	337	550	Hospital: Nursing, professional and technical	St Vincent's Hospital
National Education Association	617[3]	1,400	Certified and degreed educators, some non-	29 Santa Fe Public Schools
New Mexico Federation of Educational Employees	86	110	Non-certified employees: maintenance, cafeteria,	Santa Fe Public Schools
Plumbers and Pipe-fitters	30	120	plumbing, HVAC, construction and/or maintenance	8 contractors
Santa Fe Police Officer's Association	125[4]	100%	Police officers, sergeants, detectives, crime scene technicians public safety aides, animal control	Santa Fe Police Department
Firefighters	110	100%	fire stations	5 stations

Source: Phone interviews with local trade union directors or representatives, October 20-24, 2003.

1. American Federation of State, County and Municipal Employees (AFSCME) currently represents clerical and professional workers employed by the City of Santa Fe and Santa Fe County. They have a "fair share" provision, so that workers in the bargaining unit who benefit from the contract, but do not choose to be members, are assessed a fee. AFSCME is currently negotiating contracts to cover state employees. In 1999, union coverage for state employees expired (through a sunset clause in state legislation). Recently, the state reinstated the ability for unions and state employees to negotiate bargaining agreements (if the majority of employees vote in favor). AFSCME is soliciting interest amongst employees in thirteen state agencies including: Corrections, Human Services Division, Children Youth & Families, Veterans Affairs, Taxation and Revenue, Department of Labor, Highway and Transportation, Cultural Affairs, Public Regulatory Commission, Public Defenders, State Fair Commission, Regulations and Licensing, and Vocational Rehabilitation. With state contracts, AFSCME membership can potentially rise to 6,200. Contracts for some agencies may be completed by the end of 2003.

2. The Communication Workers of America (CWA) currently represents one company's technicians (Qwest). Cable and most wireless phone companies are not represented by a union. CWA is currently negotiating contracts to represent state employees. They are soliciting interest in representing workers from: Cultural Affairs, Environment Department, Health Department, Commission on the Economic Status of Women, and General Services. They seek to finalize some contracts by the end of 2003. With state employees, CWA union membership could rise to 1,000.

3. Two unions represent public school employees. In Santa Fe, the National Education Association represents employees who are certified and/or hold a university degree. The New Mexico Federation of Educational Employees represents employees that are not certified teachers.

4. Santa Fe Police Officer's Association has 20 unfilled slots that are union positions (not counted in the 125).

Source: Phone interviews with local trade union directors or representatives, October 20-24, 2003.

Proprietors and Non-Employers

The data on covered wage and salary employment provide only part of the picture on employment in the City of Santa Fe. According to the US Bureau of Economic Analysis, self-employed proprietors account for roughly 24% of total non-agricultural employment in Santa Fe County. As Figure 3.4 illustrates, the percentage self-employed roughly doubled between 1970 and the end of the 1980's but has remained in the 22 - 24% range since then.

Helping to shed some light on what some of these self-employed individuals do, the Census Bureau now annually compiles and publishes statistics on private for-profit businesses that are non-employers. The latest figures for Santa Fe County are for 2001 and are reproduced in Table 3.10. Details on the figures are presented in Appendix F.

Figure 3.4

SANTA FE COUNTY NON-FARM PROPRIETORS

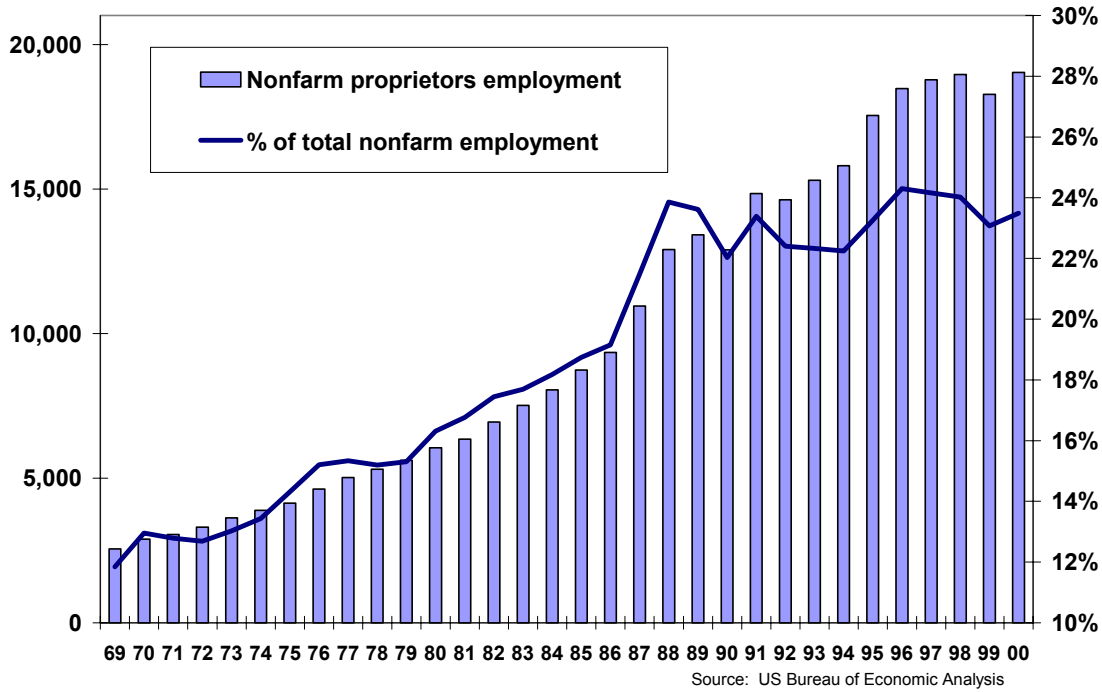


Table 3.10

SANTA FE COUNTY NONEMPLOYERS, 2001

Description	Establishments	Receipts in \$,000s	Receipts per Establishment
All Sectors	12,917	554,587	42,935
Forestry, fishing & hunting, & ag support services	61	1,466	24,033
Mining	D	D	D
Utilities	D	D	D
Construction	1,135	71,310	62,828
Manufacturing	406	12,315	30,333
Wholesale trade	256	13,516	52,797
Retail trade	945	47,758	50,538
Transportation & warehousing	D	D	D
Information	232	7,301	31,470
Finance and insurance	311	21,650	69,614
Real estate and rental and leasing	1,521	137,963	90,705
Professional, scientific, and technical services	2,692	99,542	36,977
Administrative, support, waste mgt, remediation services	650	12,976	19,963
Educational services	310	3,971	12,810
Health care and social assistance	1,136	30,942	27,238
Arts, entertainment, and recreation	1,505	38,518	25,593
Accommodation and foodservices	126	5,797	46,008
Other services (except public administration)	1,325	32,932	24,854

Includes only businesses subject to income tax. Nonemployers have no employees. D indicates numbers suppressed to avoid disclosure of individual businesses.

Source: US Census Bureau, Nonemployer Statistics, 2001

The City of Santa Fe also has a large number of non-profit art and other organizations that play critical roles in the economy and in the community but are not included in the numbers presented above.

Gross Receipts Tax Base

During the decade of the 1990's the City of Santa Fe's gross receipts tax base – its taxable gross receipts -- grew by 80 percent, which translates to a compound annual rate of 6.0 percent. Growth outside the City limits was somewhat faster. Taxable gross receipts for all of Santa Fe County increased 93 percent, for a compound annual rate of 6.8 percent. In 2001, when the US economy was in recession and experiencing shockwaves from 9/11, taxable gross receipts for the City of Santa Fe grew by only 0.6%, with growth for the County registering 1.8%. By contrast, in 2002, taxable gross receipts for the City of Santa Fe grew by 5.4%, somewhat above the County average of 4.0%.

Table 3.11 presents annual data on taxable gross receipts for major sectors for both the City and County from 1990 through 2002. Unfortunately, the data are only available historically by Standard Industrial Classification (SIC), an older classification system that provides much less detail on the service industry. Although the names are often the same, the sectors in SIC are not comparable in most cases to NAICS sectors. The bottom row in each table presents the year-over-year growth in total taxable gross receipts. The last two columns of the table present the calculated compound annual growth rates by sector respectively for the 1990 to 2000 period and for the period since 2000.

Note that the recent period has seen exceptionally strong growth in construction taxable gross receipts within the City limits. Figure 3.5 provides the detail. The increase is consistent with housing data provided above. Note, however that the official employment numbers show a decrease in construction employment in 2002. As indicated in figures presented in Table 3. 10 in the previous section, many construction contractors are self-employed. It may also be the case that some in the construction workforce are foreign nationals and that their employment is not reported.

Table 3.11

CITY OF SANTA FE TAXABLE GROSS RECEIPTS BY SECTOR, 1990-2002

	(\$ MILLIONS)													Compound	
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	90-00	00-02
Construction	129.5	137.9	122.0	146.2	181.8	156.0	141.8	173.7	198.3	214.5	204.0	202.9	257.2	4.6%	12.3%
Manufacturing	26.4	27.2	30.3	35.5	39.7	41.4	44.3	43.2	49.1	51.5	52.8	57.5	53.6	7.2%	0.8%
Trans, Comm,															
Public Utilities	95.4	97.8	102.2	103.4	112.4	111.0	113.6	137.1	137.5	162.0	165.4	139.4	101.1	5.7%	-21.8%
Wholesale	31.2	34.0	30.9	35.8	38.7	38.4	38.0	41.9	46.3	53.5	64.9	68.8	74.9	7.6%	7.5%
Retail	615.7	664.6	718.0	803.6	872.6	880.6	894.0	937.8	988.7	1,030.9	1,117.8	1,142.2	1,188.5	6.1%	3.1%
Finance, Insur,															
Real Estate	63.5	58.9	63.4	76.8	84.5	69.9	67.5	73.9	77.9	77.4	84.8	84.1	78.6	2.9%	-3.7%
Services	383.9	409.5	444.1	502.7	540.7	571.8	584.1	616.7	650.9	686.2	728.5	738.5	809.3	6.6%	5.4%
Other	7.8	9.6	11.6	12.6	12.9	12.0	9.9	11.9	13.0	13.7	14.3	14.2	17.3	6.3%	9.7%
Total TGR	1,353.4	1,439.5	1,522.5	1,716.5	1,883.3	1,881.1	1,893.2	2,036.2	2,161.7	2,289.7	2,432.5	2,447.5	2,580.4	6.0%	3.0%
% Growth y-o-y		6.4%	5.8%	12.7%	9.7%	-0.1%	0.6%	7.6%	6.2%	5.9%	6.2%	0.6%	5.4%		

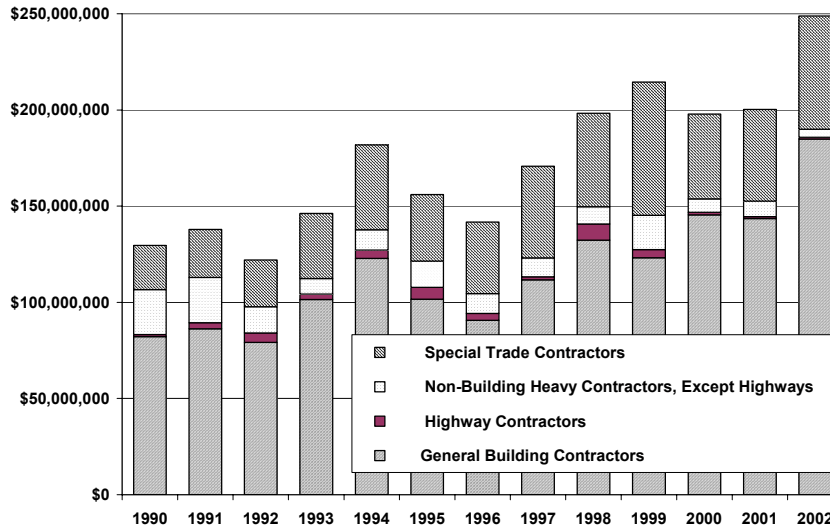
SANTA FE COUNTY TAXABLE GROSS RECEIPTS BY SECTOR, 1990-2002

	(\$ MILLIONS)													Compound	
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	90-00	00-02
Construction	217.9	230.8	236.3	264.8	330.3	310.2	297.4	333.4	378.0	401.9	441.6	423.5	469.5	7.3%	3.1%
Manufacturing	31.8	33.8	38.0	43.2	48.4	49.9	53.0	52.5	59.1	63.0	69.0	68.0	64.2	8.1%	-3.5%
Trans, Comm,															
Public Utilities	128.6	132.9	139.4	140.7	153.6	154.9	154.7	187.4	188.6	216.6	224.9	200.7	167.9	5.8%	-13.6%
Wholesale	32.6	36.4	34.3	39.3	44.1	44.4	44.1	48.0	58.9	62.6	80.6	89.3	96.3	9.5%	9.3%
Retail	659.9	713.0	765.5	860.8	959.6	978.4	1,006.3	1,040.6	1,106.7	1,146.9	1,242.5	1,289.2	1,341.0	6.5%	3.9%
Finance, Insur,															
Real Estate	65.7	61.4	65.1	79.9	88.6	77.0	77.8	90.2	112.6	114.3	131.1	139.6	120.2	7.2%	-4.3%
Services	427.5	458.1	496.8	562.8	615.2	647.4	663.0	708.0	742.7	802.4	837.4	869.9	942.1	7.0%	6.1%
Other	12.0	14.0	15.9	17.1	18.4	18.0	15.6	18.2	18.7	20.0	20.5	21.4	25.1	5.5%	10.7%
Total TGR	1,575.9	1,680.5	1,791.5	2,008.6	2,258.2	2,280.2	2,311.8	2,478.2	2,665.4	2,827.6	3,047.6	3,101.5	3,226.2	6.8%	2.9%
% Growth y-o-y		6.6%	6.6%	12.1%	12.4%	1.0%	1.4%	7.2%	7.6%	6.1%	7.8%	1.8%	4.0%		

Source: NM Taxation and Revenue Dept, Report 80

Figure 3.5

**CITY OF SANTA FE
CONSTRUCTION TAXABLE GROSS RECEIPTS**



City of Santa Fe Businesses Today

Results from the Employer Survey. The survey queried all businesses regarding current business conditions. The responses by industry are tabulated in Table 3.12 below. Note that many of the respondents in each of the industries said that activity was down from even a year ago. This is particularly true for businesses in industries that depend on tourism and travel, e.g., retail, eating and drinking places, lodging. Not surprisingly, fewer businesses in the construction and financial services/real estate industries were experiencing a slowdown from last year. Indeed, almost half (47%) of the construction businesses were experiencing growth over last year, with about 8% saying that things are booming. Table 3.13 explores in more detail the reasons given for activity being down from a year ago.

Table 3.12
SURVEY OF CITY OF SANTA FE BUSINESSES, 2003
CURRENT BUSINESS CONDITIONS

Business Type	% of Businesses saying that business has been ...				Total number of responses
	sales/ activity has been down since last year	activity has been about what we saw one year ago	seeing some growth over last year	things are booming and we have trouble keeping up	
eating, drinking places	60.0	17.8	22.2	0.0	45
other retail	56.1	21.9	19.4	2.6	155
wholesalers	50.0	22.2	22.2	5.6	18
manufacturing	63.0	22.2	11.1	3.7	27
construction	31.9	22.0	38.5	7.7	91
transport, warehouse, utilities	42.9	28.6	28.6	0.0	14
financial, real estate	27.5	40.0	30.0	2.5	40
professional, business services	32.5	31.8	29.8	6.0	151
education, health, social assistance	32.9	30.5	32.9	3.7	82
information and other services	27.3	9.1	54.5	9.1	11
leisure, hospitality	63.0	18.5	18.5	0.0	27
culture, recreation	50.0	35.7	10.7	3.6	28
Total					689

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The businesses surveyed were also asked about the greatest challenges they face. The question listed a number of possibilities and then asked them to rank the greatest challenges faced 1, 2, and 3. Table 3.16 reports the results for the top challenge faced by businesses in each industry. Note that the biggest single challenge faced by businesses in almost every industry was the sluggish economy. Having noted that, over half the businesses in eating and drinking and in education, health and social assistance had labor-related concerns, with 80% of those in information and other services rating labor as their greatest challenge. Attracting/retaining workers with the necessary skills was a big concern in construction (30%), professional and business services (20%), education, health and social assistance (25%), info and other services (36%), and culture and recreation (21%). The cost of labor loomed large for eating and drinking places (23%) and for the few responding from info and other services (33%).

Table 3.13
SURVEY OF CITY OF SANTA FE BUSINESSES, 2003
EXPLANATION OF DECREASED SALES

Business Type	% of Businesses Stating Why Sales are Down			Total number of responses
	weakness of national/ world economy	increased competition	local economy	
eating, drinking places	48.1	7.4	44.4	27
other retail	74.7	9.6	15.7	83
wholesalers	44.4	33.3	22.2	9
manufacturing	62.5	12.5	25.0	16
construction	61.5	11.5	26.9	26
transport, warehouse, utilities	83.3	16.7		6
financial, real estate	36.4	9.1	54.5	11
professional, business services	48.9	21.3	29.8	47
education, health, social assistance	69.2	3.8	26.9	26
information and other services	66.7		33.3	3
leisure, hospitality	81.3	6.3	12.5	16
culture, recreation	100.0			12
Total				282

UNM Bureau of Business and Economic Research

Eating and drinking places and accommodations both ranked high the problem of attracting/retaining workers with the right attitudes (19% and 16% respectively). Real estate, mortgage, rent consideration loomed large for many retailers (16%).

Table 3.14
SURVEY OF CITY OF SANTA FE BUSINESSES, 2003
GREATEST CHALLENGE FACING BUSINESSES IN EACH INDUSTRY

% of businesses in each industry for which the greatest challenge is	Industry											
	eating, drinking places	other retail	wholesalers	mfg	const	trans, warehsg utilities	financial real estate	professi, business services	educ health social assist	info & other services	leisure, hospital	culture recreat
attracting/ retaining workers with necessary skills	12.8	14.1	11.8	4.2	30.1	14.3	11.4	19.7	25.4	36.4	12.0	21.7
real estate, mortgage, rent	8.5	16.8	0.0	4.2	4.8	7.1	11.4	7.4	5.6	0.0	12.0	8.7
cost of wages and benefits	23.4	11.4	5.9	12.5	12.0	7.1	17.1	13.9	19.7	33.3	8.0	8.7
sluggish economy	27.7	41.6	52.9	45.8	24.1	35.7	28.6	28.7	19.7	22.2	48.0	47.8
difficulty raising capital	0.0	3.4	0.0	4.2	3.6	0.0	5.7	4.1	1.4	11.1	0.0	4.3
government regulations	2.1	1.3	11.8	4.2	4.8	28.6	8.6	11.5	5.6	0.0	0.0	0.0
attracting/ retaining workers with right attitude	19.1	7.4	0.0	12.5	7.2	0.0	11.4	6.6	8.5	11.1	16.0	0.0
tough competition	2.1	2.7	11.8	8.3	9.6	7.1	2.9	6.6	8.5	0.0	4.0	4.3
customer demand or access	4.3	0.7	0.0	0.0	2.4	0.0	0.0	0.8	2.8	0.0	0.0	0.0
taxes or other fees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8	1.4	0.0	0.0	4.3
water availability	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
other	0.0	0.0	5.9	4.2	1.2	0.0	0.0	0.0	1.4	0.0	0.0	0.0
Total responses	47	149	17	24	83	14	35	122	71	11	25	23

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Findings from the Focus Groups with Business and Non-Profit Owners, Directors and Managers. Details on the focus groups are presented in Appendix B. Focus group participants represented businesses and non-profit agencies that ranged from large, big box retail to small, independent operations, providing a variety of products and services. The participants are owners, business managers or directors of well-established business or agencies that have been in Santa Fe for a considerable period of time. Their markets are varied in focus, for instance oriented toward tourism, local consumers, export (rest of New Mexico or the country), or a mixture.

Concerns raised about the Living Wage Ordinance were discussed in the first section of this report. Other major findings are summarized below:

- **Current and recent market conditions have been challenging and have forced cost efficiencies.** The business climate has been challenging since 2000 (Cerro Grande Fire and 9/11, 2001). The economic recovery has not met expectations for 2003. Businesses have already found ways to absorb added expenses and implement cost efficient strategies. Non-profit organizations that depend on fundraising find that contributions are declining from both businesses and individuals.
- **Location is important.** Businesses and agencies need to be accessible to their customer base, either by being located visibly in high traffic areas, or to be within proximity of their customer base. Hotel, retail and restaurants do not perceive their location as mobile. If the business is tourist oriented, identification with the Santa Fe Plaza, or if not by the plaza, identification with Santa Fe and ready access from the plaza, is critical. Service headquarters and manufacturers who do not depend on customer traffic to conduct business feel they are more mobile and could relocate if such made sense from a cost standpoint.
- **Employers try to foster a stable labor force.** Most businesses reported a core group of a loyal, stable employees with a certain portion of their workforce always more subject to turnover ("the churners"). Turnover rates vary by business type and are generally higher among the lowest paid, entry level positions, and worker type (e.g. students, transient residents). Most businesses and agencies have a stable work-force amongst employees in the higher-trained and higher-paid positions. Employers find that worker retention can be boosted by providing health benefits, training, flexibility in work scheduling, a friendly work atmosphere, and by increasing wages. Competitive wages are critical in both attracting and keeping professionals.
- **The market has created a prevailing minimum wage.** On the whole, the entry level wage is approximately \$7.00 per hour for the employers/agencies in the focus group.

4. WHO ARE THE LOW WAGE WORKERS IN THE CITY OF SANTA FE?

Demographic Characteristics

Table 4.1 examines the impact of gender, race and ethnicity on the earnings distribution for full-time year-round workers in 1999. The first three categories very roughly correspond to groupings of those with less than \$8.50 per hour in wages, \$8.50 to \$9.49 and \$9.50 to \$10.50 assuming the person is paid for 2080 hours. Altogether, there were 3,650 full-time year-round workers who earned less than \$17,500 in 1999 – about 19% of all of these workers. While there are exceptions (Asian men, men of two or more races, Afro-American and Native American women), note the over-representation among this group of low wage workers of minority women and males. Hispanic males were 2.5 times as likely and Native American males were almost 4 times as likely as white non-Hispanic males to be earning less than \$17,500.

Table 4.1
EARNINGS OF FULL-TIME, YEAR-ROUND WORKERS
CITY OF SANTA FE, 1999

	White Only	Black or Afro-American Only	Native American or Alaskan Native Only	Asian Only	Some Other Race Alone	Two or More Races	Hispanic or Latino	Non-Hispanic White Alone	Total
Men with Earnings	8,450	136	205	106	1,494	488	4,537	5,791	10,879
Less than \$17,500	1,203	36	78	17	492	56	1,127	600	1,882
\$17,500 to \$19,999	296	23	12	-	53	31	258	129	415
\$20,000 to \$22,499	549	7	27	8	97	66	299	378	754
\$22,500 to \$49,999	3,765	49	59	42	659	238	2,089	2,546	4,812
\$50,000 to \$99,999	1,987	21	23	39	167	70	671	1,539	2,307
\$100,000 or more	650	-	6	-	26	27	93	599	709
Women with Earnings	6,387	48	123	92	1,282	272	3,377	4,433	8,204
Less than \$17,500	1,216	7	16	39	421	64	928	746	1,763
\$17,500 to \$19,999	344	-	25	10	99	24	205	228	502
\$20,000 to \$22,499	557	6	17	6	51	55	269	366	692
\$22,500 to \$49,999	3,249	21	65	4	683	108	1,746	2,261	4,130
\$50,000 to \$99,999	857	14	-	25	24	10	195	691	930
\$100,000 or more	164	-	-	8	4	11	34	141	187

Percent Distribution of Earnings

Men with Earnings	8,450	136	205	106	1,494	488	4,537	5,791	10,879
Less than \$17,500	14.2%	26.5%	38.0%	16.0%	32.9%	11.5%	24.8%	10.4%	17.3%
\$17,500 to \$19,999	3.5%	16.9%	5.9%	0.0%	3.5%	6.4%	5.7%	2.2%	3.8%
\$20,000 to \$22,499	6.5%	5.1%	13.2%	7.5%	6.5%	13.5%	6.6%	6.5%	6.9%
\$22,500 to \$49,999	44.6%	36.0%	28.8%	39.6%	44.1%	48.8%	46.0%	44.0%	44.2%
\$50,000 to \$99,999	23.5%	15.4%	11.2%	36.8%	11.2%	14.3%	14.8%	26.6%	21.2%
\$100,000 or more	7.7%	0.0%	2.9%	0.0%	1.7%	5.5%	2.0%	10.3%	6.5%
Women with Earnings	6,387	48	123	92	1,282	272	3,377	4,433	8,204
Less than \$17,500	19.0%	14.6%	13.0%	42.4%	32.8%	23.5%	27.5%	16.8%	21.5%
\$17,500 to \$19,999	5.4%	0.0%	20.3%	10.9%	7.7%	8.8%	6.1%	5.1%	6.1%
\$20,000 to \$22,499	8.7%	12.5%	13.8%	6.5%	4.0%	20.2%	8.0%	8.3%	8.4%
\$22,500 to \$49,999	50.9%	43.8%	52.8%	4.3%	53.3%	39.7%	51.7%	51.0%	50.3%
\$50,000 to \$99,999	13.4%	29.2%	0.0%	27.2%	1.9%	3.7%	5.8%	15.6%	11.3%
\$100,000 or more	2.6%	0.0%	0.0%	8.7%	0.3%	4.0%	1.0%	3.2%	2.3%

US Census Bureau, 2000 Census

Of course, many people are employed only part-time and/or they work only part of the year. About one third of the men and about half of the women worked only part of the year or were on part time schedules. A large proportion (44%) of these people worked without pay in 1999. Many of those with earnings were undoubtedly low wage workers but the Census does not provide data on hourly wages.

Census 2000 does not tabulated data on earnings by age of worker, yet we know from other research that teenagers and workers in their early twenties are two important groups of low wage workers. Chapter 5 presents data on younger workers in retail trade and in the accommodations and food service industries.

Low Wage Occupations

From the New Mexico Department of Labor's latest survey of occupations and wages (*Occupational Employment and Wage Statistics, January 2003*), it is evident that the low wage workers in Santa Fe are concentrated in certain occupations.ⁱⁱⁱ The mean hourly wage was \$17.67 (an annual wage of \$36,758 if the person worked full time year round and was paid for 2080 hours). The median wage was \$13.64 an hour (or \$28,374 if the person worked full time year round).

The detailed data are available only for the Santa Fe MSA, which includes Los Alamos, but they are extremely current and provide perhaps the best view available from secondary data on which occupations are likely to be impacted. For analysis BBER chose to look at all those occupations with an entry wage below \$8.50, \$9.50 and \$10.50. The data for these various occupations can be found in Appendix D.

Thirty-eight percent of those employed (27,280) worked in occupations where the entry-level wage was less than \$8.50 an hour, and 10,590 worked where 50% of the employees earned less than \$8.50 an hour. In terms of employment, the most important low wage occupations include cashiers, food preparation and service workers, maids and housekeeping cleaners, waiters and waitresses, fast food cooks, home health aids, teaching assistants, retail sales persons, dishwashers, restaurant hosts, dining room and cafeteria dining room helpers, institution and cafeteria cooks, janitors, and child care workers.

Approximately 6% of those employed (or 4,440) work in occupations where the starting wage was between \$8.50 and \$9.49 an hour. These occupations include bookkeeping and accounting clerks, mechanics, police officers, metal and plastic workers, court and municipal clerks, food service managers, billing and posting clerks, truck drivers, housekeeping and janitorial supervisors, order clerks, chefs, health educators, medical technicians, computer operators, carpenter helpers, and supervisors/managers of

ⁱⁱⁱ The results of the survey are available on the NMDOL website. For each detailed occupation information is provided on the number of employees in the occupation, their starting wage, average wage, and the top wage for the first 25th percentile, the 50th percentile (median) and the 75th percentile of employees in the occupation.

production and operating workers and lawn service and grounds keeping workers. Twenty-five percent (25%) of those employed in these occupations earn less than \$10.21 an hour, whereas the majority earn over this amount (see table below).

Another 4.6% of those employed (or 3,300) work in occupations where entry-level jobs pay between \$9.50 and \$10.50 an hour. These occupations consist of secretaries, sales representatives, financial and record clerks, medical assistants, fire fighters, sales managers, surveying and mapping technicians, school bus drivers, plasterers and stucco masons, painters, librarians, human resource assistants, inspectors, paramedics, counselors, kindergarten teachers, mechanics, carpenters, and desktop publishers. Twenty-five percent (25%) of those employed in these occupations earn less than \$10.97 an hour, whereas the majority earn over this amount (see Table 1.14).

Using the occupational database it is possible to come up with a conservative (lower end) estimate of the number and the percent of employees earning respectively less than \$8.50, \$9.50 and \$10.50 per hour in the Santa Fe MSA, by taking all those in each quartile that have wages below the cut-off. The results are in Table 4.2.

Table 4.2
ESTIMATED EMPLOYMENT OF WORKERS EARNING LESS THAN \$8.50, \$9.50, AND
\$10.50 PER HOUR BASED ON OCCUPATIONAL DATA
SANTA FE MSA

	Est. Empl.	%
All occupations	71,940	
Employment in jobs paying		
Less than \$8.50 an hour	9,415	13.1
Between \$8.50 and \$9.49 an hour	3,460	4.8
Between \$9.50 and \$10.50 an hour at the entry wage	3,975	5.5
Total estimated employment where workers earned less than \$10.50 an hour	16,850	23.4

Source: New Mexico Department of Labor Occupational Employment & Wage Statistics, Jan 2003, UNM BBER
Calculations based on quartiles with wages at or below specified minimums.

Low Wage Industries

Low wage workers are concentrated in certain industries. Table 4.3 presents data on employment and average weekly wages for all the NAICS sectors. All those sectors with average weekly earnings under \$500 are identified with shading. The lowest wage sector is accommodations and food service, with average weekly wages of \$290. This sector had average quarterly employment of 7,642 and accounted for 13% of total County Covered employment in 2002. Other low wage sectors include: administrative and waste services (\$431 average weekly wages and 1,769 employees); agriculture, forestry and fishing (\$447 and 147 employees); retail (\$476 and 8,354 employees); other services (\$476 and 2,283 employees); and arts, entertainment and recreation (\$481 and 2,293 employees). Together, the employees in these sectors account for over half (50.8%) of the employees in the private sector.

Table 4.3 also identifies sub sectors (3-digit NAICS industries) where wages are available (not suppressed due to concerns about confidentiality) and the wages are less than \$420 per week. This is the amount one would earn at \$10.50 per hour if they worked full time year round and were paid for 2,080 hours. Thus, within manufacturing, where many of the jobs compensate well in terms of wages and benefits, food manufacturing (\$327 per week) and beverage and tobacco product manufacturing (\$265) stand out as low wage industries. Within health care and social assistance, workers in social assistance average only \$411 a week, while workers in the sector as a whole averaged \$670. Of course, many workers in these industries do not have the opportunity to work full time.

Table 4.3
LOW WAGE INDUSTRIES IN SANTA FE COUNTY, 2002
NAICS 3-DIGIT SECTORS WHERE WORKERS ON AVERAGE EARN LESS THAN \$420 PER WEEK

NAICS Sector/Sub-Sector	Employment		Ave Weekly Wages	
	Sector	3-digit % Total	Sector	3-digit
Agriculture, Forestry, Fishing & Hunting	147	0.3%	\$ 447	
Crop Production		46		415
Mining	142		951	
Utilities	135		943	
Construction	4,244		596	
Manufacturing	1,253		541	
Food Manufacturing		193		326
Beverage & Tobacco Product Mfg.		21		265
Wholesale	985		687	
Retail	8,354	14.2%	476	
Food Beverage Stores		1,581		418
Gasoline Stations		310		276
Clothing & Clothing Accessories Stores		744		382
Sport Goods, Hobby, Book & Music Stores		1,259		286
General Merchandise Stores		1,427		335
Transportation and Warehousing	559		542	
Transit & Ground Passenger Transportation		130		309
Information	891		754	
Broadcasting, Except Internet		116		277
Internet Publishing & Broadcasting		60		357
Finance and Insurance	1,746		950	
Real Estate & Rental & Leasing	997		1,060	
Rental Leasing Services		149		402
Professional Scientific & Technical Services	2,531		1,013	
Management of Companies	205		627	
Administrative & Waste Services	1,769	3.0%	431	
Educational Services	1,270		526	
Health Care & Social Assistance	5,625		670	
Social Assistance		714		411
Arts, Entertainment & Recreation	1,075	1.8%	481	
Amusements, Gambling & Recreation		431		292
Accommodation & Food Services	7,642	13.0%	309	
Accommodation		2,415		372
Food Services & Drinking Places		5,227		280
Other Services, Except Public Administration	2,283	3.9%	476	
Personal & Laundry Services		512		372
Private Households		376		401
Unclassified	47		447	
Total Private	41,898	15,711	577	
Public Administration/Government	16,840		660	
Total All Industries	58,738	15,711	601	

Source: New Mexico Department of Labor, Covered Employment, 2002

Findings from Survey of City of Santa Fe Businesses

The administrative data collected by the Department of Labor in conjunction with unemployment insurance program currently does not include information either on the hourly pay nor on the number of hours worked. One of the main purposes of the business survey conducted in conjunction with this study was to fill this gap and provide a picture of the structure of hourly wages in different industries. Table 4.4 below summarizes the results by industry for all regular employees and then separately for regular full-time and regular part-time employees. The data are for the second quarter of 2003. The sample of employers has been weighted to reflect the underlying population of employers. (See Appendix D.) Among all regular employees, **the survey results indicate that 22% of all regular (permanent) employees earn \$8.50 an hour or less.** Among full-time workers, 17% earn \$8.50 an hour or less; among part-time workers, the percentage is 42%. Those regular employees earning between \$8.51 and \$9.50 comprised 13% of the total, with 12% earning between \$9.51 and \$10.50. There is, of course, the possibility that respondents over-stated the number of individuals on the payroll earning in the lower wage categories. And there is also a possibility that those businesses employing a large number of lower wage workers were more likely to respond to the survey. With this possible upward bias in mind, we note simply that the results reported here are not inconsistent with other findings in this study.

Looking at the individual industries in Table 4.4, note that even after including tips, about 37% of the full-time workers and some 70% of the part-time workers in eating and drinking places were paid \$8.50 or less per hour, with many of these workers earning less than \$6.50 per hours. The accommodations industry, which is here classified as leisure/hospitality, also has a very high percentage of regular employees (41% of full-time workers, 49% of part-time workers) who earned \$8.50 or less per hour. Retail is another industry that has a percentage of regular employees who earned \$8.50 an hour or less – 24% of all regular employees, 46% of part-time workers. Two other industries stand out as having a large number of regular employees earning \$8.50 or less per hour: manufacturing, where 20% of regular employees were in this situation; and education, health and social assistance, with 15%. Other services also has a high percentage but this industry is very diverse and the number of responses is relatively small.

Table 4.5 indicates that many lower wage permanent employees work only part-time, with 41% of those earning \$8.50 an hour or less in this category. In some cases, part-time work is a preferred option as it provides a schedule that may be more compatible with childcare or other dependent care responsibilities, with going to school, or because it otherwise meets life style preferences. Of concern are those who work part-time because this is the only suitable work they can find. Compounding the difficulties, as was presented in Chapter 3, part-time workers are much less likely to be eligible for employer-based health care and other benefits. The administrative wage record data reported in the next chapter indicate that many part-time low wage employees work more than one job.

Table 4.4

SURVEY OF CITY OF SANTA FE BUSINESSES

WAGE DISTRIBUTION BY INDUSTRY: FULL- AND PART-TIME PERMANENT EMPLOYEES

Weighted Sample of Employers

INDUSTRY	PERCENTAGE OF ALL REGULAR EMPLOYEES REPORTED AS EARNING					
	\$6.50 or less	\$6.51-8.50	\$8.51-9.50	\$9.51-10.50	\$10.51-15.00	\$15.01 plus
Eating & drinking places	17.9	27.3	16.4	7.4	22.2	8.7
Other retail	2.6	21.1	19.1	17.6	19.4	20.2
Wholesalers	0.0	4.6	9.1	14.8	45.1	26.4
Manufacturing	5.7	14.4	16.8	10.7	26.5	25.9
Construction	5.1	5.3	5.2	13.1	35.3	35.9
Transport, warehouse, utilities	0.0	7.0	21.9	9.4	20.0	41.6
Financial, real estate	0.4	7.5	7.4	10.2	33.2	41.3
Professional, business services	1.0	9.6	8.5	8.8	26.5	45.6
Education, health, social assist	1.8	13.3	9.6	11.0	25.0	39.3
Information services	9.0	8.8	5.5	17.0	32.8	27.1
Leisure, hospitality	12.9	30.1	11.8	13.5	17.9	13.8
Culture, recreation	1.6	0.5	5.6	5.6	47.2	39.5
Other services	4.3	8.7	17.3	4.3	24.7	40.7
Total	6.1	16.2	13.1	11.8	25.7	27.1

INDUSTRY	PERCENTAGE OF REGULAR FULL-TIME WORKERS REPORTED AS EARNING					
	\$6.50 or less	\$6.51-8.50	\$8.51-9.50	\$9.51-10.50	\$10.51-15.00	\$15.01 plus
Eating & drinking places	14.4	22.8	18.9	9.7	24.7	9.5
Other retail	2.5	13.7	19.3	18.7	20.6	25.2
Wholesalers	0.0	3.6	6.9	11.1	49.3	29.1
Manufacturing	0.8	15.0	12.9	9.2	31.2	31.0
Construction	4.3	4.8	4.8	13.6	34.9	37.5
Transport, warehouse, utilities	0.0	7.1	23.1	4.2	18.3	47.4
Financial, real estate	0.0	7.4	7.7	9.8	32.6	42.5
Professional, business services	0.8	7.0	7.9	9.3	24.8	50.2
Education, health, social assist	1.5	13.3	9.9	11.3	22.6	41.5
Information services	0.0	1.0	1.8	20.8	47.5	28.9
Leisure, hospitality	11.3	30.0	12.1	13.2	18.3	15.0
Culture, recreation	0.0	0.0	7.3	3.5	39.9	49.2
Other services	5.2	0.0	10.5	5.2	29.8	49.2
Total	4.5	12.3	12.7	12.3	27.0	31.3

INDUSTRY	PERCENTAGE OF REGULAR PART-TIME WORKERS REPORTED AS EARNING					
	\$6.50 or less	\$6.51-8.50	\$8.51-9.50	\$9.51-10.50	\$10.51-15.00	\$15.01 plus
Eating & drinking places	24.8	36.3	11.4	3.0	17.4	7.1
Other retail	2.9	43.1	18.6	14.4	16.0	5.0
Wholesalers	0.0	14.3	30.6	51.0	4.1	0.0
Manufacturing	19.6	12.9	27.9	15.2	13.2	11.1
Construction	13.8	10.6	9.3	7.4	39.9	19.0
Transport, warehouse, utilities	0.0	6.9	13.8	47.1	32.2	0.0
Financial, real estate	6.8	8.9	3.6	17.2	42.2	21.4
Professional, business services	1.3	17.8	10.5	7.1	32.0	31.3
Education, health, social assist	2.8	13.2	8.5	10.2	34.1	31.3
Information services	28.9	26.0	13.6	8.4	0.0	23.1
Leisure, hospitality	18.9	30.2	10.6	14.6	16.3	9.4
Culture, recreation	5.2	1.7	1.7	10.5	64.0	16.9
Other services	0.0	50.0	50.0	0.0	0.0	0.0
Total	11.8	30.0	14.9	9.9	20.9	12.4

Table 4.5
SURVEY OF CITY OF SANTA FE BUSINESSES
PERCENT OF PERMANENT EMPLOYEES WHO ARE PART-TIME
BY HOURLY EARNINGS CATEGORY

INDUSTRY	\$8.50 or less	\$8.51-10.50	\$10.51 or more
Eating & drinking places	45.6	20.4	26.6
Other retail	48.8	22.6	13.3
Wholesalers	29.2	31.7	0.5
Manufacturing	41.7	40.4	12.0
Construction	20.1	7.9	7.1
Transport, warehouse, utilities	12.0	23.8	6.4
Financial, real estate	12.0	7.1	5.2
Professional, business services	43.8	24.6	21.2
Education, health, social assistance	22.5	19.1	21.5
Information services	96.2	30.5	12.0
Leisure, hospitality	23.5	20.4	16.6
Culture, recreation	100.0	32.8	28.1
Other services	66.7	40.0	0.0
Total	41.1	21.8	13.8

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Many of the businesses surveyed bring in temporary employees to deal with seasonal peaks and to meet high levels of demand. The use of temporary employees varies considerably across industries and depending on demand. According to the survey, in the second quarter of 2003, some 10% of employees were seasonal or temporary. The percent varied dramatically. Some industries, like wholesale trade and manufacturing made negligible use of temporaries, while businesses in the culture and recreation industry reported a high percent. Almost 11% of the workforce in eating and drinking establishments and about 8% of those in accommodations were in temporary positions. As can be seen in Table 4.6, many of those working as temporary or seasonal employees in eating and drinking places and in the trade sector earn \$8.50 or less per hour.

Table 4.6
SURVEY OF CITY OF SANTA FE BUSINESSES
WAGE DISTRIBUTION BY INDUSTRY: TEMPORARY AND SEASONAL EMPLOYEES

PERCENTAGE OF TEMPORARY EMPLOYEES REPORTED AS EARNING			
INDUSTRY	\$8.50 or less	\$8.51 - 10.50	More than \$10.50
Eating & drinking places	44.6	35.6	19.8
Other leisure & hospitality	22.2	18.6	59.2
Trade	50.0	28.2	21.8
Education, health, social assistance	25.3	27.5	47.1
All other services, incl utilities	25.1	46.7	28.2
All goods industries	32.0	49.5	18.6
Total	30.9	38.2	30.9

University of New Mexico Bureau of Business and Economic Research

Findings from Worker Focus Groups

Nineteen employees working within the broad spectrum of enterprises in Santa Fe (not necessarily from the businesses represented in the employer focus groups) participated in three focus groups, one of which was conducted in Spanish. A list of potential worker participants was formed using referrals from community-based organizations and agencies, unions and secondary referrals by initial contacts. Employees were invited so that the diverse characteristics of the labor force were represented, including the industry sector of their job, their hourly wage, their age, and ethnicity.

A questionnaire was distributed to the worker focus group participants to collect the quantitative information so that the group discussion could focus on qualitative issues. Of the 19 workers who participated in the focus groups, 6 had their primary jobs in retail, 3 worked in lodging or restaurants/bars, 2 worked in health care, 1 in construction, and 7 in other services. Participants received wages ranging from \$5.50 to \$13.00 per hour. Of those responding to the written survey, only 3 had primary jobs that paid above \$10.50 while 9 had primary jobs that paid \$8.00 or less. Participants varied in age, ethnicity, and educational backgrounds. Some participants were born and raised in Santa Fe, some had relocated from other locations in New Mexico or the U.S., and some emigrated from Mexico. Most of the participants had children and their income was critical to the support of these children.

The questions and questionnaire were translated into Spanish by BBER staff, and a focus group for seven workers was facilitated in Spanish on June 26, 2003. The other two focus groups were held in late August. The responses to the specific questions explored in the focus group are provided in Appendix B, but the major findings are summarized here.

Low wage workers in the focus groups relied on a variety of strategies to make ends meet. The most frequently cited strategies involved the following:

- **Sharing household expenses** is the main strategy to make ends meet. Most participants mix their wages and expenses with other household members. Those with no dependents were able to get by on their wages if they reduced expenses to a minimum, while those with children needed to have income from some other source to pay for basic needs. The need to share expenses was common to native Santa-Feans and recent immigrants.
- For working parents, **public assistance** is often needed to make ends meet on wages less than \$8.50 per hour. Without Medicaid for their children, Section 8 housing, or food stamps, they would not be able to house, feed and insure the health of their children. They do not see how they could afford to be free of public assistance at their current or comparable jobs. They do not like using public assistance and use it as little as possible, but find themselves in a situation in which they cannot provide adequate food, health and housing for their children without assistance, even when working full-time.

- **Working more than one job** is a common method to cover basic living costs. However, many participants spoke of the stress and strain this creates for them and their families due to constraints on their time and lack of rest or leisure.
- **Crowded living arrangements** is a common way to accommodate the high cost of housing. Participants described living situations with seven people in a mobile home, five people in a one-bedroom apartment, two families living in one-bedroom apartment, and family members moving in and out. Two participants lived in transitional housing/homeless shelters because they could not afford rent on their current income. Housing struggles were common to all participants, whether long-term Santa Fe residents or immigrants.

Workers lack reserves and could not go more than a month without earnings.

Participants described the experience of not being able to pay for basic living expenses if they go for one month without work. To cover expenses, participants have moved from their housing, taken quick, high interest loans (e.g. car title loans or build up credit card debt), get loans from family members (even struggling ones), move in with other family members, or get outside assistance from non-profit or government agencies. Participants worry about debt building up beyond the hope of repayment.

Participants most able to “make ends meet” were ones who were using these jobs to supplement a consistent source of income such as retirement pension.

These jobs provided necessary supplemental income or health insurance.

Some workers do not intend for these low-wage jobs to be their long-term jobs.

Some end up “working there five years anyway” and do not foresee making changes. Other participants use these jobs to gain experience and skills to move on. Some participants feel pressure to keep their jobs on a long-term basis, even if the conditions are not good. Immigrant workers were the least likely to seek a different job because of language, transportation or legal status barriers. Some workers stay at their job because of the friendly working conditions.

Santa Fe natives perceive the need to leave Santa Fe to gain opportunity and potential prosperity. The income gap between wealthy newcomers and lower income residents is discouraging to these lower-wage workers. The cost of living in Santa Fe has increased and their wages have not kept up. Many expressed the goal of moving out of state where the cost of living is lower and wages are higher. They did not perceive opportunity to get a higher standard of living in Santa Fe. They expressed concern that the public school system has not adequately prepared them for the work force.

Added income is desirable, yet so is the perception that higher wages imply they are valued as people and as employees. They would be more likely to stay at their jobs if they felt valued. The extra income would be used for paying off debts, increasing the reliability of their cars (e.g. repair existing or buy a new “junkie”), becoming free of dependence on family or outside help, and investing in education and savings accounts.

Other benefits would include re-gaining things they cut back to save money (e.g. leisure activities). Those with more than one job hoped they could reduce their work hours.

5. CASE STUDIES

Santa Fe's Hospitality Industry

Accommodations. The sector that employs the largest number of lower wage workers in the City of Santa Fe is the hospitality industry, consisting of accommodations and eating and drinking places. Hotels in Santa Fe run the gamut from luxury hotels in close proximity to the Plaza, where advertised room rates run upwards to over \$300, to discount limited service hotels along Cerrillos Road, where room rates can start at \$40. Many of the hotels are locally owned, including the Hotel Santa Fe, which is Native-American owned (Picuris Pueblo), but the major higher-end hotel chains, like Hilton and Radisson, are represented as well as the limited service, budget hotels, like Motel 6. The area also has resort properties in the mountains, like 10,000 Waves and Bishop's Lodge and many small bed and breakfast inns.

Table 5.1 below presents the historical series from the Rocky Mountain Lodging Report on hotel occupancy rates and room rental rates in Santa Fe. The report separately reports figures for the downtown area and for hotels along Cerrillos Road. Santa Fe hotel in the downtown area but even those along Cerrillos are expensive compared to other destinations in New Mexico. In Albuquerque in 2002, the average daily room rate for Level I hotels was only \$73.01, with occupancy at 64.2%. Level II hotels had average daily room rate of \$53.76, with an average occupancy rate of only 55.1%. The Albuquerque market has seen large additions to the stock of hotel rooms in recent years and this has probably contributed to keeping down both occupancy and room rates. In 2002, for New Mexico as a whole, the average daily room rate was \$76.99, with an average occupancy rate of 61.8%.

Table 5.1

HOTEL OCCUPANCY RATES FOR SANTA FE 1993 - 2003

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003 thru Sept.
DOWNTOWN	78.5%	74.1%	71.3%	69.3%	71.2%	70.5%	70.2%	69.4%	66.2%	67.1%	67.8%
CERRILLIOS RD.	70.7%	69.6%	64.6%	57.6%	62.8%	66.2%	65.3%	65.5%	64.5%	61.7%	60.5%
TOTAL	76.0%	72.7%	69.0%	65.5%	68.5%	69.0%	68.3%	67.7%	66.5%	64.7%	64.6%

AVERAGE DAILY ROOM RATES FOR SANTA FE HOTELS 1993 - 2003

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
DOWNTOWN	\$125.42	\$130.57	\$129.50	\$130.73	\$133.59	\$137.78	\$147.08	\$151.21	\$153.91	\$152.61	\$145.37
CERRILLIOS RD.	\$63.59	\$64.14	\$62.01	\$62.86	\$64.15	\$64.98	\$65.72	\$68.53	\$67.51	\$68.51	\$66.86
TOTAL	\$106.89	\$110.64	\$108.63	\$111.15	\$113.19	\$112.68	\$116.32	\$117.06	\$117.70	\$117.65	\$112.08

Source: Rocky Mountain Lodging Report

The table only reports figures through September 2003 and the numbers may not be reflective of the full-year. Nonetheless it is evident that Santa Fe hotels have seen some downward pressure on both occupancy rates and room rates in recent years. Some of this undoubtedly reflects weakness in the global economy as well as specific local conditions, e.g., the Cerro Grande fire and drought conditions. The stock of hotel rooms in the City of Santa Fe was 4,798 at the end of 2001. No new hotel had been

built since 1998, when 82 rooms were added. However, in 2002 there was a new hotel permitted. From City staff we understand that there has also recently been re-use project that converted a non-lodging use back (apparently) to a lodging use by a small hotel.

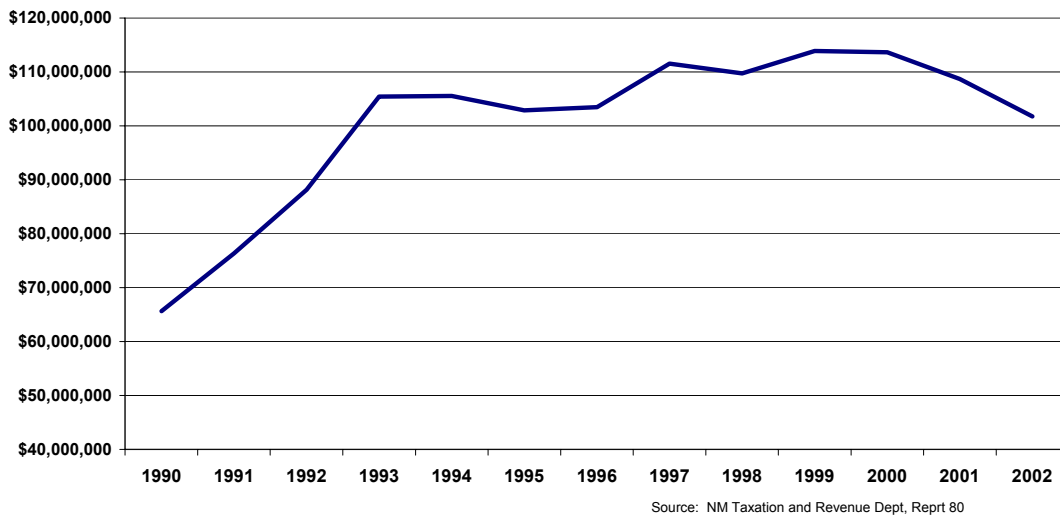
Three indicators of performance are worth examining: hotel employment, taxable gross receipts from lodging, and lodgers tax revenues.

In terms of employment, lodging employment in Santa Fe County, almost all of which is within the City limits, appears to have peaked on an annual basis in 2000 at 2,666. In 2002, covered employment in accommodations was only 2,415, reflecting a 9.4% drop.

Figure 5.1 reports the history on taxable gross receipts based on data in the New Mexico Taxation and Revenue Department's Report 80. Taxable gross receipts from lodging establishments increased at a compound annual rate of 5.6%, unadjusted for inflation, during the 1990's. Total taxable gross receipts from this industry peaked in 1999 and since 2000 receipts have fallen off sharply – at a 5.4% compound annual rate.

Figure 5.1

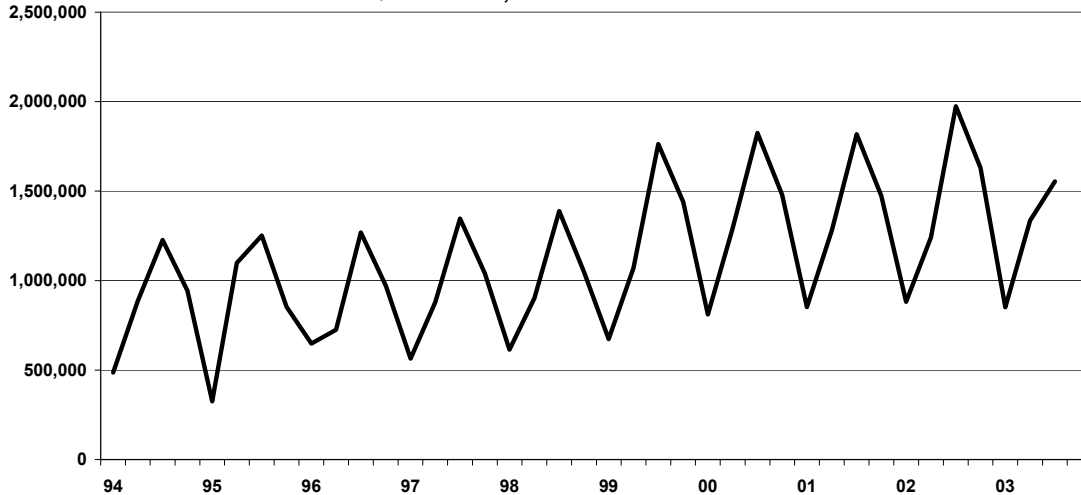
**CITY OF SANTA FE TAXABLE GROSS RECEIPTS
FROM HOTELS, MOTELS, TRAILER PARKS AND OTHER LODGING**



The history of quarterly lodgers tax collections is plotted in Figure 5.2. Evident are the seasonal swings, with peak times during the summer months. Lodgers tax revenues reflect a nice upward trend until 2001. Unadjusted for inflation, City lodgers tax revenues grew at a compound annual rate of 6.2% between 1994 and 2002. However, in FY 00, the lodgers tax was increased from 4% to 5%. Had the tax stayed the same revenue growth since 1994 would have been only 3.3%. Winter 2003 was disappointing, but things picked up in the spring. Preliminary numbers, however, indicate that the peak summer season was well below previous years.

Figure 5.2

**CITY OF SANTA FE LODGERS TAX COLLECTIONS
QUARTERLY, CALENDAR 1994 - 2003**



Source: NM Local Government Division

One of the issues in terms of the impact of the Living Wage Ordinance involves how increased wages will affect overall business costs. A preliminary analysis of this question for the lodging industry can be performed using data from the 1997 *Economic Census*. Total receipts to the accommodations industry in the City of Santa Fe were found to be \$122 million, a figure that is consistent with the taxable gross receipts numbers reported above. Sales per employee were roughly \$54,000. Payroll costs consumed 26.7% of total receipts. (The business survey undertaken for this report found payroll expenses averaged 26.0% of total receipts.) These figures are somewhat lower than the comparable national figure for 1997. From the Census Bureau report on *Business Expenditures* in 1997, payroll was 28% of total receipts for the accommodations industry. That report includes figures on total operating expenses. Nationally in that year, payroll accounted for about 40% of total operating expenses, slightly more (40.7%) if only hotels and motels are included. If fringe benefits and contract labor costs are included, total labor costs ran roughly half of operating expenses. These figures provide some guide in terms of the importance of labor costs as a component of operating costs and revenues.

Some idea of the number of workers who might be impacted is given in the data resulting from New Mexico Department of Labor's occupation and wage survey. Table 5.2 reproduces the results for three key occupations in the accommodations and lodging industry. Note that virtually all the maids and housekeeping cleaners earn less than \$8.50 per hour and that almost half the hotel and motel desk clerks are in this situation. Total employment in Santa Fe accommodations is about 2,400, so perhaps as many as 50% of the workers in the accommodations industry earn below the defined living wage. The survey of businesses found that about 43% of regular employees earned \$8.50 or less, with a similar percent of seasonal employees in this wage group.

Table 5.2
WAGES FOR KEY OCCUPATIONS IN THE HOTEL INDUSTRY

Occupational title	Est. Empl.	Mean Wage (annual)	Mean Wage (hourly)	Entry Wage (annual)	Entry Wage (hourly)	Exp. Wage (annual)	Exp. Wage (hourly)	25th Percentile (annual)	25th Percentile (hourly)	Median Wage (annual)	Median Wage (hourly)	75th Percentile (annual)	75th Percentile (hourly)
Maids and Housekeeping Cleaners	1,230	\$ 15,111	\$ 7.27	\$ 12,694	\$ 6.10	\$ 16,320	\$ 7.85	\$ 13,112	\$ 6.30	\$ 14,935	\$ 7.18	\$ 17,171	\$ 8.26
Hotel, Motel, and Resort Desk Clerks	430	\$ 18,732	\$ 9.01	\$ 15,188	\$ 7.30	\$ 20,504	\$ 9.86	\$ 16,236	\$ 7.81	\$ 18,670	\$ 8.98	\$ 21,499	\$ 10.34
First-Line Supervisors/Managers of Housekeeping and Janitorial Workers	150	\$ 30,076	\$ 14.46	\$ 19,598	\$ 9.42	\$ 35,315	\$ 16.98	\$ 22,009	\$ 10.58	\$ 27,594	\$ 13.27	\$ 38,187	\$ 18.36

New Mexico Department of Labor, *Occupational Employment and Wage Statistics, Santa Fe MSA*, January 2003

Further evidence that many workers in the accommodations industry earn wages below the defined living wage is provided by the wage record data. BBER has access to the wage record files of the New Mexico Department of Labor. These enormous databases include information on all people working in any job covered by unemployment insurance. The database contains the social security number for the worker, the unemployment insurance number of the employer and the wages paid in each quarter to that worker by each employer. NMDOL has matched with the driver license master, so the augmented administrative record now includes information on the age, sex, and residential zip code of anyone with covered employment and a drivers license or other ID from the New Mexico Motor Vehicle Division. BBER obtained three years (2000-2002) of quarterly wage records for employers identified as operating in Santa Fe County. To narrow the search, wage records were pulled for residents in the Santa Fe zip codes (prefix 875) and for those employers identified as operating in within the City limits. Table 5.3 presents results for the accommodations industry. Note the low median earnings.

Table 5.3
WAGE RECORD ANALYSIS
ACCOMMODATIONS INDUSTRY JOBS HELD BY SANTA FE RESIDENTS

	2000	2001	2002
Resident jobs at individual Santa Fe lodging establishments sometime during the year	3,380	3,323	2,539
Total earnings	34,527,480	33,526,148	28,779,413
Average annual earnings per job	10,215	10,089	11,335
Median annual earnings	6,217	5,937	7,056
Those with annual earnings* in 2002 of	< \$17,680	\$17,680-21,840	>\$21,840
	(\$8.50 per hour)	(\$8.50-10.50)	(\$10.50)
Number of jobs	1,983	177	380
as a % of total	78.1%	7.0%	15.0%
Earnings	12,041,326	3,505,151	13,237,851
as a % of total	41.8%	12.2%	46.0%
Average annual earnings	6,072	19,803	34,836
Median annual earnings	4,657	19,891	29,329

* Full time year round (2080 hours) earnings for hourly rates specified in parentheses

Source: Calculated from wage record data provided by the NM Department of Labor

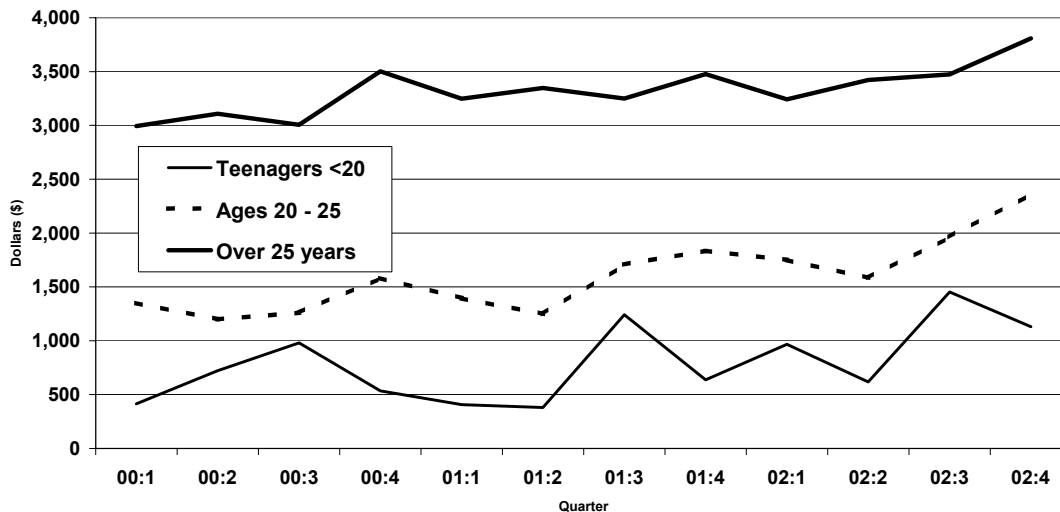
The wage record data enable one to get behind the industry averages. According to these figures, almost 80% of the jobs held by residents in lodging establishments in 2002 provided annual earnings (wages plus tips) of less than \$17,680. This is the amount of money that a worker would earn at \$8.50 per hour if they worked full time year round and were paid for 2080 hours of work. Another 7% of the jobs in this industry paid between \$17,680 and \$21,840, the amount one could earn working full time year round at \$10.50 an hour. Of course, many of the workers who earn less than \$21,840 at their jobs in the accommodations industry are in this group as much because they work only part-time or for only a few weeks during the year as because of their low wages. Of interest, the 15% who earned more than \$21,840 accounted for 46% of the total wage bill.

Note that there appears to be a major change in business practice after 2000 and particularly after 2001. As the Santa Fe accommodations industry experienced the adverse effects from the national/global recession and 9-11, the number of people employed by the industry at some point during the year fell off rather dramatically. While total industry earnings also declined, the average and median earnings per job actually increased.

Figure 5.3 explores the differences in median wages over the three-year period depending upon the worker's age in 2002. Clearly younger workers – teenagers and adults 25 and under – were more likely to have significantly lower quarterly earnings than those over 25. On average, however, these younger workers account for only about 19% of the quarterly workforce.

Figure 5.3

**MEDIAN WAGES AT SANTA FE ACCOMMODATIONS
BY AGE OF WORKER, QUARTERLY 2000-2002**



Another factor that makes a major difference is whether one works every quarter or is in and out, depending on the season and other factors. The median earnings for those

who worked in the industry every quarter during the 3-years was more than 60% higher than the median for all employees with more than one quarter in the industry.

One inescapable conclusion from examining the wage record data is that a very large number of people in the Santa Fe workforce work more than one job. Table 5.4 presents an analysis of people who worked in the hotel industry sometime during calendar years 2000-03 and who had more than one job during that period. Some of those working multiple jobs are in transition from one job to another. However, there are many workers who work multiple jobs as a strategy for earning additional income to support themselves and their families. (In a separate analysis that looked at each of the 12 quarters BBER staff found that people working in the hotel industry on average work about 1.85 jobs in total for every job they hold in the hotel industry. Since some of them work more than one hotel job, the 1.85 figure understates the amount of multiple-job holding.) Table 5.4 looks at individuals holding 2, 3 and 4 jobs during the 3-year period. Note in this case of multiple job holders how having more than one job in a year substantially increases both the average and the median wages and that the expected amount earned goes up as the person works more jobs – at least up through 3 jobs.

Table 5.4

WORKERS IN THE ACCOMMODATIONS INDUSTRY WITH MULTIPLE JOBS OVER 3-YEAR PERIOD

	Totals for Individual Workers			Totals for Jobs Held		
	2000	2001	2002	2000	2001	2002
Workers with 2 jobs over 3-year Period						
Total Number With Earnings	1,099	1,140	952	1,573	1,580	1,214
Mean Earnings	\$ 13,063	\$ 12,412	\$ 13,854	\$ 9,126	\$ 8,956	\$ 10,864
Median Earnings	\$ 9,559	\$ 8,281	\$ 10,042	\$ 5,272	\$ 5,019	\$ 6,683
Those Working 2 Jobs in Year						
Total Number With Earnings	474	457	262			
Mean Earnings	\$ 15,968	\$ 15,925	\$ 19,255			
Median Earnings	\$ 12,795	\$ 12,876	\$ 16,368			
Workers with 3 jobs over 3-year Period						
Total Number With Earnings	596	624	553	1,075	1,110	848
Mean Earnings	\$ 13,148	\$ 13,069	\$ 13,512	\$ 7,289	\$ 7,348	\$ 8,812
Median Earnings	\$ 10,051	\$ 10,222	\$ 10,939	\$ 4,233	\$ 4,336	\$ 6,184
Those Working 3 Jobs in Year						
Total Number With Earnings	92	88	50			
Mean Earnings	\$ 17,000	\$ 14,550	\$ 20,628			
Median Earnings	\$ 16,361	\$ 11,415	\$ 17,972			
Those Working 2 Jobs in Year						
Total Number With Earnings	296	311	195			
Mean Earnings	\$ 14,145	\$ 14,529	\$ 15,641			
Median Earnings	\$ 10,811	\$ 11,774	\$ 13,213			
Those Working 1 Jobs in Year						
Total Number With Earnings	209	226	308			
Mean Earnings	\$ 10,127	\$ 10,540	\$ 11,010			
Median Earnings	\$ 5,964	\$ 7,598	\$ 8,347			
Workers with 4 jobs over 3-year Period						
Total Number With Earnings	222	221	213	477	510	374
Mean Earnings	\$ 12,753	\$ 14,340	\$ 13,850	\$ 5,935	\$ 6,214	\$ 7,888
Median Earnings	\$ 10,424	\$ 10,996	\$ 11,681	\$ 3,441	\$ 3,344	\$ 4,718

Source of Data: NM Department of Labor Wage Records

Santa Fe has many high-end hotels where average daily room rates are almost two-times the New Mexico average. Some 40 – 50% of the workforce is paid \$8.50 or less

per hour and many find only part-time employment opportunities or work only during seasonal peaks. Average weekly wages are low (\$372 in 2002) but they are almost one-third higher than New Mexico as a whole and are in line with the averages for Arizona and Colorado and the US, although well below the average for Nevada (\$543). Behind the averages, however, there are many individual employees who earn very little perhaps nothing in a quarter and many who work multiple jobs in an effort to make ends meet. Payroll expenses run about 26% of total revenues. Almost half (46%) of the total payroll is absorbed by the 15% who annually earn in excess of \$21,840 (which is 2080 hours at \$10.50 an hour). Only about one third of the workforce has insurance.

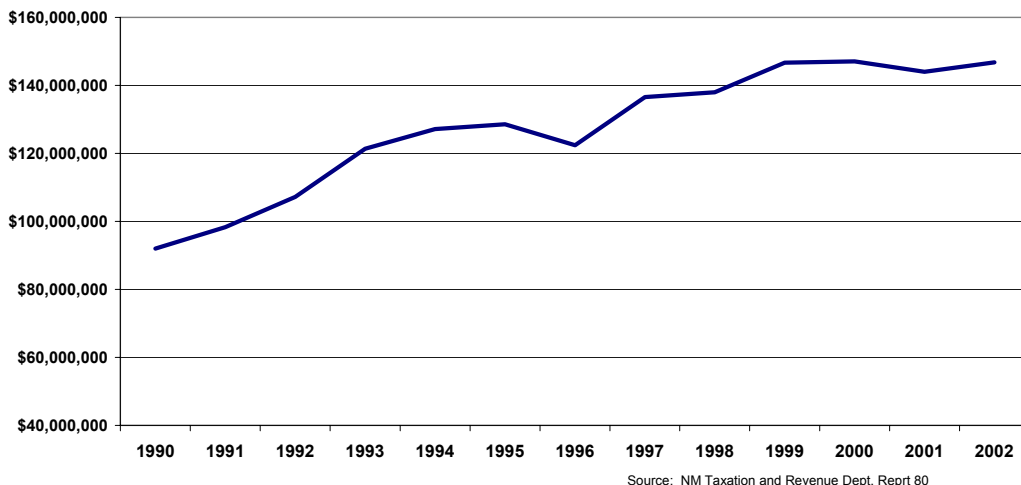
Eating and drinking places. Like hotels, eating and drinking places in Santa Fe are diverse, running from fast-food establishments to small, locally owned Mexican/New Mexican restaurants, to sit-down restaurants owned or under franchise to national or regional chains, to restaurants specializing in all manner of ethnic cuisines, to high end restaurants noted for their fine cuisine and service.

Employment in eating and drinking establishments in Santa Fe County as a whole has continued to grow, a phenomenon seen elsewhere as people eat out more often. Average covered employment in eating and drinking establishments was virtually flat in 2001 but grew by over 5% in 2002.

How eating and drinking places fared in the City of Santa Fe is suggested by the annual data on taxable gross receipts for eating and drinking places. (See Figure 5.4) Unadjusted for inflation, taxable gross receipts for this industry grew at a compound annual rate of 4.8% between 1990, but receipts in 2002, while up 2% from 2001, were basically unchanged from the level achieved in 1999.

Figure 5.4

CITY OF SANTA FE TAXABLE GROSS RECEIPTS FROM EATING AND DRINKING PLACES



Looking at the issue of how increased wage might affect overall business costs for eating and drinking establishments, according to the 1997 *Economic Census*, total

receipts to the eating and drinking establishments in the City of Santa Fe were \$166.5 million, a figure that is somewhat higher than the taxable gross receipts numbers reported above. Sales per employee were roughly \$35,000. Receipts to full service restaurants accounted for \$100 million of the total, and at these restaurants sales per employee were \$34,000. By contrast, limited service restaurants accounted for \$56 million of the total and had receipts per employee of \$39,000. Payroll costs consumed 34% of total receipts in full service eating and drinking places but only 26% in limited service eating-places. The figure for the category as a whole – 31% -- is somewhat higher than the comparable national figure. (The business survey conducted for this study found that payroll expenditures averaged 30.7% of total receipts.) From the Census Bureau report on *Business Expenditures* in 1997, payroll was 29% of total receipts for eating and drinking establishments. Nationally, payroll accounted for about 49% of total operating expenses at eating and drinking places. If fringe benefits and contract labor costs are included, total labor costs were over 57% of operating expenses.

Some idea of the number of jobs which might be impacted by the Living Wage Ordinance is given in the data resulting from New Mexico Department of Labor's occupation and wage survey. Table 5.5 reproduces the results for a number of key occupations in eating and drinking establishments. The data for those occupations where at least one quarter of the workers earn less than \$8.50 per hour are shaded but note that in most of these occupations at least half and usually at least 75% earn below this dollar amount. Waiters and waitresses comprise about 10% of all the employees in this group. Many of these workers depend heavily on tips and their base salary is frequently less than the minimum wage. Tips are figured in to this NMDOL report as they are in other reports, but the amount of tips included as reported by employers is frequently close to the 8% needed to bring them to at least the minimum wage. The Living Wage calculation would include tips as well as certain benefits.

Table 5.5

WAGES FOR KEY OCCUPATIONS IN EATING AND DRINKING ESTABLISHMENTS

Occupational title	Est. Empl.	Mean Wage (annual)	Mean Wage (hourly)	Entry Wage (annual)	Entry Wage (hourly)	Exp. Wage (annual)	Exp. Wage (hourly)	25th Percentile (annual)	25th Percentile (hourly)	Median Wage (annual)	Median Wage (hourly)	75th Percentile (annual)	75th Percentile (hourly)
Supervisors, Food Preparation and Serving Workers	540	\$ 24,926	\$ 11.98	\$ 17,706	\$ 8.51	\$ 28,535	\$ 13.72	\$ 19,323	\$ 9.29	\$ 23,405	\$ 11.25	\$ 27,817	\$ 13.37
Chefs and Head Cooks	140	\$ 29,773	\$ 14.31	\$ 19,311	\$ 9.28	\$ 35,004	\$ 16.83	\$ 20,270	\$ 9.75	\$ 24,496	\$ 11.78	\$ 36,532	\$ 17.56
First-Line Supervisors/Managers of Food Preparation and Serving Workers	400	\$ 23,244	\$ 11.17	\$ 17,153	\$ 8.25	\$ 26,289	\$ 12.64	\$ 18,844	\$ 9.06	\$ 23,333	\$ 11.22	\$ 26,769	\$ 12.87
Cooks and Food Preparation Workers	2,000	\$ 16,168	\$ 7.77	\$ 12,378	\$ 5.95	\$ 18,063	\$ 8.68	\$ 12,703	\$ 6.11	\$ 14,662	\$ 7.05	\$ 18,885	\$ 9.08
Cooks, Fast Food	830	\$ 13,202	\$ 6.35	\$ 12,253	\$ 5.89	\$ 13,676	\$ 6.58	\$ 11,813	\$ 5.68	\$ 12,739	\$ 6.12	\$ 13,665	\$ 6.57
Cooks, Institution and Cafeteria	260	\$ 16,898	\$ 8.12	\$ 12,866	\$ 6.19	\$ 18,915	\$ 9.09	\$ 13,629	\$ 6.55	\$ 15,882	\$ 7.64	\$ 18,807	\$ 9.04
Cooks, Restaurant	630	\$ 18,925	\$ 9.10	\$ 14,834	\$ 7.13	\$ 20,971	\$ 10.08	\$ 15,855	\$ 7.62	\$ 18,675	\$ 8.98	\$ 21,414	\$ 10.29
Cooks, Short Order	90	\$ 17,839	\$ 8.58	\$ 13,738	\$ 6.60	\$ 19,890	\$ 9.56	\$ 14,762	\$ 7.10	\$ 18,081	\$ 8.69	\$ 20,884	\$ 10.04
Food Preparation Workers	190	\$ 18,175	\$ 8.74	\$ 13,856	\$ 6.66	\$ 20,335	\$ 9.78	\$ 14,883	\$ 7.16	\$ 17,227	\$ 8.28	\$ 20,462	\$ 9.84
Food and Beverage Serving Workers	3,210	\$ 14,861	\$ 7.14	\$ 12,480	\$ 6.00	\$ 16,052	\$ 7.72	\$ 14,436	\$ 5.98	\$ 13,748	\$ 6.61	\$ 16,731	\$ 8.04
Bartenders	200	\$ 15,009	\$ 7.22	\$ 12,639	\$ 6.08	\$ 16,194	\$ 7.79	\$ 12,685	\$ 6.10	\$ 14,137	\$ 6.80	\$ 16,785	\$ 8.07
Combined Food Preparation and Serving Workers, Including Fast Food Counter Attendants, Cafeteria, Food Concession, and Coffee Shop	na	\$ 15,916	\$ 7.65	\$ 13,093	\$ 6.29	\$ 17,328	\$ 8.33	\$ 14,090	\$ 6.77	\$ 15,757	\$ 7.58	\$ 17,623	\$ 8.47
Waiters and Waitresses	1,150	\$ 13,550	\$ 6.51	\$ 12,461	\$ 5.99	\$ 14,094	\$ 6.78	\$ 12,054	\$ 5.80	\$ 13,018	\$ 6.26	\$ 13,982	\$ 6.72
Food Servers, Nonrestaurant	100	\$ 16,085	\$ 7.73	\$ 12,588	\$ 6.05	\$ 17,833	\$ 8.57	\$ 12,880	\$ 6.19	\$ 14,572	\$ 7.01	\$ 20,012	\$ 9.62
Other Food Preparation and Serving Related Workers	1,000	\$ 15,136	\$ 7.28	\$ 12,680	\$ 6.10	\$ 16,364	\$ 7.87	\$ 13,142	\$ 6.32	\$ 14,899	\$ 7.16	\$ 17,095	\$ 8.22
Dining Room and Cafeteria Attendants and Bartender Helpers	290	\$ 13,901	\$ 6.68	\$ 12,648	\$ 6.08	\$ 14,527	\$ 6.98	\$ 12,357	\$ 5.94	\$ 13,452	\$ 6.47	\$ 14,561	\$ 7.00
Dishwashers	420	\$ 15,267	\$ 7.34	\$ 13,023	\$ 6.26	\$ 16,389	\$ 7.88	\$ 14,040	\$ 6.75	\$ 15,527	\$ 7.46	\$ 16,981	\$ 8.16
Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop	180	\$ 16,840	\$ 8.10	\$ 12,834	\$ 6.17	\$ 18,844	\$ 9.06	\$ 13,914	\$ 6.69	\$ 16,781	\$ 8.07	\$ 19,931	\$ 9.58
Food Preparation and Serving Related Workers, All Other	na	\$ 15,071	\$ 7.25	\$ 12,822	\$ 6.16	\$ 16,195	\$ 7.79	\$ 13,389	\$ 6.44	\$ 15,413	\$ 7.41	\$ 17,264	\$ 8.30

New Mexico Department of Labor, *Occupational Employment and Wage Statistics, Santa Fe MSA*, January 2003

Further evidence on the low pay that is characteristic of eating and drinking places comes from the wage record data provided by the New Mexico Department of Labor. As was true in the accommodations industry, the data on individual residents employed at some time during the year by eating and drinking establishments gives a much more negative view of earnings. (See Table 5.6.) Average earnings – wages plus some estimate of tips – were only \$8,600 in 2002, and the median earnings were \$4,300. These figures are both significantly higher in 2002 than in the previous two years. As in accommodations, there is evidence here that employers, and particularly those in limited service restaurants, cut back on the number of people they employed over the course of 2002. Not surprisingly, workers seem generally do better in terms of earnings when they work in full service restaurants. Tips are most likely understated, so the gap is probably wider than these data suggest.

Table 5.6
WAGE RECORD ANALYSIS
EATING AND DRINKING INDUSTRY JOBS HELD BY SANTA FE RESIDENTS

	2000	2001	2002
<u>All Eating and Drinking Establishments</u>			
Resident jobs at individual Santa Fe establishments sometime during the year	8,976	8,783	6,228
Total earnings	66,371,342	61,714,195	53,680,827
Average annual earnings per job	7,394	7,027	8,619
Median annual earnings	3,705	3,223	4,292
<u>Full Service Restaurants</u>			
Resident jobs at individual Santa Fe establishments sometime during the year	3,851	3,760	3,205
Total earnings	33,295,307	31,276,916	31,701,393
Average annual earnings per job	8,646	8,318	9,891
Median annual earnings	4,655	4,046	5,187
<u>Limited Service Restaurants</u>			
Resident jobs at individual Santa Fe establishments sometime during the year	4,604	4,494	2,583
Total earnings	28,826,724	26,696,054	18,636,870
Average annual earnings per job	6,261	5,940	7,215
Median annual earnings	3,098	2,649	3,347

Source: Calculated from wage record data provided by the NM Department of Labor

Table 5.7 provides more detail on the structure of earnings in 2002. Note that over 87% of the jobs held during 2002 in eating and drinking establishments paid less than \$17,860, which is the amount one could earn at \$8.50 per hour working full time all year round. In limited service restaurants, this figure was closer to 91%. Another 4% of the jobs – 2.6% in limited service restaurants -- paid between this amount and \$21,840, the annual earnings from 2,080 hours of work at \$10.50 per hour. Only 9% of those employed during 2002 in eating and drinking establishments earned more than \$21,840, yet these workers accounted for 41% of the total wages and tips reported as earned by residents working in this industry.

In a separate analysis, BBER staff looked at the total number of jobs held by workers in eating and drinking establishments for each job held within this industry. On average over the 12 quarters, workers at eating and drinking places hold 1.6 jobs in total for every job they hold in the industry. We did not examine how average and median earnings might increase with multiple job holding for people working in eating and drinking establishments but suspect the results would be similar to those reported above for accommodations. Indeed, many of those working in eating and drinking establishments also had work experience in the accommodations industry.

Table 5.7
WAGE RECORD ANALYSIS
STRUCTURE OF EARNINGS IN EATING AND DRINKING INDUSTRY JOBS HELD BY
SANTA FE RESIDENTS

<u>All Eating and Drinking Establishments</u>			
Those with annual earnings* in 2002 of	< \$17.680 (\$8.50 per hour)	\$17.680-21.840 (\$8.50-10.50)	>\$21,840 (\$10.50)
Number of jobs	5,432	237	559
as a % of total	87.2%	3.8%	9.0%
Earnings	27,174,557	4,645,358	21,860,912
as a % of total	50.6%	8.7%	40.7%
Average annual earnings	5,003	19,601	39,107
Median annual earnings	3,347	19,512	32,050
<u>Full Service Restaurants</u>			
Those with annual earnings* in 2002 of	< \$17.680 (\$8.50 per hour)	\$17.680-21.840 (\$8.50-10.50)	>\$21,840 (\$10.50)
Number of jobs	2,705	152	348
as a % of total	84.4%	4.7%	10.9%
Earnings	14,740,700	2,991,117	13,969,576
as a % of total	46.5%	9.4%	44.1%
Average annual earnings	5,449	19,678	40,142
Median annual earnings	3,830	19,630	31,922
<u>Limited Service Restaurants</u>			
Those with annual earnings* in 2002 of	< \$17.680 (\$8.50 per hour)	\$17.680-21.840 (\$8.50-10.50)	>\$21,840 (\$10.50)
Number of jobs	2,343	66	174
as a % of total	90.7%	2.6%	6.7%
Earnings	10,562,912	1,278,567	6,795,391
as a % of total	56.7%	4.0%	36.5%
Average annual earnings	4,508	19,372	39,054
Median annual earnings	2,867	19,164	33,683

* Full time year round (2080 hours) earnings for hourly rates specified in parentheses

Calculated from wage record data provided by the NM Department of Labor

Figures 5.5 and 5.6 on the following page examine how median quarterly earnings in both full-service and limited-service restaurants vary depending upon the age of the worker in 2002. The scales on the vertical axes for each of the graphs are identical with that used for the accommodations industry, where median earnings are generally higher. The workforce in full-service restaurants is generally young: On average over the quarters, only 39% of the employees were over 25 in 2002. By contrast, on average 59% of the workers in limited service restaurants were over 25 years of age.

Those who worked year round fared better in both industries. Among the full-service restaurant employees, those who worked year round had median earnings almost two and one half times (2.4) the median for the industry.

Figure 5.5

**MEDIAN WAGES AT SANTA FE FULL SERVICE RESTAURANTS
BY AGE OF WORKER, QUARTERLY WAGES 2000-2002**

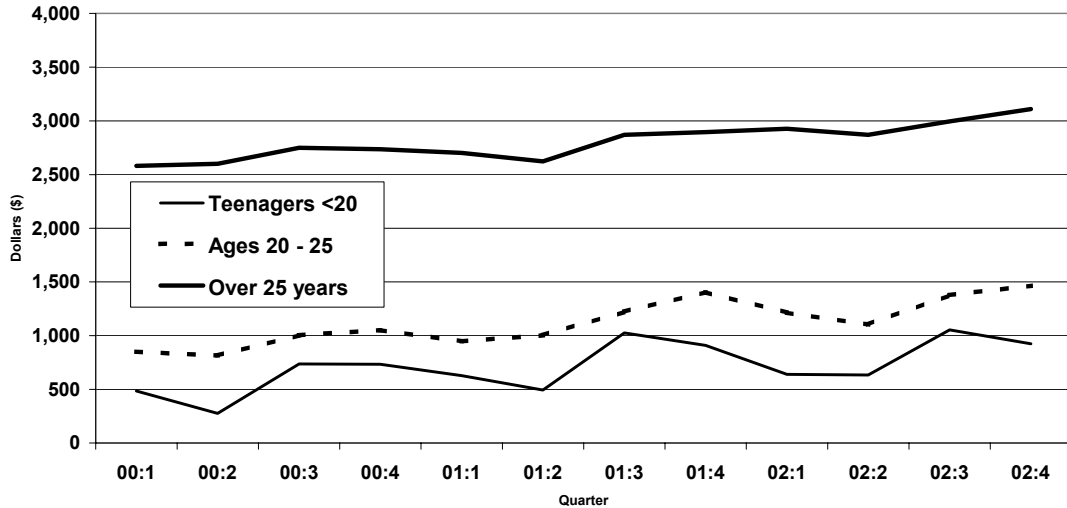
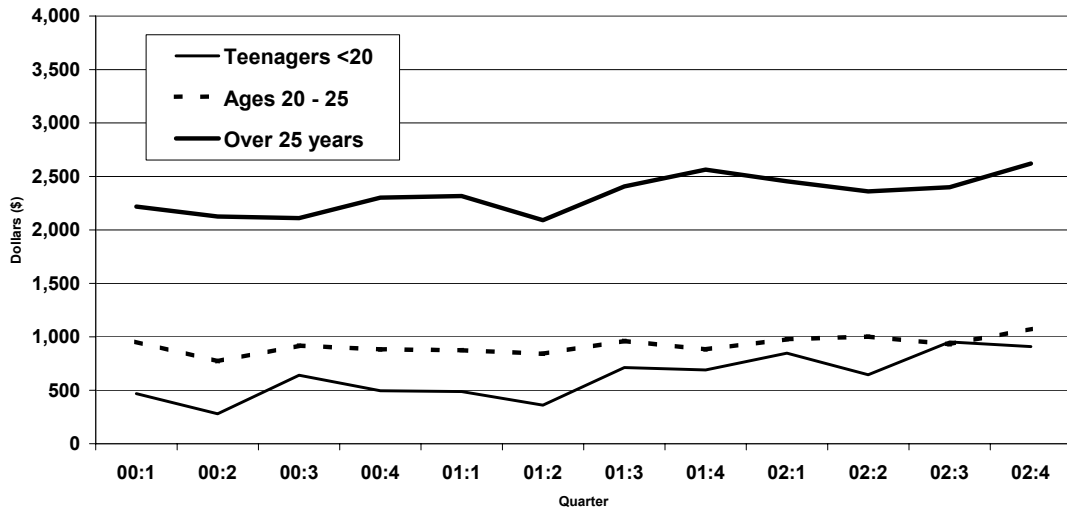


Figure 5.6

**MEDIAN WAGES AT SANTA FE LIMITED SERVICE RESTAURANTS
BY AGE OF WORKER, QUARTERLY WAGES 2000-2002**



To summarize, Santa Fe as a center for art and culture attracts many wealthier tourists as well as many wealthy individuals who have purchased retirement or vacation homes in the area -- amenity migrants. Some of its restaurants cater to a wealthier clientele but the City has a full spectrum of eating and drinking establishments. Average weekly wages for the County at \$280 in 2002 are very low but are actually somewhat higher than the averages for Colorado and Nevada and the US as a whole, all of which are close to \$240, and well above the average for New Mexico (\$207). Average wages in eating and drinking places in Nevada was \$286. Some 45% of the workforce is paid \$8.50 or less per hour and many find only part-time employment opportunities or work

only during seasonal peaks. Payroll expenses run about 31% of total revenues. Only 9% of those employed during 2002 in eating and drinking establishments earned more than \$21,840 (2080 hours at \$10.50 an hour), yet these workers accounted for 41% of the total wages and tips reported as earned for residents working in this industry. Only about 20% of the workforce was reported as having insurance coverage from their employer.

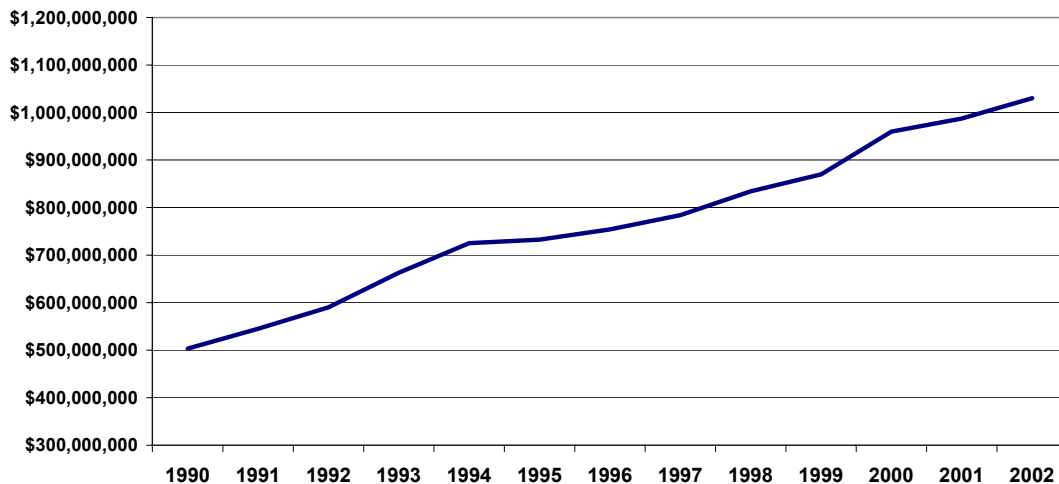
Retail Trade

Retail trade in the City of Santa Fe includes many small specialty shops and art galleries as well as food stores of various sizes and descriptions, department stores, big box retailers, car dealers, gasoline stations, etc. The retail trade sector had estimated wage and salary employment in the City of 8,000 in 2000, although employment slipped by about 200 in 2001, increasing slightly in 2002. As noted in Chapter 3 above, this sector has many non-employers.

Figure 5.7 plots the City's taxable gross receipts from retail trade, excluding restaurants and bars, from 1990 to 2002. Unadjusted for inflation, receipts from these retail industries grew at a compound annual rate of 6.7% during the 1990's, but growth since 2000 has been at an annual rate of only 3.6%.

Figure 5.7

**CITY OF SANTA FE TAXABLE GROSS RECEIPTS
FROM RETAIL TRADE***



Source: NM Taxation and Revenue Dept, Reprt 80

* Retail is old SIC classification minus eating and drinking places and bars

Looking at the issue of how increased wage might affect overall business costs for eating and drinking establishments, according to the 1997 *Economic Census*, total receipts to retail trade establishments, employers and non-employers, in the City of Santa Fe were \$1.37 billion, a figure that is consistent with the taxable gross receipts numbers reported above. Sales per employee were roughly \$182,000. Payroll costs

consumed 10.5% of total sales receipts. (Averaging across establishments, BBER's survey yielded a figure closer to 21%, but the standard deviation was very large.) The detail on this sector is given in Table 5.8 below. From the Census Bureau report on *Business Expenditures* in 1997, payroll costs accounted for 49% of total operating costs with total labor costs running about 60%.

Table 5.8

RETAIL ESTABLISHMENTS WITH PAYROLL , CITY OF SANTA FE, 1997¹

1997 NAICS code	Meaning of 1997 NAICS code	Sales/ Receipts (\$1,000) ²	Sales per Employee ³ (\$1,000)	Payroll as Percent of Sales/ Receipts	Sales per Establishment (\$1,000)
44-45	Retail trade	1,368,273	182	10.5%	1,750
441	Motor vehicle & parts dealers	277,819	384	8.2%	7,717
443	Electronics & appliance stores	32,056	169	12.0%	1,282
444	Building material/garden equipment/supplies deale	100,559	198	12.2%	2,453
445	Food & beverage stores	176,120	160	11.2%	3,829
446	Health & personal care stores	D	D	D	D
447	Gasoline stations	52,890	283	6.1%	1,653
448	Clothing & clothing accessories stores	122,323	113	14.4%	703
451	Sporting goods, hobby, book, & music stores	44,525	95	12.7%	781
452	General merchandise stores	D	D	D	D
4521	Department stores (excl leased depts)	144,696	153	9.3%	20,671
453	Miscellaneous store retailers	D	D	D	D
454	Nonstore retailers	21,014	156	12.7%	778
4541	Electronic shopping & mail-order houses	9,727	177	9.9%	695
4543	Direct selling establishments	11,287	141	15.1%	868

1. Data include only establishments with a payroll.
2. Includes sales, shipments, receipts or revenues. Measures vary by industry.
3. Paid employees are full- and part-time employees who were on payroll during the pay period including March 12, including employees on paid sick leave, paid holidays and paid vacation.
D = Withheld to avoid disclosing data of individual companies; data are included in higher level totals.

Source: U.S. Dept. of Commerce, Bureau of the Census, 1997 Economic Census.

Some idea of the number of workers in retail trade who might be impacted by the Living Wage Ordinance is given in the data Department of Labor's occupation and wage survey. Table 5.9 reproduces the results for a number of key occupations in retail trade. The data for those occupations where at least one quarter of the workers earn less than \$8.50 per hour are shaded but note that in many of these occupations at least half earn below this dollar amount.

Table 5.9

WAGES FOR KEY OCCUPATIONS IN RETAIL ESTABLISHMENTS, SANTA FE MSA, 2003

Occupational title	Est. Empl.	Mean Wage (annual)	Mean Wage (hourly)	Entry Wage (annual)	Entry Wage (hourly)	Exp. Wage (annual)	Exp. Wage (hourly)	25th Percentile (annual)	25th Percentile (hourly)	Median Wage (annual)	Median Wage (hourly)	75th Percentile (annual)	75th Percentile (hourly)
SALES AND RELATED OCCUPATIONS	6,210	\$ 24,177	\$ 11.62	\$ 14,328	\$ 6.89	\$ 29,101	\$ 13.99	\$ 15,744	\$ 7.57	\$ 20,131	\$ 9.68	\$ 27,614	\$ 13.28
Supervisors, Sales Workers	860	\$ 30,239	\$ 14.54	\$ 17,625	\$ 8.47	\$ 36,547	\$ 17.57	\$ 19,373	\$ 9.31	\$ 26,487	\$ 12.73	\$ 35,760	\$ 17.19
First-Line Supervisors/Managers of Retail Sales Workers	820	\$ 29,965	\$ 14.41	\$ 17,496	\$ 8.41	\$ 36,200	\$ 17.40	\$ 19,068	\$ 9.17	\$ 26,094	\$ 12.55	\$ 35,249	\$ 16.95
Retail Sales Workers	4,290	\$ 20,216	\$ 9.72	\$ 13,775	\$ 6.62	\$ 23,436	\$ 11.27	\$ 14,945	\$ 7.18	\$ 18,022	\$ 8.66	\$ 23,273	\$ 11.19
Cashiers	1,660	\$ 17,380	\$ 8.36	\$ 12,843	\$ 6.17	\$ 19,649	\$ 9.45	\$ 13,906	\$ 6.69	\$ 16,243	\$ 7.81	\$ 18,967	\$ 9.12
Counter and Rental Clerks	190	\$ 17,930	\$ 8.62	\$ 12,429	\$ 5.98	\$ 20,880	\$ 9.94	\$ 13,056	\$ 6.28	\$ 15,566	\$ 7.48	\$ 21,158	\$ 10.17
Parts Salespersons	110	\$ 25,944	\$ 12.47	\$ 16,073	\$ 7.73	\$ 30,880	\$ 14.85	\$ 18,578	\$ 8.93	\$ 23,521	\$ 11.31	\$ 29,211	\$ 14.04
Retail Salespersons	2,320	\$ 22,155	\$ 10.65	\$ 14,687	\$ 7.06	\$ 25,889	\$ 12.45	\$ 16,242	\$ 7.81	\$ 20,237	\$ 9.73	\$ 25,491	\$ 12.26
Sales and Related Workers, All Other	120	\$ 32,194	\$ 15.48	\$ 16,543	\$ 7.95	\$ 40,019	\$ 19.24	\$ 18,048	\$ 8.68	\$ 24,877	\$ 11.96	\$ 44,804	\$ 21.54

New Mexico Department of Labor, *Occupational Employment and Wage Statistics, Santa Fe MSA*, January 2003

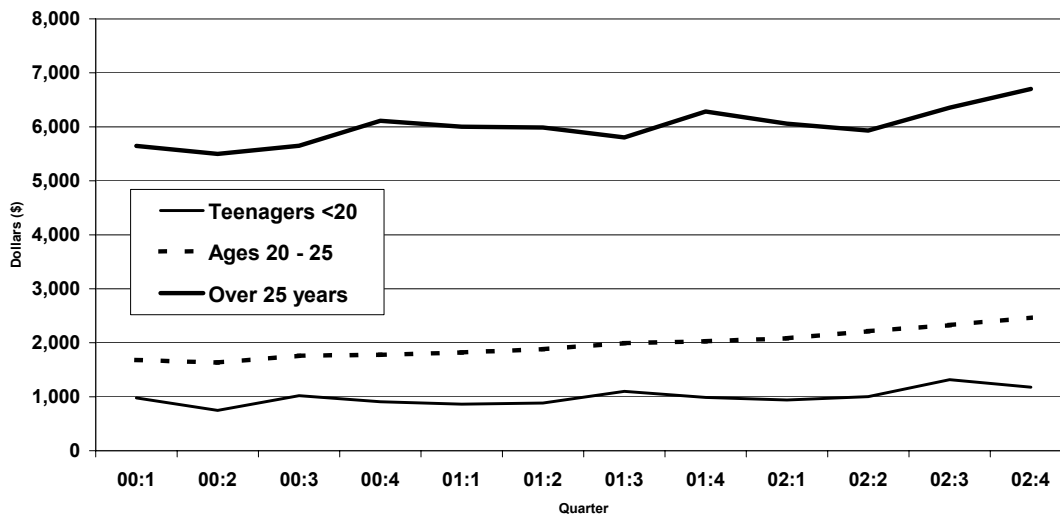
The wage record data indicate that the mean quarterly earnings for individuals working in the retail trade industry was between \$4,000 and \$5,000, depending on the quarter and the year. Median earnings were between \$3,100 and \$3,800, with all these figures calculated after dropping those with only one quarter of earnings experience. Like their counterparts in the hospitality industry, some retail trade workers worked more than one job in the same quarter in an apparent effort to make ends meet. Over the 12 quarters they averaged 1.13 jobs for every job they held in retail trade.

Retail trade today is a diverse industry. We separately analyzed the situation of those working for Wal-Mart and other big box retailers. Mean quarterly earnings were somewhat lower -- \$3,000 to \$3,800 -- as were median earnings -- \$2,500 to \$3,500. With lower wages generally, employees in big box retail worked on average 1.43 jobs in total for every job they worked in this sub-sector.

Figures 5.8 and 5.9 examine how quarterly earnings in all of retail trade and in general merchandise stores, which includes Discount Stores and Warehouse Clubs and Supercenters (WalMart). The scale on the vertical axis is the same in both graphs, focusing attention on the lower wages typically earned by workers in general merchandise stores. The premium earned by workers over 25 is much smaller in general merchandise stores. This may relate to the fact that many of the jobs in these stores are part-time positions. WalMart in particular is known for hiring older workers, many of whom may be retired.

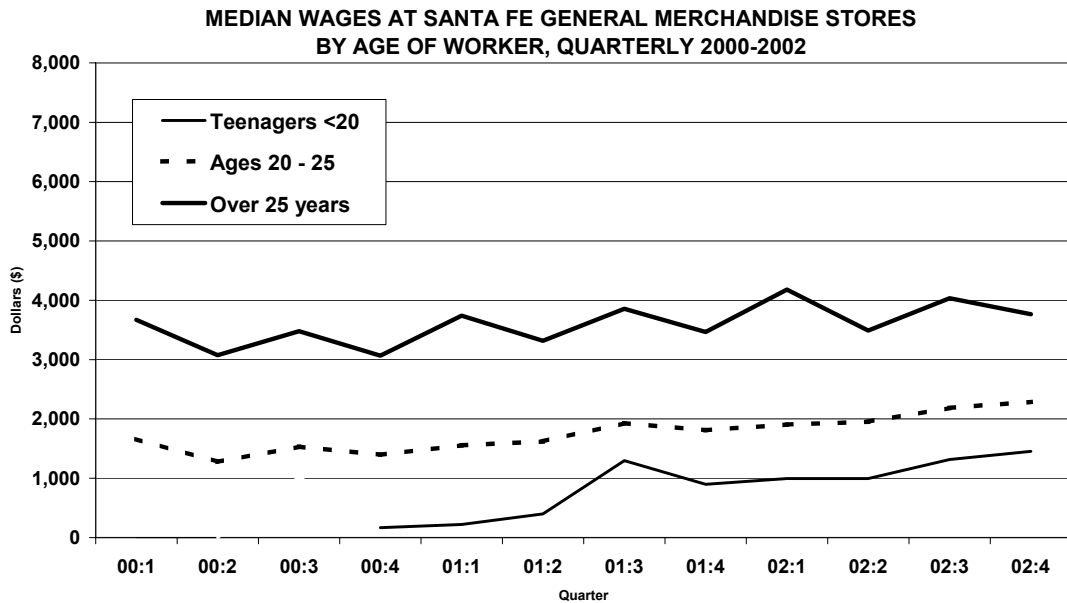
Figure 5.8

**MEDIAN WAGES AT SANTA FE RETAIL STORES
BY AGE OF WORKER, QUARTERLY 2000-2002**



As has been true of the other industries examined, workers who worked every quarter during the year were likely to have much higher median quarterly earnings than those who worked only part of the year. Retail sector employees who worked all year had median earnings that were about 80% higher than the median for all workers with more

Figure 5.9



than one quarter experience in the industry. Year-round employees of general merchandise stores earned about 60% more than the median for this sub-industry.

Retail trade is a large and diverse sector, accounting for about 7,800 jobs – 14% of total covered employment in the City. This sector includes a large number of art galleries, with sales that ranked second in the nation in 1997, many, often small, specialty retail shops as well as the full spectrum of food stores, big box retailers, gasoline stations and other retailers that would be found in any city. In 2002, average pay for this industry in Santa Fe County was \$476 a week or \$24,752 for the year, which is roughly in line with the statewide averages for Arizona and Colorado (\$467 and \$475 respectively), higher than the US (\$447), significantly higher than New Mexico (\$407) and below Nevada (\$493). Some 24% of regular employees in this industry are paid \$8.50 or less per hour and many find only part-time employment opportunities or work only during seasonal peaks. Payroll expenses average about 10% of total receipts according to the 1997 Economic Census, although the average of those responding to the BBER survey was about twice that amount. Looking at the wage record data, jobs in this industry paid an average of \$4,000 to \$5000 per quarter, with median earnings in the \$3,200 – 3,800 range. Employees of general merchandise stores earned considerably less, with average wages running about \$1,000 below the sector as a whole. According to the survey results, about 60% of establishments with employees offer health insurance. with the employers picking up a little over 60% of the costs on average.

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Appendix A
History of the Federal Minimum Wage

Appendix A
HISTORY OF THE FEDERAL MINIMUM WAGE
FEDERAL MINIMUM WAGE RATES UNDER THE FAIR LABOR STANDARDS ACT
MINIMUM HOURLY WAGE OF WORKERS FIRST COVERED BY:

EFFECTIVE DATE	1938 ACT ¹	1961 AMENDMENTS ²	1966 & SUBSEQUENT AMENDMENTS ³	
			NONFARM	FARM
OCT. 24, 1938	\$0.25			
OCT. 24, 1939	\$0.30			
OCT. 24, 1945	\$0.40			
JAN. 25, 1950	\$0.75			
MAR. 1, 1956	\$1.00			
SEPT. 3, 1961	\$1.15	\$1.00		
SEPT. 3, 1963	\$1.25			
SEPT. 3, 1964	\$1.15			
SEPT. 3, 1965	\$1.25			
FEB. 1, 1967	\$1.40	\$1.40	\$1.00	\$1.00
FEB. 1, 1968	\$1.60	\$1.60	\$1.15	\$1.15
FEB. 1, 1969			\$1.30	\$1.30
FEB. 1, 1970			\$1.45	
FEB. 1, 1971			\$1.60	
MAY 1, 1974	\$2.00	\$2.00	\$1.90	\$1.60
JAN. 1, 1975	\$2.10	\$2.10	\$2.00	\$1.80
JAN. 1, 1976	\$2.30	\$2.30	\$2.20	\$2.00
JAN. 1, 1977	\$2.30	\$2.20		
JAN. 1, 1978		\$2.65 for all covered, nonexempt workers		
JAN. 1, 1979		\$2.90 for all covered, nonexempt workers		
JAN. 1, 1980		\$3.10 for all covered, nonexempt workers		
JAN. 1, 1981		\$3.35 for all covered, nonexempt workers		
APR. 1, 1990 ⁴		\$3.80 for all covered, nonexempt workers		
APR. 1, 1991		\$4.25 for all covered, nonexempt workers		
OCT. 1, 1996 ⁵		\$4.75 for all covered, nonexempt workers		
SEPT. 1, 1997		\$5.15 for all covered, nonexempt workers		

1 The 1938 Act was applicable generally to employees engaged in interstate commerce or in the production of goods for interstate commerce.

2 The 1961 Amendments extended coverage primarily to employees in large retail and service enterprises as well as to local transit, construction, and gasoline service station employees.

3 The 1966 Amendments extended coverage to State and local government employees of hospitals, nursing homes, and schools, and to laundries, dry cleaners, and large hotels, motels, restaurants, and farms. Subsequent amendments extended coverage to the remaining Federal, State and local government employees who were not protected in 1966, to certain workers in retail and service trades previously exempted, and to certain domestic workers in private household employment.

4 Grandfather Clause: Employees who do not meet the tests for individual coverage, and whose employers were covered by the FLSA, on March 31, 1990, and fail to meet the increased annual dollar volume (ADV) test for enterprise coverage, must continue to receive at least \$3.35 an hour.

5 A subminimum wage -- \$4.25 an hour -- is established for employees under 20 years of age during their first 90 consecutive calendar days of employment with an employer.

U.S. Department of Labor Employment Standards Administration Wage and Hour Division

APPENDIX B
Summary of Employer and Employee Feedback from Focus Groups

Appendix B

SUMMARY OF EMPLOYER AND EMPLOYEE FEEDBACK FROM FOCUS GROUPS

Introduction

Five focus groups were held between June and August of 2003. They involved businesses, non-profit agencies, and workers representing the Santa Fe labor market.

- Seventeen owners, executive directors and business managers from a broad spectrum of businesses and non-profit agencies participated in two separate focus groups.
- Nineteen employees working within the broad spectrum of enterprises in Santa Fe (not necessarily from the businesses represented in the employer focus groups) participated in a separate set of focus groups.

The input gathered at these focus groups are summarized on the pages that follow.

Purpose

A major purpose of the focus groups is to help inform the data collection and analysis process by surfacing issues to help refine data queries, and to put a human face on the data. As this is a baseline study, most of the questions posed at the focus groups covered current conditions from the employer and employee points of view. Questions also provided participants the opportunity to express concerns about the impact of the living wage ordinance on the future of their job, business/agency, and the Santa Fe economy. Focus group discussion questions are attached in Appendixes A and C.

Format

Workers and employers participate in separate focus groups. Sessions were held at different times of day to accommodate workday schedules. A set of questions was developed to cover current business conditions and trends for the employers, and working situations and daily life concerns for workers (See Appendixes A and C). A questionnaire was distributed to the worker focus group participants to collect the quantitative information so that the group discussion could focus on qualitative issues (See Appendix B). The questions and questionnaire were translated into Spanish by BBER staff, and a focus group for seven workers was facilitated in Spanish on June 26, 2003.

Each focus group participant was given an opportunity to respond to the questions and the facilitator noted their responses on a flip chart and a note-taker noted all that was said according to the industry that person is working in (See Appendixes E and G). The business focus groups were recorded on tape. Anonymity was promised to worker participants, so their names were not taken nor was the session recorded on tape. Both employers and workers remain identified only by the industry they work in (and their jobs). The results are summarized in the sections that follow.

Participant Profiles and Methodology

Invitations were made to participants in a careful and deliberate manner. Groups were formed to provide a balanced and proportional representation of the labor market and its

diverse demographics (See Appendix D for more detail on the method. Lists of contacts were provided by business associations such as the Santa Fe Chamber of Commerce, the Santa Fe Independent Business and Community Alliance, as well as a listing of all registered businesses. A list of potential worker participants was formed using referrals from community based organizations and agencies, unions and secondary referrals by initial contacts. Participants were invited in each category until enough representation was achieved. Approximately 40 employers were contacted, 20 agreed to participate and 17 attended the focus groups. Approximately 17 worker organizations were contacted to provide names of workers. 40 workers were personally contacted and invited to participate, 22 agreed to attend and 19 participated in the three focus groups.

Employees were invited so that the diverse characteristics of the labor force were represented, including the industry sector of their job, their hourly wage, their age, and ethnicity. Further detail will be provided in the outcome summaries.

Table 1 shows the focus group representation by the proportion of the labor force that works in Santa Fe industry categories. Twenty-four participants were personally invited to attend business and worker focus groups respectively (Method is found in Appendix D).

Table 1
FOCUS GROUP PROFILE:
REPRESENTATION OF SANTA FE LABOR FORCE AND INDUSTRY

Types of Businesses and Non-Profit Agencies (Industry Category)	Number of Business and Non Profit Agency Representatives in Attendance	Number of Employees from this sector who attended
Retail: (including "big box" large retail, small, chain, and independent)	4	6
Lodging and Restaurants (including large and small hotels, both chain and independent) Restaurants and fast food	5	3
Health Care (clinical and home health care)	2	2
Manufacturing	1	
Construction	1	1
Distribution	1	
Arts	1	
Other Service	2	7
Total	17	19

Summary of Business and Non-Profit Focus Group Input

Businesses and agencies represented in the focus group. Focus group participants represented businesses and non-profit agencies that ranged from large, big box retail to small, independent operations, providing a variety of products and services. See Appendix D for a description of the research method used for achieving balanced representation.

The participants are owners, business managers or directors of well-established business or agencies that have been in Santa Fe for a considerable period of time. Their markets are varied in focus, for instance oriented toward tourism, local consumers, export (rest of New Mexico or the country), or a mixture. The following section summarizes participant comments to employer focus group questions (found in Appendix A).

Summary of responses to general focus group questions on the economy and factors affecting operations and influencing decisions. The responses are summarized below:

Prime factors determining location of the business or agency:

- If it is tourist oriented: identification with the plaza
“Retail is all about location, especially if it is tourist driven”
- Lodging is strongly identified with location. If it is not located by the plaza, it still strongly identifies itself with Santa Fe and the access road leading to the hotel
- Access and parking
- Visibility in high traffic area
- Access (and in many cases, proximity) to customer base
- Away from the competition
- If it is located out of center, affordability of land and facility

Question of **mobility**, of whether could relocate their business/agency

- If strongly identified with the particular location, then it is not mobile (e.g. identified with plaza, tourist orientation or close to customer base)
- Headquarters that do not require access to customer base are highly mobile
- Manufacturing and distribution are mobile to the extent that moving is not cost-prohibitive and they maintain access to roads for transportation of goods
- Relocation is a major undertaking and expense, especially for small independent businesses. It would not be done often, if at all.
- Large retail is only mobile to the extent that adequate space, parking and access are available
- Non-profit agencies dependent upon outside circumstances (e.g. land grants or federal location requirements) and public access and are not very mobile

Primary factors determining the **expansion or contraction** of the business or agency:

- Overall health of the economy
- “Long term growth and profitability. Expansion is viewed in terms of risk down the road to shrink back again.”
- Consistent increase in demand

- Available, qualified and trained staff
- For non-profit organizations, availability of long-term increased funding
- For small, independent businesses - the energy of the owner to take on expansion
- Cost of producing goods
- For large facilities, contraction of physical space is not possible, so they would have to reduce high cost products or services.

Perception/experience with the **national economic slow-down** and decline in travel and tourism. Have these been "**good times**" or "**bad times**"?

- Many participants said that the spring and summer of 2003 have not been as good as expected.
- Business has been slow since the Cerro Grande fire (April, 2000) and 9/11 (2001). They have not restored the business activity of the "good times" that characterized the mid-to-late 1990s.
 - "Prior to 'New Mexico burning', we had a 28% annual increase, since then we have just maintained"
 - "Demand is half of pre-9/11, and I have only recovered part of the lost demand"
- Participants feel the slow pace of the national economic recovery in their businesses. Recovery and business in general is lower than expected.
 - "Had hoped 2003 would be more of a recovery than it's been."
- Consumer spending is still down since 9/11.
- Non-profit organizations have suffered because philanthropy has declined. For service agencies, the demand for service has increased (along with eligible low-income population) but funding has not kept pace with the increased demand.
- Businesses are unable to collect on many of their invoices. This hurts cash flow. They notice more bankruptcies amongst people who owe them money.
- Some businesses benefit from the slow economy because people stay in Santa Fe instead of travelling away from Santa Fe.
- The economic health of Los Alamos has not provided a noticeable cushion.
- Local conditions can have a great impact, such as road construction in front of a business, or a loss of school customers during the summer.

Primary competitive pressures felt in the current market:

- All participants said that the difficult economy of the last couple years has forced them to find efficiencies to run their business and retain their employees.
- Adaptations have been to remain competitive in the current market, such as
 - Diversification,
 - Reduction in services
 - Reduction in labor pool
 - Extend the amount of time an employee has to work before providing benefits or raises
- The cost of health benefit packages has increased radically. This puts pressure on employers to reduce the amount, restrict the offering, or increase the employee's contribution to pay for the benefits.
- Land prices and lease costs are a major cost pressure.
 - One participant suggested having an ordinance address rent control rather than wages to make the cost of living more affordable to businesses and workers.

- Labor is a significant portion of business cost (participants estimated a range of one half to two thirds.)

-

Strategies for **adapting to the economy's ups and downs:**

- Adjust employee pool by either reducing the number of employees or converting their labor force from full-time to part-time
- Delay expansion plans
- Shorten the work week of employees
- Job-share among employees
- Do everything possible to retain economic base and remain competitive, including decrease cost and profit margins in order to remain price competitive
- Diversify products and services
- Expand the regional customer base
- Require deposits from customers to help assure collection on invoices

Profile of Work Force. The number of full time and part-time employees and ratio of full-time to part-time depends on the industry and size. Managers/owners do find clusters of ages, genders and (sometimes) in ethnic backgrounds in the different job descriptions. For instance, teens were employed in chain restaurant and seasonal service jobs and single mothers in their 20s and 30s seem to dominate home health care aides. Some employers offer benefits to longer term, full-time workers, especially the core group they rely on. Participation varies, as do the co-pays.

Workforce at or near the **minimum wage.** No focus group participant pays workers as low as the federal minimum wage (\$5.15/hour). Participants said they hire entry level workers at an average of \$7.00 to \$7.50 per hour. Participants noted that the market has created its own prevailing minimum wage.

Experiences in **attracting and retaining workers:**

- Most businesses reported a core group of a loyal, stable workforce with a certain portion that is always subject to turnover ("the churners"). Some businesses (e.g. hotel) had 80% stable and 20% constant turnover, while chain food service had the opposite (high turnover). Turnover occurs mostly at the lower-skilled, lower-paid jobs. Businesses have adapted to the high turnover rate as a part of doing business.
- Many employers voiced concern over the number of job applicants who failed screenings such as drug tests (concern over screening expense and condition of available work force).
- In some cases, when pay raises were not possible for a year, then extra supervision and training helped workers feel needed and could contribute to keeping them on staff.
- Some businesses wait until it looks like a worker is going to stay before offering them opportunities in the form of additional wages, benefits or training.
- Most do training "in-house"
- For jobs needing professionals, competitive wages are needed to attract and retain them.
- When business cycles change, the most productive and loyal workers are kept.
- Participants voiced overall satisfaction with their long-term employees.

What's needed to stay financially viable after the 1st increase in minimum wage takes effect (\$8.50 in January, 2004)

- The first phase is not as daunting because many currently pay wages close to that level. But phases two and three are perceived as creating a strong, negative impact on their ability to continue business as usual.
- The future phases would mean more serious restructuring of the business. Responses included:
 - Restructure business to avoid the 25-employee cut off by splitting into additional business corporations or LLCs.
 - Work toward future repeal of the ordinance
 - Concern about maintaining the wage differential for the higher paid employees.
 - Anticipate a large increase in labor costs, which would impact the ability to conduct business. Then "something has to give", either reduction in the number of employees, reduction in services, or, as a last resort - reduction in quality of product and service.
 - Move out of Santa Fe.
 - Have already made possible adaptations to the business to be efficient since the economic downturn. Don't really see any ways to absorb the additional costs.
- Participants voiced a major concern with the ripple effect on the economy and prices of all goods and services to Santa Fe.
- They were concerned that their fixed costs would increase along with the labor costs because the people they buy goods and services from will have to raise their prices.

Positive outcomes they perceive resulting from the implementation of the living wage ordinance. There were not many positive statements about the ordinance expressed by the participants. A few comments included:

- Workers would have more income (unless it is eroded by inflation)
- Workers could get a raise, despite what their boss thought.

Negative outcomes they perceive resulting from the implementation of the living wage ordinance:

Ripple Effect

- Participants expressed concern that all businesses, even those with less than 25 employees, will have to offer entry-level workers the living wage rates in order to compete to attract and retain employees.
- The entire pay scale may increase, not just for minimum wage workers, because the higher paid workers will demand a corresponding increase to maintain their wage differential.
- Employers expressed concern with creating inflation:
 - The cost of goods and services in Santa Fe would increase because increased labor cost will be passed "up the line" (e.g. higher cost of services and materials needed to operate a business is passed on to the next business who buys their product, adds value and sells it to another business who then passes on their higher input costs to another business...)
 - Higher overall prices would erode the benefit of a higher wage to low income workers.
 - This inflation would just add to, rather than ameliorate, Santa Fe's high cost of living for low income and general residents as well as tourists.

- Puts Santa Fe businesses in a competitive disadvantage with surrounding communities (Albuquerque in particular).
- Erosion of the quality of Santa Fe products and services - they are afraid that Santa Fe would not attract tourists if can't keep quality high for the high prices
- Deterrent to tourism (costs would be high and higher without offering enough to compete with other destinations)
- Deterrent to business expansion (at the current location or for creating new locations)
- Deterrent to attracting new businesses

Unintended Outcomes

- Businesses will adapt their structure to avoid ordinance requirements
 - Reduce labor pool if close to the 25 cut-off
 - Consolidate labor pool (reduce part-time workers)
 - Divide business into smaller business corporations or 'Limited Liability Corporations' (LLC's) to remain under the 25 employee cut-off.
- Distorts the wage equilibrium or prevailing wage that naturally develops in the market place
- Kick people out of the bottom rung of the labor force; find other ways to get the tasks done.

Direct Impact on Individual Businesses.

- Already feel squeezed from downturn in economy since 2000 (Cerro Grande blaze) and 9/11, 2001. Have already improved internal efficiencies and don't know if they can absorb increased labor cost. As a result, they think they may have to use some of the following measures:
 - increase prices,
 - reduce or eliminate services
 - reduce quality
 - lay off workers, or
 - move out of the city
- Fixed costs and associated costs of labor are already very high. Businesses have not fully recovered from downturn starting with the Cerro Grande fire and 9/11
- Already feel strong price pressures.
- Higher wages doesn't necessarily translate into their employees working harder.

Philosophical

- Provides a raise, not based on merit, to "lowest rung" workers.
- Wage rates should not be dictated by City policy makers (artificially puts Santa Fe at a competitive disadvantage and is government intervening in business)
- Market already determines a prevailing wage (currently estimated by participants to be approximately \$7.00 an hour though federal minimum wage is \$5.15/hour).
- Thresholds seem random - both the selection of wage rates and minimum number of employees per enterprise.

Implications for Data Queries from the Business Focus Groups. Issues raised by business focus group participants can help inform the data collection process. Here is a list of areas to consider. For all data collection, it was suggested that the baseline collect pre-2000 (mid-to late 1990's) data as a picture of "good times", not just current data as current times are "not good, not bad, but not satisfactory."

RIPPLE EFFECT

- Survey prices of common inputs - for instance:
 - Fixed Costs:
 - utilities (e.g. water, natural gas, gasoline, electricity)
 - residential purchase and rental prices (per square foot or per unit, by city area)
 - commercial purchase and lease prices (per square foot or per unit, by city area)
 - land (per lot, acre, by city area)
 - insurance
 - licenses
 - Variable Costs:
 - commodities (e.g. food products, linens, raw materials, construction materials)
 - services (e.g. facility cleaning services, maintenance and repair, landscaping, delivery)
 - common goods (basic clothing, uniforms, household supplies)
 - labor
 - health benefits
 - unemployment insurance/workers comp
 - employee screening (drug testing, background checks)
 - training (TVI or Santa Fe Community college course cost)
 - taxes (e.g. property, lodger's, gross receipts)
 - Other costs associated with adding value to products or services
 - Labor cost as portion of overall cost of doing business
 - Labor fluctuations

Changes in their Business. Current business status and how it has changed from 1990s:

- Number of FT, PT, Temporary, Contracted, Contingent workers
- Seasonal highs and lows
- Age clusters
- Background clusters (ethnicity, gender, education level, etc)
- Different job categories
- Entry level wages for different categories
- Prevailing wage for different categories
- Employee stability/turnover (e.g. 80% stable, 20% high turnover)
- Ability to find workers with the right skills
- Average time at the business for stable employee
- How long a worker is employed before getting a raise
- Benefits offered, how employer and employee contributions changed over time
- Employee screening cost (drug test, background check, etc.)

Direct Impact on Individual Businesses

- Number of Corporations and LLC's and limited partnerships associated with a business
- Assess marginal costs and volumes
- Determine how to measure what was described as "an extreme downturn" from 1995 to 2000, 2001 and "semi-recovery" in 2002, 2003. Then maybe we can measure if they have a continued downturn or an "upturn."
- Amount of product or service sold at different time periods
- Amount of FT/PT/temp/contract employees over different time periods
- Recent expansions or contractions
- Diversification (same as expansion?)
- bankruptcies

- uncollected invoices/bills
- unpaid bills

Summary of WORKER Focus Group Input

Workers represented in the focus groups. Workers who participated in the three separate focus groups are employed by a range of Santa Fe businesses and non-profit agencies (e.g. small and large retail, services, non-profits, and construction). Participants received wages ranging from \$5.50 to \$13.00 per hour.

Participants varied in age, ethnicity, and educational backgrounds. Some participants were born and raised in Santa Fe, some had relocated from other locations in New Mexico or the U.S., and some emigrated from Mexico. The following section summarizes participant comments to worker focus group questions (found in Appendix C).

Please describe the **things you have to do to get to work** and what you have to do after work, to make sure that you can both be a good worker **and take care of responsibilities at home.**

- Many participants do a lot of shuttling before and after work,
 - drop off/pick up children at daycare
 - drop off/pick up children at school
 - drop off/pick up other household members to their work
- Sometimes work starts before school opens, creating significant challenges.
- Transportation to work is the most significant obstacle for the immigrant workers.
- Work schedules at many service jobs vary daily or weekly, making it difficult to plan ahead to take care of their other responsibilities.
- "Being rested" is often very challenging because of juggling work and home responsibilities.

Please describe **what you do at work**

- Jobs are mostly in the service sector, including retail supervisor, cashier, stock, unloading freight, security, pre-school/Kindergarten teacher, high school special education assistant, health care greeter, restaurant supervisor. One non-service worker was a stone mason.
- All the immigrant worker participants hold service sector jobs, including dishwashing, food preparation, house cleaning, retail stocking, and managing a gasoline station.
- Participants with retail supervisory responsibilities are paid \$8.00 - \$8.80 per hour.
- Some participants hold two jobs. For these workers, a typical workday might start at 8:00 a.m. and end at 11:00 p.m.

Are you offered benefits and can you afford to get **health benefits**?

- Most participants cannot afford to contribute their share to participate in health benefits.
- Medical assistance (e.g. Salud) is the only way they would be able to get health coverage for their children. In those cases, the working parent does not have health coverage

- Many participants get health care from La Familia.
- One participant works at a job solely to get health benefits.

Do your **hours or responsibilities change** when your employer has **busy times and not-so-busy times**?

- Responsibilities and work hours do reflect business ups and downs.
 - When business is up:
 - some workers are asked to work more intensely within the hours that they normally work; and
 - some workers are asked to work more hours - some get added overtime compensation and others do not.
 - Some workers are prohibited from working overtime.
 - Some workers dislike working overtime because they do not see the additional income in their take-home pay (e.g. taxes increase correspondingly)

When business is down, some workers are asked to reduce hours and forego income.

What's important to you at your job besides your pay?

- **Experience** - some workers see their job as a stepping stone to running their own business or going to higher education in the field they are working in (e.g. teaching, business school)
- **Knowledge** - they enjoy learning about the subject of their work
- **Self-esteem** - they like to feel like they have a talent that is appreciated
- **Flexibility** - they appreciate bosses who understand the other demands they have in their life
- **Respect** - Respect by supervisors and co-workers helps them enjoy their work better. Without the atmosphere of respect, they feel like their work is under-appreciated. Older workers expressed dissatisfaction with lack of respect for their years of work experience
- **Proximity to home**
- **Familiarity with their work tasks**
- **Job security and health benefits**
- **Friendliness** in the work environment
- **Advancement** opportunities
- **Health Benefits** when they were affordable
- One person said the only important thing is the paycheck.

Is this your **main job** or are there **other ways you get income** into your household?

- Most workers rely on this job to support themselves and family members.
- When possible, most participants blend income with other household members.
- Section 8 housing assistance is used by two participants to afford rent
- Many (especially immigrant workers) hold more than one job
- Many get intermittent loans or assistance from their extended family
- Other forms of government assistance are used as a last resort

Do you have to **do many different things to make ends meet**?

- Participants juggle loans or credit card debt. The quick title or payday loans are high interest and difficult to pay back.
- A few participants do odd jobs fixing or building things
- Mostly participants reduced expenses to a bare minimum by eliminating non-essentials, eating at home, bargain shopping, cutting out leisure activities.
- Two participants are living in transitional housing (are homeless) because they couldn't make ends meet.

- One participant removed a kindergarten-aged child from school because they could not afford the time and the money to get the child to school and pay associated expenses (school supplies, uniform, etc.)
- The priority of spending always goes to the children in their household. They scrimp on themselves.
- The two participants who used income from this job to supplement other income (e.g. retirement) said they could not imagine making ends meet on this job alone.

How many of you live in the City of Santa Fe? Please describe your housing situation.

- All but four participants lived within the city limits. Most participants live in the southern portion Santa Fe near Cerillos Road. All participants work within the city limits.
- All but one immigrant participant lives together with more than one family and divides food and rental costs. Most other participants share living situations.
- Many describe crowded living conditions, such as two families in a one or two-bedroom apartment, six or seven living in a mobile home or 3-bedroom apartment.
- Two participants have Section 8 housing assistance.
- Two participants are in transitional housing (they are homeless).
- Most participants expressed rent as the highest expense they face (approximately 1/2 of their income)

How many times have you moved in the last year or two?

- Some participants have had to move in with family or have had family members move in with them. Some participants have moved more than once in the last couple years to find more affordable or more stable housing.
- Housing stability for immigrants appears to be related to their length of time in Santa Fe.

What would you do with a possible extra \$200 a month from a higher wage? (A ballpark estimate of added pay from the rise in minimum wage but not necessarily the amount it would be).

Many participants said they would:

- Purchase or repair a vehicle in order to get to work more reliably
- Purchase things their children needed
- Pay off debts
- Try to establish a savings account
- "Start saving money to get out of New Mexico."
- A recent immigrant would send money to her family in Mexico (where her children are).

What do you see as a bad result of raising the minimum wage to \$8.50 an hour in 2004, \$9.50 an hour in 2006, and \$10.50 an hour in 2008?

- Concern that the cost of rent and consumer goods will increase and correspondingly diminish purchasing power.
- Concern about negative reactions by employers - some believed that their employers would demand greater productivity in fewer hours or try to circumvent the law by hiring fewer than 25 employees.
- Some participants believed that a wage increase might create greater competition for jobs within Santa Fe. They were interested to see how this would play out for immigrant workers.

- Concern that new workers would automatically earn the same wage that they had worked long and hard to get to.
- Threaten job stability (that they might lose their jobs as a result).
- Taxes will erode the increase and their net income would not increase that much.
- Could other approaches help ease the cost of living with fewer side effects? Examples given were tax breaks for Santa Fe residents on gasoline and consumer goods inflated by the tourist economy, rent control, and eliminating the sales tax on food.
- "The only bad thing about the living wage is that they should have done it a long time ago."

What do you see as a good result of raising the minimum wage to \$8.50 an hour in 2004, \$9.50 an hour in 2006, and \$10.50 an hour in 2008?

- All agree that an increase in wages will help people afford more necessities.
- It would provide a chance to break even or get ahead.
- "You can improve your conditions. An increase in wages can reduce stress, violence and yelling."
- "If you get more people with buying power businesses will rely on locals for sales, not just tourists."
- "It gives people a boost. 'Everyone making more' makes you feel worth something."
- "It would be good because it would bring equanimity to our whole society. People would be able to work and live. The workplace will change. People might take jobs that they did not want to take before."
- Some people said that a higher income would put them in a higher income bracket, and therefore obtain a tax refund.
- One participant said that with a higher wage, they may consider leaving one of their jobs
- Another participant said that with an increase in wages he could spend time for leisure and do things that "white people do".
- Some participants would try to save enough money to leave Santa Fe or get higher education.

APPENDIX C
Bare Bones Budget for Santa Fe
Estimates of Necessary Expenditures for Four Family Types

Appendix C
BARE BONES BUDGET FOR SANTA FE
ESTIMATES OF NECESSARY EXPENDITURES FOR FOUR FAMILY TYPES

Table C1 reproduces the table of estimated annual expenditures required by the four family types for Santa Fe. What is included is briefly summarized below:

Housing costs -- Rent, utilities and telephone. Rent is for a 1- or 2-bedroom unit, with the families with children each having a 2-bedroom unit. Data on Santa Fe rents is from US Department of Housing and Urban Development.

Food – Food basket as determined by the US Department of Agriculture’s Low Cost Food Plan with local prices determined by a survey.

Transportation – All scenarios assume family owns one car (10 years old, with purchase price spread over 5 years) and the distance traveled is the annual household miles from the US Department of Transportation’s *NPTS Databook*. Only the gasoline price is a local prices, with other prices based on national surveys.

Child care – Costs assuming all children get care during time parents work, with local costs based on a community survey.

Clothing – Costs assume a pre-determined minimal clothing list for each family member type and prices at a single discount department store in Albuquerque.

Health care – Both medical and dental costs were included but not eyeglasses. Medical was the sum of the insurance premiums to Blue Cross Blue Shield, unless on Medicare, plus out-of-pocket costs for routine office visits and hospitalization, where the use was determined by age associated risk and admission rates. Dental costs assumed routine care at prices determined by a community survey.

Miscellaneous costs -- Local costs of personal items (toiletries) ; state costs of household cleaning items and other purchases.

Taxes -- Sales taxes on goods and services purchased assuming 6% rate, vehicle registration fees, federal and state income taxes when applicable.

Table C1
BARE BONES BUDGETS FOR SANTA FE

	2 Adults 2 Children	Mother with 2 Children	Grandparents 1 Grandchild	Retired Couple
Annual Expenses:				
Housing (includes utilities and phone)	\$9,950	\$9,950	\$9,950	\$8,138
Food	\$4,938	\$4,196	\$4,283	\$2,961
Transportation	\$2,813	\$2,113	\$2,893	\$2,167
Clothing	\$742	\$754	\$611	\$321
Health Care	\$4,988	\$3,570	\$8,254	\$7,306
Child Care ¹	\$7,692	\$4,853	\$0	\$0
Housing Furnishings	\$0	\$0	\$0	\$0
Savings/Retirement	\$0	\$0	\$0	\$0
Education ²	\$0	\$0	\$0	\$0
Second Vehicle	\$0	\$0	\$0	\$0
Vacations	\$0	\$0	\$0	\$0
Entertainment	\$0	\$0	\$0	\$0
Meals away from home	\$0	\$0	\$0	\$0
Misc.	\$1,140	\$502	\$526	\$350
Subtotal	\$32,263	\$25,937	\$26,517	\$21,243
Federal Taxes	\$357	\$0	\$0	\$0
State Taxes	\$466	\$343	\$0	\$0
Local Sales, Excise, and Motor Vehicle Taxes	\$1,486	\$1,068	\$644	\$502
Federal Earned Income Tax Credit (-)	\$0	\$1,165	\$0	\$0
NM Over 65 Property Tax Rebate (-)	\$0	\$0	\$0	\$0
Child Care Credit (-)	\$0	\$0	\$0	\$0
NM Low Income Comprehensive Tax Rebate (-)	\$0	\$0	\$45	\$95
Cumulative Subtotal	\$34,573	\$26,183	\$27,117	\$21,650
Income from Social Security ³	n/a	n/a	\$21,823	\$17,172
FICA	\$2,803	\$2,123	n/a	n/a
Annual Income	\$37,376	\$28,306	(\$5,294)	(\$4,478)
Wage per hour⁴	\$18	\$14		
100% of Federal Poverty Level, 2002	\$18,100	\$15,020	\$15,020	\$11,940
Adjusted Bare Bones Budget as % of 2002 FPL	206%	188%	181%	181%

¹ In the case of the grandparent household, assume grandparents at home with children and therefore no child care costs.

² Costs associated with public education such as school supplies and uniforms not included in BBB.

³ Average Social Security by County

⁴ Calculated on 52 weeks/40 hours per week

Table reproduced from Sherri L. Alderman and Kelly O'Donnell, *New Mexico Bare Bones Budgets*, Albuquerque, NM, New Mexico Voices for Children, 2003

APPENDIX D
Survey of Santa Fe Businesses

Appendix D

SURVEY OF SANTA FE BUSINESSES

BBER's research proposal included a survey of Santa Fe businesses. The purpose of the survey was to collect baseline information on Santa Fe businesses prior to implementation of the Living Wage Ordinance. The survey was conducted by mail. A copy of the survey instrument is included at the end of this appendix. The survey was designed to provide a more complete picture of the Santa Fe labor market and the wage and benefit structures of Santa Fe businesses than could be gleaned from the administrative databases Department of Labor. Since the survey was also intended to take the pulse of the Santa Fe economy prior to implementation of the Living Wage Ordinance, the survey was sent to both employers and non-employers. The decision to include non-employers was in recognition of their importance in the Santa Fe economy.

Sampling Methodology

The Santa Fe Business Registration List was used as the population from which to draw the survey sample. This list was chosen over the covered employment database because it contains information on non-employers (self employed) as well firms with paid employees.

BBER wanted to ensure adequate representation of business with more than 20 employees. In order to identify these firms, BBER staff compared the Registration list to the NM Department of Labor ES-202 employer file maintained in administering the unemployment insurance program, which provided information on the number of employees in each business. To this end, the lists were compared and any businesses which were confirmed to have more than 20 employees were automatically included in the sample and withdrawn from the registration list. There were 246 common entries.

Next, a random sample was drawn from the remaining businesses on the Santa Fe Business registration list. The businesses were randomized using a random digit command in MS Excel. The entries were reordered according to their randomly assigned four- digit code. BBER selected the first 3,000 entries on that list to be included in the sample. In sum, there were 3,246 cases in the initial sample.

Survey Implementation/Data Collection Process

The survey implementation took place in five major phases: First, an announcement postcard was mailed to everyone in the sample the first week of September 2003. The postcard briefly explained the nature of the project and notified business owners/ managers about the upcoming survey. Second, the survey was sent to everyone in the sample one week later. Third, a reminder postcard was sent to all non-respondents three weeks after the initial survey. Fourth, a follow-up survey was sent to those who had still not responded. Fifth, a third survey was sent to the non-respondents who were confirmed as having more than twenty employees.

Throughout the data collection process, cases were revised, dropped and added with replacement from the random sample. The lists utilized in creating the sample had flaws resulting in dropped and replaced cases. The most compromising was the inaccuracy of the street addresses and zip codes of the businesses. After the announcement postcards were sent in early September 2003, over 24 were returned with incorrect addresses. After closer inspection of the addresses in the Registration list, it appeared that many of the “2s” in the data set had been replaced with “1s.” The error was found in street addresses and zip codes.

Immediately, 86 cases were dropped because they were out of state addresses. Typically, these were non-employers who had registered in the City of Santa Fe, but they ran most of their business operations outside of New Mexico. These cases were replaced with the next 86 cases on the randomized list. Additionally, the Registration list included large businesses whose corporate headquarters were outside of New Mexico. In these cases, BBER staff sent survey materials to the business location in Santa Fe since their responses would more adequately reflect local operations.

BBER had no way of knowing whether or not a business was still operating unless the business owner returned the survey with a note indicating “Out of Business.” In many cases, BBER was unaware that some businesses operated in a special capacity. For instance, some artists only “operated” at art shows but were still required to register with the City of Santa Fe. As a result, they were included in the sample. When these cases submitted responses, they indicated in some manner that they operated only in special circumstances. Additionally, many respondents indicated that although they are registered in Santa Fe, their operations reside outside city limits. Below, the table illustrates how many cases were dropped from the sample and a brief explanation. In most cases, an incorrect address was researched, revised and re-sent. Sixty-eight respondents were dropped because of irreconcilable addresses.

Number of Dropped Cases	Reason
86	<i>Out of state addresses, replaced with other businesses.</i>
19	<i>Dropped after data collection, had licenses for one-time only services (Indian Market, etc)</i>
20	<i>Returned survey, indicated that they were one time vendors</i>
18	<i>Returned survey, indicated they are not operating in SF</i>
24	<i>Had initial postcard returned, small business, invalid address</i>
22	<i>Had follow up post card returned (but not initial card) for invalid address</i>
19	<i>Had first survey returned, but not postcards, for invalid address</i>
1	<i>Had follow up survey returned, but nothing else</i>

2	<i>Had third survey returned, but nothing else</i>
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There were a total of 246 dropped cases. To address the ongoing issue of incorrect addresses and dropped cases, BBER staff preemptively added 301 more cases to the sample.

3,246	<i>Starting sample</i>
227	<i>Dropped and replaced during collection</i>
19	<i>Dropped after data collection, not replaced</i>
55	<i>Added (above the 227 replacements)</i>
3,227	<i>Total valid sample</i>

There were 751 valid responses to the survey, from employers and from non-employers.

There are several factors that may have negatively affected the response rate:

- Non-employers may have felt that survey was not pertinent to them. This may explain the lower response rate among non-employers.
- Some business may no longer be in operation.
- Some surveys may have been “lost” due to inaccurate addresses.
- Many one-time-only businesses may have felt that survey did not pertain to them
- Some businesses opposed to the ordinance may have opted not to participate, perhaps in view of the pending lawsuit
- With other business survey being conducted in roughly the same time frame, some may have decided not to participate in yet another survey.

Survey Coverage/Post Stratification Weighting

The following section presents first presents a brief analysis of the survey coverage, or how well the survey results describe the underlying populations. The survey captured two different populations: Non-employers, or those who are self-employed and employers who stated that they have paid employees. Next, the subsequent post-stratification weighting scheme for employers is described. It is used to correct for non-response in order to generalize the survey sample to the population of interest.

Non-Employers. Table E1 below shows a comparison of distributions of the survey versus the US Census numbers for non-employers in the County of Santa Fe, 2001. Overall, the percent distribution of firms by business type from the survey is very close to that of the population, which generates a large degree of confidence in analysis of Santa Fe City’s non-employers based on this study. There are however a few exceptions: The retail sector is over-represented by the survey: showing 19.35% of the total versus 7.32% as illustrated by the population. In contrast, the financial and real estate sector as well as other services tend to be under-represented, 6.99% versus 14.18% and 0.00% versus 10.26% respectively. It is assumed that these exceptions do

not compromise the integrity of the survey as long as the analyst takes these differences into consideration when presenting results.

Table D1

**NON-EMPLOYERS: INDUSTRY COMPOSITION OF ESTABLISHMENTS
COMPARISON WITH CENSUS BUREAU NON-EMPLOYER SURVEY, 2001**

Business Type	City of SF Business Survey, 2003 Percent	Census Bureau Nonemployer Survey, Santa Fe County, 2001 Percent
Forestry, fishing & hunting, & ag support services	0.0%	0.5%
Mining	0.0%	D
Manufacturing	5.9%	3.1%
Construction	9.7%	8.8%
Retail	19.4%	7.3%
Wholesalers	4.3%	2.0%
Transport, warehouse, utilities	1.6%	D
Financial, real estate	7.0%	14.2%
Professional, business services ¹	28.0%	28.4%
Education, health, social assistance	12.4%	11.2%
Information services	1.6%	1.8%
Accommodations, food service	1.6%	1.0%
Culture, recreation	8.6%	11.7%
Other services	0.0%	10.3%
Total Establishments	186	12,917

Bureau of Business and Economic Research, 2003 and US Census Bureau, 2001

Employers. Comparison of the percent distribution of employers to the underlying distribution as reported in the Department of Labor's reports of covered employment for 2002 shows that the survey results perform very well at describing the actual population (Table E2). As with non-employers, the sector of Other Services is under represented (.37% versus 11.83%). The percent distribution of the Leisure, Hospitality sector shows a slight over representation in the study (4.79% versus 1.79 percent).

Employees

The percent distribution of employees by business type is contrasted against the Department of Labors reports of covered employees reported by employers for the year 2002 below in Table E3. As with the non-employers and employers, the survey results are very close to the actual underlying distribution. The Other Services and Financial, Real Estate Sectors are slightly under represented in the study (.11% versus 5.52% and 3.63% versus 6.75% respectively). On the other hand, Eating, Drinking Places and Leisure Hospitality are showing a larger percent of employees as compared to the population: 10.22% versus 5.96% and 22.77% versus 12.41% respectively.

Table D2

**EMPLOYERS: INDUSTRY COMPOSITION OF ESTABLISHMENTS
COMPARISON WITH DEPT OF LABOR EMPLOYER FILE**

Business Type	City of SF Business Survey, 2003 Percent	DOL ES-202 Employer File, 2002 ¹ Percent
Natural resources & mining	0.0%	0.7%
Manufacturing	3.1%	3.3%
Construction	13.6%	12.8%
Retail	23.2%	17.1%
Wholesalers	1.8%	3.0%
Transport, warehouse, utilities	1.8%	1.2%
Financial, real estate	5.7%	9.5%
Professional, business services ¹	19.3%	17.6%
Education, health, social assistance	12.9%	10.6%
Information services	1.3%	2.3%
Leisure, hospitallity (Accommodations)	4.8%	1.8%
Eating, drinking places	8.8%	5.7%
Culture, recreation	3.1%	2.6%
Other services	0.4%	11.8%
Total Establishments	543	4,193

¹ The DOL Database represents 4193 private employers with employers covered by Unemployment Insurance within the City of Santa Fe. These Employers reported having employees for the year of 2002.

UNM Bureau of Business and Economic Research, 2003 and NM Department of Labor, ES-202 Employer File, 2002, as processed by BBER.

Post Stratification Weighting. A post stratification weight was computed in order to further improve upon the good coverage of the survey. In addition, for some purposes of analysis, the weighted values of firms and employees present interesting results. Briefly, the employers were divided into four size categories based on number of employees reported and by business type. This matrix was then compared and then weighted up to the Department of Labor numbers for the same strata by firm. The heaviest weight was placed on the sector of Other Services. The post-stratification weights were applied when summary measures for the entire sample(s) were required. No weights were typically applied to generate results by industry.

Table D3

**EMPLOYEES: INDUSTRY COMPOSITION OF EMPLOYMENT
COMPARISON WITH DEPT OF LABOR EMPLOYER FILE**

Business Type	City of SF Business Survey, 2003 Percent	DOL ES-202 Employer File, 2002 ¹ Percent
Natural resources & mining	0.0%	0.4%
Manufacturing	2.4%	3.2%
Construction	8.8%	10.0%
Retail	20.2%	19.8%
Wholesalers	2.9%	2.1%
Transport, warehouse, utilities	1.5%	1.6%
Financial, real estate	3.6%	6.8%
Professional, business services	10.4%	10.7%
Education, health, social assistance	12.5%	16.8%
Information services	1.3%	2.3%
Leisure, hospitality (Accommodations)	10.2%	6.0%
Eating, drinking places	22.8%	12.4%
Culture, recreation	3.2%	2.6%
Other services	0.1%	5.5%
Total Establishments	10,683	39,683

¹ The DOL Database represents 4193 private employers with employers covered by Unemployment Insurance within the City of Santa Fe. These Employers reported having employees for the year of 2002.

UNM Bureau of Business and Economic Research, 2003 and NM Department of Labor, ES-202 Employer File, 2002, as processed by BBER.

APPENDIX E
1997 Economic Census Ratios for the City of Santa Fe

Appendix E
1997 ECONOMIC CENSUS RATIOS FOR THE CITY OF SANTA FE

Table E.1

**ANNUAL SALES AND RECEIPTS PER EMPLOYEE, ESTABLISHMENTS AND PAYROLL
AS A PERCENT OF SALES/RECEIPTS, CITY OF SANTA FE, 1997¹**

1997 NAICS code	Meaning of 1997 NAICS code	Sales/ Receipts (\$1,000) ²	Sales per Employee ³ (\$1,000)	Payroll as Percent of Sales/ Receipts	Sales per Establish- ment (\$1,000)
31-33	Manufacturing	95,231	82	24.9%	700
42	Wholesale trade	319,691	265	11.8%	2,190
421	Wholesale trade, durable goods	115,100	205	14.6%	1,421
422	Wholesale trade, nondurable goods	204,591	317	10.2%	3,148
44-45	Retail trade	1,368,273	182	10.5%	1,750
441	Motor vehicle & parts dealers	277,819	384	8.2%	7,717
443	Electronics & appliance stores	32,056	169	12.0%	1,282
444	Building material/garden equipment/supplies deale	100,559	198	12.2%	2,453
445	Food & beverage stores	176,120	160	11.2%	3,829
446	Health & personal care stores	D	D	D	D
447	Gasoline stations	52,890	283	6.1%	1,653
448	Clothing & clothing accessories stores	122,323	113	14.4%	703
451	Sporting goods, hobby, book, & music stores	44,525	95	12.7%	781
452	General merchandise stores	D	D	D	D
4521	Department stores (excl leased depts)	144,696	153	9.3%	20,671
453	Miscellaneous store retailers	D	D	D	D
454	Nonstore retailers	21,014	156	12.7%	778
4541	Electronic shopping & mail-order houses	9,727	177	9.9%	695
4543	Direct selling establishments	11,287	141	15.1%	868
512	Motion picture & sound recording industries	8,150	57	17.9%	408
513	Broadcasting & telecommunications	52,977	273	13.0%	3,532
514	Information services & data processing services	D	D	D	D
53	Real estate & rental & leasing	99,907	125	18.1%	574
531	Real estate	88,011	141	17.2%	579
532	Rental & leasing services	11,896	68	24.3%	541
54	Professional, scientific, & technical services	194,764	104	42.1%	477
56	Administrative/support/waste management/remediation service	40,746	41	40.2%	293
61	Educational services	5,563	83	33.8%	242
62	Health care & social assistance	161,902	58	45.3%	566
623	Nursing & residential care facilities	D	D	D	D
624	Social assistance	D	D	D	D
71	Arts, entertainment, & recreation	136,888	156	11.9%	2,043
72	Accommodation & foodservices	288,942	41	29.2%	878
721	Accommodation	122,439	54	26.7%	1,611
722	Foodservices & drinking places	166,503	35	31.1%	658
7221	Full-service restaurants	100,345	34	34.0%	772
7222	Limited-service eating places	56,374	39	26.2%	569
7223	Special foodservices	D	D	D	D
81	Other services (except public administration)	52,007	63	29.1%	327
811	Repair & maintenance	34,785	76	26.2%	414
812	Personal & laundry services	17,222	47	35.0%	230

1- Data include only establishments with a payroll. 2 - Includes sales, shipments, receipts or revenues. Measures vary by industry.

3 - Paid employees are full- and part-time employees who were on payroll during the pay period including March 12, including employees on paid sick leave, paid holidays and paid vacation.

D - Withheld to avoid disclosing data of individual companies; data are included in higher level totals.

Source: US Census Bureau, 1997 Economic Census

APPENDIX F
Santa Fe County Non-Employers

SANTA FE COUNTY NON-EMPLOYERS, 2001

Description	Establishments	Receipts	Receipts Per Establishment
<u>All Sectors</u>	12,917	554,587,000	42,935
<u>Forestry, fishing & hunting, & ag support services</u>	61	\$ 1,466,000	\$ 24,033
Fishing	11	140,000	12,727
Support activities for crop production	12	543,000	45,250
Support activities for animal production	15	457,000	30,467
<u>Mining</u>	D		
Oil and gas extraction	153	7,285,000	47,614
<u>Utilities</u>	D		
<u>Construction</u>	1,135	71,310,000	62,828
Residential building construction	257	26,972,000	104,949
Nonresidential building construction	21	2,216,000	105,524
Heavy construction	D		
Highway, street, bridge, and tunnel construction	D		
Other heavy construction	13	575,000	44,231
Special trade contractors	799	37,082,000	46,411
Non-Disclosed	45	4,465,000	99,222
<u>Manufacturing</u>	406	12,315,000	30,333
Food manufacturing	11	649,000	59,000
Wood product manufacturing	38	956,000	25,158
Miscellaneous manufacturing	114	3,124,000	27,404
Non-Disclosed	243	7,586,000	31,218
<u>Wholesale trade</u>	256	13,516,000	52,797
Wholesale trade, durable goods	179	10,144,000	56,670
Furniture and home furnishings wholesalers	18	1,088,000	60,444
Miscellaneous durable goods wholesalers	139	6,805,000	48,957
Jewelry, watch, precious stone and metal wholesalers	72	3,515,000	48,819
Wholesale trade, nondurable goods	77	3,372,000	43,792
<u>Retail trade</u>	945	47,758,000	50,538
Used car dealers	22	4,106,000	186,636
Home furnishings stores	26	2,556,000	98,308
Other health and personal care stores	22	413,000	18,773
Jewelry, luggage, and leather goods stores	44	2,400,000	54,545
Sewing, needlework, and piece goods stores	11	159,000	14,455
Book stores and news dealers	24	1,123,000	46,792
General merchandise stores	10	643,000	64,300
Miscellaneous store retailers	247	19,448,000	78,737
Used merchandise stores	22	790,000	35,909
Nonstore retailers	361	5,926,000	16,416
Vending machine operators	23	304,000	13,217
Other direct selling establishments	306	4,684,000	15,307
Non-Disclosed	134	9,404,000	70,179
<u>Transportation & warehousing</u>	D		
Air transportation	15	1,159,000	77,267
Truck transportation	68	5,459,000	80,279
General freight trucking	55	3,803,000	69,145
General freight trucking, local	29	1,386,000	47,793
General freight trucking, long-distance	26	2,417,000	92,962
Specialized freight trucking	13	1,656,000	127,385
Transit and ground passenger transportation	14	227,000	16,214
Other transit and ground passenger transportation	10	165,000	16,500

SANTA FE COUNTY NON-EMPLOYERS, 2001, continued

Description	Establishments	Receipts	Receipts Per Establishment
<u>Information</u>	232	7,301,000	31,470
Publishing industries	103	3,037,000	29,485
Motion picture and video industries	53	1,754,000	33,094
Non-Disclosed	76	2,510,000	33,026
<u>Finance and insurance</u>	311	21,650,000	69,614
Securities, commodity contracts, other	85	13,509,000	158,929
Non-Disclosed	226	8,141,000	36,022
<u>Real estate and rental and leasing</u>	1,521	137,963,000	90,705
Lessors of real estate	640	91,560,000	143,063
Offices of real estate agents and brokers	462	26,978,000	58,394
Automotive equipment rental and leasing	13	243,000	18,692
Non-Disclosed	406	19,182,000	47,246
<u>Professional, scientific, and technical services</u>	2,692	99,452,000	36,944
Legal services	D		
Accounting, tax return preparation, bookkeeping, & payroll	310	6,330,000	20,419
Accounting, tax return preparation, bookkeeping, & payroll	310	6,330,000	20,419
Offices of certified public accountants	D		
Tax return preparation services	D		
Payroll services	D		
Other accounting services	236	4,000,000	16,949
Architectural, engineering & related services	285	16,884,000	59,242
Architectural services	D		
Landscape architectural services	D		
Engineering services	74	6,960,000	94,054
Drafting services	D		
Building inspection services	D		
Geophysical surveying and mapping services	D		
Surveying and mapping (except geophysical) services	D		
Testing laboratories	D		
Specialized design services	D		
Computer systems design and related services	214	6,782,000	31,692
Computer systems design and related services	214	6,782,000	31,692
Management, scientific, and technical consulting services	474	19,421,000	40,973
Scientific research and development services	39	1,326,000	34,000
Advertising and related services	D		
Other professional, scientific, and technical services	911	26,918,000	29,548
Marketing research and public opinion polling	20	517,000	25,850
Photographic services	D		
Translation and interpretation services	D		
Veterinary services	14	480,000	34,286
All other professional, scientific, and technical services	728	21,980,000	30,192
<u>Administrative and support and waste management and remediation services</u>	650	12,976,000	19,963
Facilities support services	10	285,000	28,500
Document preparation services	20	312,000	15,600
Travel arrangement and reservation services	21	314,000	14,952
Services to buildings & dwellings	302	6,311,000	20,897
Janitorial services	188	2,969,000	15,793
Non-Disclosed	297	5,754,000	19,374

SANTA FE COUNTY NON-EMPLOYERS, 2001, continued

Description	Establishments	Receipts	Receipts Per Establishment
<u>Educational services</u>	310	3,971,000	12,810
<u>Health care and social assistance</u>	1,136	30,942,000	27,238
Ambulatory health care services	852	27,660,000	32,465
Offices of physicians	130	7,433,000	57,177
Offices of other health practitioners	594	17,195,000	28,948
Offices of mental health practitioners (except physicians)	159	5,287,000	33,252
Offices of all other miscellaneous health practitioners	354	8,961,000	25,314
Non-Disclosed	128	3,032,000	23,688
Nursing and residential care facilities	10	302,000	30,200
Social assistance	274	2,980,000	10,876
Child day care services	176	1,509,000	8,574
Other Social Assistance	98	1,471,000	15,010
<u>Arts, entertainment, and recreation</u>	1,505	38,518,000	25,593
Independent artists, writers, and performers	1,317	31,692,000	24,064
Amusement, gambling, and recreation industries	94	3,045,000	32,394
Non-Disclosed	94	3,781,000	40,223
<u>Accommodation and foodservices</u>	126	5,797,000	46,008
Accommodation	D		
Traveler accommodation	34	2,626,000	77,235
Special foodservices	48	1,131,000	23,563
Non-Disclosed	44	2,040,000	46,364
<u>Other services (except public administration)</u>	1,325	32,932,000	24,854
Other automotive repair and maintenance	18	1,155,000	64,167
Personal and household goods repair and maintenance	150	2,545,000	16,967
Personal and laundry services	976	22,726,000	23,285
Personal care services	254	6,197,000	24,398
Beauty shops	124	3,522,000	28,403
Drycleaning and laundry services	11	574,000	52,182
Other personal services	711	15,955,000	22,440
Photofinishing	12	324,000	27,000
All other personal services	666	14,900,000	22,372
Non-Disclosed	181	6,506,000	35,945

Includes only firms subject to federal income tax. Nonemployers are businesses with no paid employees.

Source: US Bureau of the Census