

Small Texas city adopts \$15 minimum wage

By John Austin | CNHI News Service | Posted: Tuesday, February 16, 2016 6:21 pm

SAN MARCOS, Texas — The fight for a \$15 per hour minimum wage has been settled without recrimination in this swelling south-central Texas community, where LBJ Drive and MLK Drive intersect.

City councilors recently mandated businesses applying for tax breaks and other incentives to build or expand must pay their workers that least amount plus benefits or seek their fortune elsewhere.

“We want jobs,” said Councilman John Thomaides. “But if you’re going to pay poverty-level wages, we’re not going to give you subsidies.”

San Marcos has seen its population more than double in 25 years to 58,000, making it the nation’s leader in the percentage of growth, according to the latest U.S. Census Bureau figures.

But city leaders are concerned the rise in population has not been accompanied by higher wages, especially when compared with the businesses along the bustling Interstate 35 corridor that runs 30 miles north to Austin and 50 miles south to San Antonio.

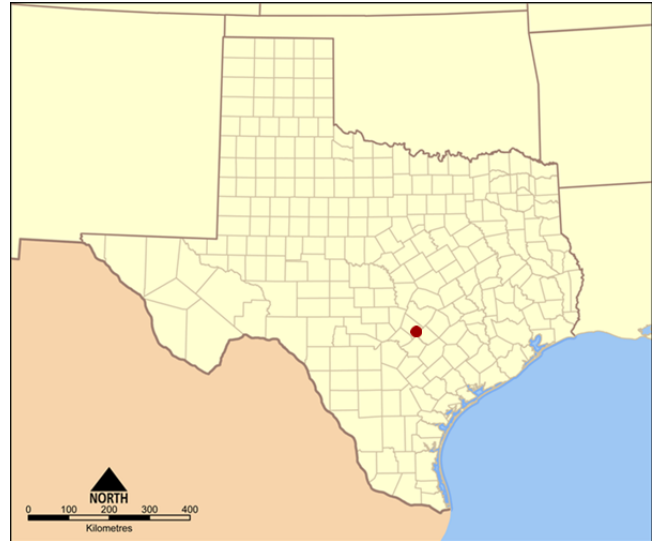
“That’s the question every election,” said Thomaides. “What are you doing to bring good jobs to San Marcos?”

Councilman Scott Gregson said San Marcos’ bold approach is the answer. He said the \$15 per hour minimum wage is not an average but a floor for those businesses looking for tax and fee breaks.

When cities provide incentives to developers and employers without requiring a living wage in return, he said, they create an “invisible subsidy” supported by taxpayers because workers need supplemental welfare programs to make ends meet.

“If you don’t make enough to raise your family, you’re going to be relying on food stamps, the food bank,” said Gregson, who holds a master’s degree in business administration from Harvard.

Bill Hammond, chief executive of the Texas Association of Businesses, says San Marcos will regret the consequences of a minimum wage that is more than twice that of the \$7.25 federal minimum. He



San Marcos Springs in Texas

Wikimedia commons photo

called the city's decision "short-sighted," adding wages should be left to the free market and not imposed by government.

Texas is one of the few states without a state minimum wage, and Hammond said there still "are a lot of good starter jobs that pay less than \$15 per hour."

Ann Beeson, who heads a regional economic development group, said, surprisingly, she's received no negative response to the new minimum wage policy. She said the "common sense way to look at it is that people who make more money, spend more money" and thus boost the local economy.

Several big cities, including New York and Los Angeles, have passed laws phasing in \$15 per hour minimum for city workers below that wage over the next few years. The same scaling up has occurred at some private companies. But efforts to raise the federal minimum wage have met with stiff resistance in Congress amid fears the higher employee costs will disproportionately hurt small businesses and result in closures and fewer jobs.

City Manager Jared Miller said the San Marcos effort to increase local wages is modest. It applies only to companies that seek tax breaks in the future and not those already doing business in the city.

He said the \$15 minimum is not aimed at creating a "comfortable" lifestyle but rather wages high enough to reduce the number of school children who qualify for free or reduced-cost lunches – currently nearly three-quarters of the city's students.

It seems to fit with San Marcos' heritage as the place where the late President Lyndon Baines Johnson, architect of the 1960s "Great Society," graduated from Southwest Texas State Teachers College, now called Texas State University. A main street was named after him to insect with a principal street named for civil rights leader Dr. Martin Luther King. A sculpture at the site depicts Johnson and King conversing in the Oval Office.

Two years ago, San Marcos was listed by Business Insider magazine as No. 9 among the "10 most exciting small cities in America." Yet the median household income then was only \$27,400, compared with the statewide figure of \$52,500, according to the federal Census Bureau.

City leaders said they hope to fix that disparity by attracting employers in fields such as aerospace and aviation, clean technology, corporate and professional operations, and life sciences.

"We want to make sure we move the needle in a positive direction," said City Manager Miller.