Hotel Setting Good Example

Santa Feans pondering the ramifications of the city's living wage law—now in effect—after a state district court judge refused to suspend it pending the outcome of legal appeals—might also ponder what's going on over at the Inn of the Governors.

The downtown hotel has instituted a profit-sharing plan for its employees that has, in just the last six months, netted each hotel worker nearly $2,000 in bonuses. That's a chunk of extra change almost anyone would appreciate.

But for the hotel worker earning the current living wage of $8.50 an hour, that six-month's worth of bonuses works out to the equivalent of a $2.50-on-hour pay hike. In other words, the profit-sharing arrangement has already brought pay for the hotel's lowest-wage workers up to the equivalent of $10.50 an hour—a living wage minimum that Santa Fe's new law doesn't mandate until 2008.

As far as we can tell, the Inn of the Governors' owners and top management didn't just wake up one morning and decide to redistribute income. What they did was set a figure—a fixed dollar amount—for the profit they intend to take out of the business every year. If the employees can increase that figure, as so far they have, then the employees get to keep most of the additional profit, in the form of bonuses.

The hotel's owners and managers explain the profit-sharing arrangement in straightforward capitalist terms. They call it a strategy for keeping the Inn of the Governors competitive—meaning profitable. And they say it will work because giving workers a stake in hotel profits also gives them an incentive to improve productivity. In other words, profit-sharing should make hotel employees happy to work harder for the same hourly wage. Note also that as part of the profit-sharing arrangement, all employees will, ultimately, end up paying for health insurance and other benefits out of their own pockets. (The process of how this will happen is complicated and it won't happen all at once.) But, the hotel's general manager says, under the formula that's been worked out, employees will still get bonuses in the thousands of dollars annually, over and above what they will pay out for benefits.

Of course, there may be a limit on the amount of profit that even a hotel group can squeeze out of hotel operations. A downturn in Santa Fe's normally healthy tourism market could lower profit levels, too. But the bottom line is that wages for the lowest-paid workers at the Inn of the Governors are currently running about four years ahead of the minimum mandated by our supposedly progressive living-wage law.

The hotel owner may call it capitalism, but we call it enlightened, and we'd like to see more Santa Fe businesses explore the concept.