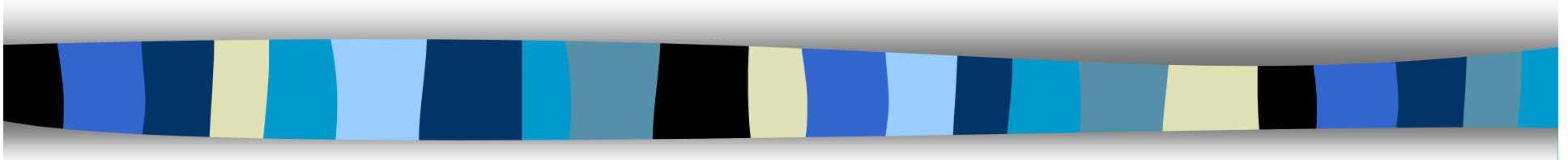


# An Overview of Living Wage Ordinance Initiatives



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## What do we mean by a living wage?

- Generally, a city or county ordinance requiring all or some employers with government contracts (and sometimes all employers receiving governmental assistance) to pay a MINIMUM wage. Often the minimum varies by whether or not the employer provides health insurance.



# What is the difference between the living wage and the minimum wage?

- Minimum wage is broader --- covers all workers
- Minimum wage is currently \$5.15 per hour --- historically was supposed to be a “living” wage --- now far from it!
  - If it had kept up with inflation since 1968 +\$8.00 per hour
  - Now less than 75% of the poverty standard for a family of three
- Failure of the minimum wage to keep up with inflation has fueled living wage movements



## Where have living wage campaigns been successful?

- 84 places around the country
- In 2002 alone, local living wage laws have been passed in Southfield, MI; Oxnard, CA; Montgomery County, MD; Port of Oakland, CA; New Orleans, LA; Marin County, CA.
- Campaigns are active in more than 75 cities across the US



## In New York:

- Ordinances have been passed in Hempstead, Long Island (October 2001 repealed in December 2001), Oyster Bay (August 2001), Suffolk County (July 2001), Rochester (January 2001), Buffalo (August 1999), NYC (September 1996).
- Campaigns are active in: Ithaca; Elmira; Utica; Rockland County; Syracuse; New York City; Westchester County; Albany and Troy.



## Major living wage campaign victories:

- No two living wage campaigns are the same.
- Activists have to adapt their strategy to the distinct conditions found in their community.
- Opposition to living wage campaigns has become more organized in the last few years....Employment Policy Institute, Business Council, Public Policy Institute



# Baltimore

- In December 1994 the Baltimore City Council passed a bill requiring companies that have service contracts with the city of Baltimore to pay workers \$6.10/hr. The bill included steps to increase the wage over a four-year period. It has since been further increased to \$ 8.20/hr.



# Milwaukee

- Began with the city council --- 86 precinct leaders and several hundred volunteers
- 1995 won a living wage for city contracts set to the federal poverty line for a family of three (\$6.05 per hour at that time)
- 1996 Minimum of \$7.70 an hour for all workers employed by the public schools or contractors with the schools
- 1997 - \$6.25 an hour for janitorial, security and parking lot attendants, indexed to increases in county wages
- Part of a broader effort, Sustainable Milwaukee





# Boston

- Campaign began on Labor Day 1996:
- Councilor by councilor strategy to secure the votes of twelve or thirteen councilors
- Fought for the “concept,” did not introduce the actual law until the end of their efforts --- Chamber of Commerce did not have time to mount serious opposition
- Poverty level for a family of four working 40 hours/50 weeks --- \$+\$9.00 per hour



# Chicago

- Began in summer of 1995
- Ordinance covering both city contracts and financial assistance
- 26 of 50 alderman co-sponsored with promised support of 10 more
- May 1996 legislation introduced but opposed by Mayor Daley
- Actions against him (1996 Democratic Party National Convention “tours of shame” for convention delegates to visit low-wage paying recipients of local corporate welfare)
- Protracted negotiations with Daley delayed a public vote until Summer of 1997
- June 30, 1997 --- 31 alderman voted against with 17 in favor
- Summer 1999: Intense political mobilization against anti-ordinance alderman No raises for city officials unless low wage workers got their living wage
- July 1999 --- ordinance passed by unanimous vote --- **\$7.60** per hour
- September 1999 -- Cook County passed a living wage ordinance
- The state AFL-CIO has introduced a state living wage ordinance in the Illinois legislature



## St. Paul

- November 1995 ballot initiative defeated by a well-financed anti-Living Wage PR effort. Still won 41% of vote.
- Revamped and broadened coalition for the legislative campaign. Task force approved living wage recommendations that covered financial assistance and included local hiring requirements
- Late 1996 --- ordinance approved - 110% of federal poverty level for a family of four
- Early 1997 Minneapolis passed similar ordinance
- November 1998, Detroit voters became the first in the nation to pass a Living Wage via the ballot box by an incredible 81% of the vote.



# Los Angeles

- Spark behind the movement was a battle to defend the jobs of 1,000 unionized workers at LAX --- 300 lost when city brought in non-union contractors, such as McDonalds
- Won worker retention legislation in fall of 1995
- 18 month battle for living wage ordinance --- broad alliance of labor and community groups
- Mayoral opposition --- needed a super majority to override a veto
- March 1997 --- unanimous vote of LA City Council. A month later overrode Mayor Richard Riordan's veto



# Burlington, Vermont

- In November 2001, the Burlington City Council passed an ordinance providing a living wage for direct city employees and employees working on city service contracts or for businesses that have received grants from the city of at least \$15,000. The living wage is at least \$9.90 an hour with health benefits, or \$11.68 without. The annual living wage rate adjustment will be guided by a state-issued "basic needs budget" determination for a single earner (a concept and formula introduced by the Vermont Livable Wage Campaign). The ordinance also requires companies to provide at least 12 compensated days off per year for employees who fall under the law.



# Living wage campaigns in New York State

- New York City
- Buffalo
- Rochester
- Oyster Bay
- Hempstead, Long Island
- Suffolk County
- Rockland County
- Syracuse



## 1999: Buffalo, NY

- In August 1999, the Buffalo City Council approved an ordinance requiring city service contractors and subcontractors working on contracts greater than \$50,000 to pay workers (including workfare workers) to pay a living wage. Required wages are to be phased in over three years starting at \$6.22/hour in 2000, \$7.15 in 2001, increasing to \$8.08 in 2002 for employers providing health benefits. Employers not providing health benefits must pay \$1.00 more per hour each year.
- Although the ordinance passed in 1999, low-wage workers have seen no change. Finally, on April 23, 2002, a judge ordered the city to provide information about affected employers as a result of a suit filed in July by the Labor-Religion Coalition affiliate, Coalition for Economic Justice/ Jobs with Justice.



## 2001 Campaigns

- **Hempstead, Long Island** In October, the Board of Trustees of the Village of Hempstead passed a living wage law that requires recipients of city service contracts and economic development assistance to pay employees on city projects at least \$9.00 an hour if health benefits are provided or \$10.25 if not. Repealed 12/01.
- **Rockland County** \$8.15 per hour. Passed the county legislature but vetoed by the County Commissioner and two votes short of the number necessary to override the veto.
- **Oyster Bay** In August, the Town Board passed a living wage law requiring service contractors and subcontractors performing at least \$50,000 worth of janitorial or security services for the town to pay at least \$9.00 and hour, or \$10.25 an hour if health benefits are not provided.





# Suffolk County

- In July 2001, the Suffolk County Legislature adopted a law establishing a living wage for the county which went into effect July 2002:
  - Covers employees of recipients of county assistance in the form of loans, grants or tax abatements valued at \$50,000 or more, and service contractors at more than \$10,000 must pay a living wage of \$9.00 an hour (\$10.25 without health benefits)
  - Youth employment programs and small businesses with fewer than 10 employees are not covered.
  - Non-profits can be exempted for up to a year after passage of the law, if the ratio of pay from the highest paid employee to the lowest does not exceed 6:1, or the non-profit can demonstrate that its budget will increase more than 10% as a result of the living wage requirement.
  - Implementation task force that has worked out a plan recommending allocation of \$3.5 million to help employers pay living wages for the final six months of 2002.



# Rochester

- In January 2001, the Rochester City Council passed an ordinance which requires all employers who enter into city service contracts worth at least \$50,000 to pay employees on those contracts a living wage of at least \$8.52 an hour, \$9.52 if health benefits are not provided, indexed annually to inflation. The ordinance further provides that such living wage requirement be extended to all recipients of economic development assistance from the city at such time as the County enacts a similar requirement. Covered employers are required to report annually on job titles and wage rates of covered employees.



## 2002: New York City

- September 1996 City Council ordinance requires that employees of city contractors for security, temporary, cleaning and food services be paid the applicable prevailing wage for the industry to be determined by the City Comptroller --- never enforced
- New bill introduced on March 13, 2002: For most workers \$8.10 per hour with health benefits, \$9.60 per hour without in 2003. Increases each year until it reaches \$10.00 per hour in 2006 and then indexed for inflation. Prevailing wage standard for those covered under the 1996 ordinance
- Covers homecare agencies operating under contract with the city, providers of services for children, businesses benefiting from large subsidies (+\$500,00), landlords with large city leases, large business improvement districts (security guards)/



# Syracuse

- Living wage campaign led by the Central New York Labor Religion Coalition kicked off in Summer 2001 --- legislation introduced in Fall 2001 - \$8.96 with health, \$10.58 without health insurance
- Campaign focused on getting pledges from candidates and elected officials to support the ordinance --- Mayor opposed
- Major opposition from the Business Council --- released study based on Public Policy Institute econometric estimates to claim that jobs would be lost
- Defeated in a 6-3 vote on May 20, 2002. Mayor appointed a special commission to study the impact of a living wage on city finances, local businesses and affected workers.



# What do the opponents say about the living wage?

- It will cost jobs
- It will not really benefit poor families, most people working at the minimum wage are teenagers, housewives, etc.
- Poor people will not get to keep the extra income because they will lose benefits --- better to use the EITC
- Employers will hire more skilled workers and low skilled workers will lose out
- It will bankrupt local communities



# What does the evidence show?

## ■ Job loss?

- Study done by the economists at the University of California, Berkeley of the San Francisco ordinance found **NO EVIDENCE OF JOB LOSS OR WORKER DISPLACEMENT.**
- EPI financed study used by the Business Council based on **BAD econometrics, excessive statistical manipulation of the data. Overall study found NO STATISTICAL RELATIONSHIP** between living wage ordinances and jobs.
- No evidence of jobs pouring across the state lines as our neighboring states have increased their minimum wages
  - Massachusetts (\$6.75)
  - Vermont (\$6.25)
  - Connecticut (\$6.70)



## ■ Who benefits?

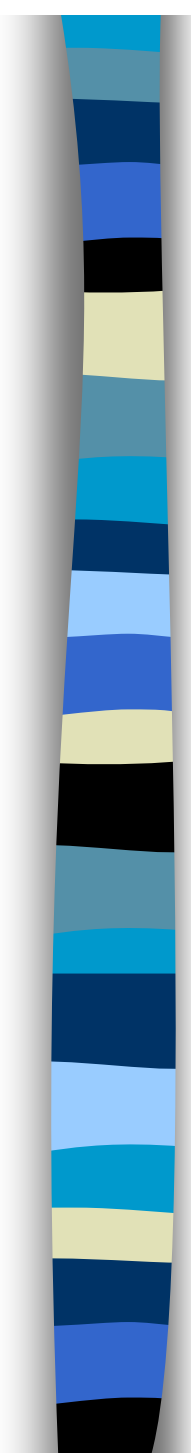
- Myths about upper class housewives and teens working part time at the minimum wage just not true --- most who would benefit are adults working full time and trying to support a family. More than 700,000 workers in New York State earn less than \$6.75 per hour.
  - 50% of these work FULL TIME
  - More than 70% are ADULTS
- Another 500,000 New Yorkers earn less than \$7.75 --- 63% of these work full time and 90+% are adults



- Wouldn't the EITC be a better mechanism?

- Critics are correct that they will lose some benefits but what would most people prefer, dependence on government benefits or earned income? Those who are constantly trying to cut programs for poor people are not arguing that programs are better than income!
- Evidence shows clear benefit for all families -- e.g. study done in New York City shows that all workers will benefit, even after looking at benefit losses
- The question is not Living Wage vs EITC --- low income families need both and then some to make ends meet



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- Will employers replace low skilled workers with more skilled applicants?
    - University of California study found no displacement
    - Even the EPI study found that any disemployment effects on low income workers were more than compensated for with increased hourly wages --- therefore increasing INCOMES and decreasing POVERTY
    - Our economy has had no problem over the past ten years creating low skilled, low paying jobs --- the living wage will create better jobs which can help build career ladders for low income families entering the labor force
    - Living wage ordinances are welcomed by HIGH ROAD employers --- level the playing field for them in competing against the LOW ROAD firms.



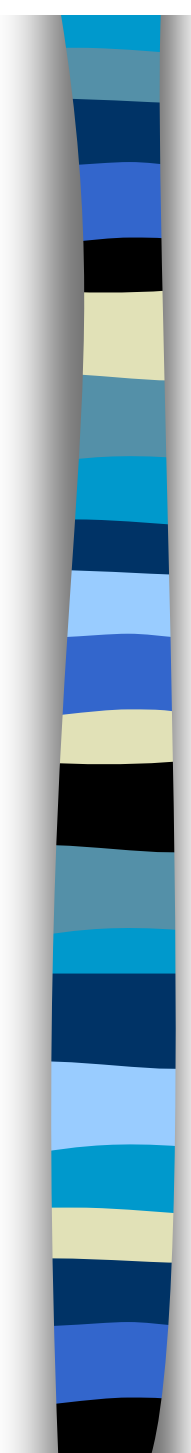
## ■ Can we afford this?

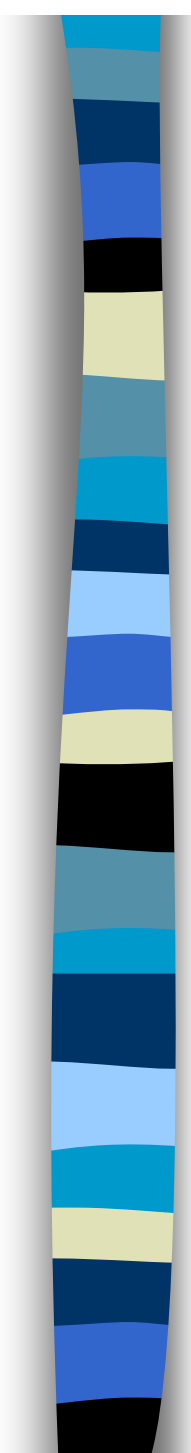
- Studies of the Baltimore ordinance have found that the cost increase to the city after the living wage ordinance went into effect was less than the rate of inflation;
- NYC Comptroller testified in April 2002 that the cost of the city in the first year would be about \$7.9 million --- out of a \$42 billion budget.
  - State and federal government will pay for 90% of the wage increase for homecare workers;
- Interviews and case studies with affected employers suggests some absorption of labor cost increases through efficiency gains, particularly lower turnover;

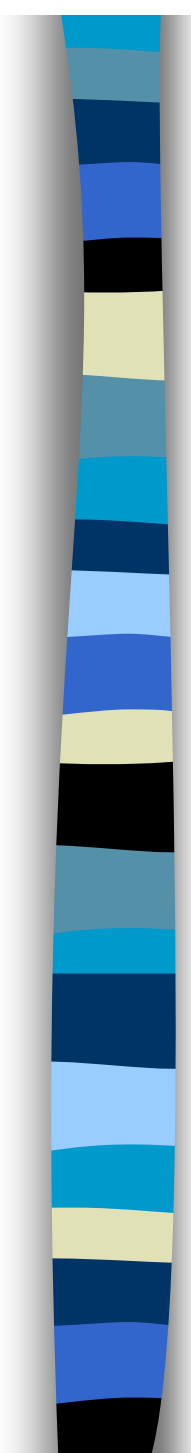


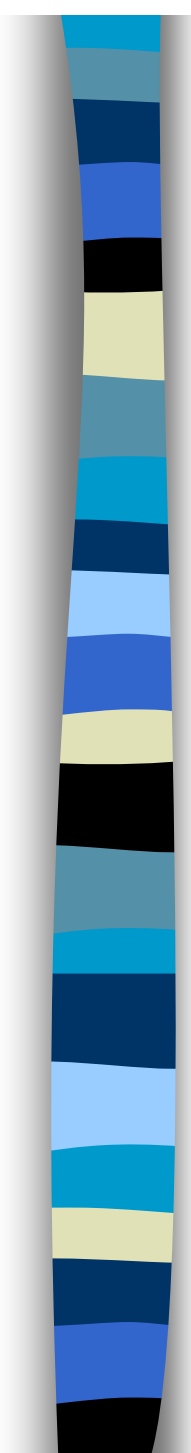
## APPENDIX --- Descriptions of Living Wage Ordinances -- from ACORN living wage web site

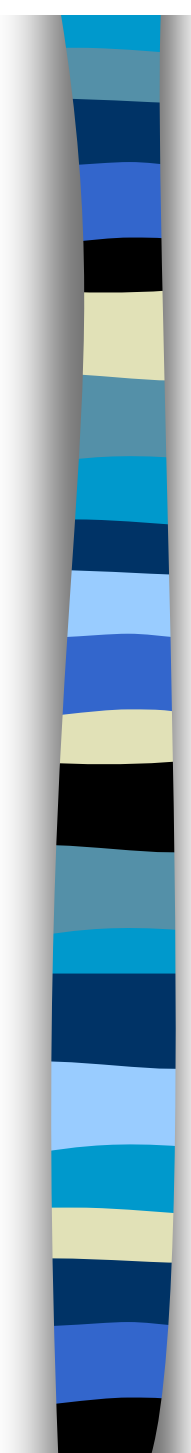
- Milwaukee, WI (1995,1996,1997) -- November 1995 City Council ordinance requires certain city service contractors to pay employees at least \$6.05/hr, adjusted annually to the poverty level for a family of three (currently \$6.67). Jan. 1996 school board measure requires all Milwaukee Public School system employees and employees of MPS contractors to be paid \$7.70/hr. County Board of Supervisors voted in May 1997 to require county contractors to pay at least \$6.25/hr. in the areas of janitorial, security, and parking lot attendant, indexed to increased wages of county employees (Progressive Milwaukee/New Party, Campaign for a Sustainable Milwaukee).

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- Boston, MA (1997, amended 1998) -- In September of 1998, the Boston City Council approved an amended version of an earlier, more comprehensive living wage ordinance. In its current form, the ordinance requires companies getting city service contracts worth at least \$100,000 (or subcontracts of at least \$25,000) to pay their employees a wage equal to the poverty level for a family of four (calculating 40 hrs/50 wk. a yr.), currently \$9.14 an hour, indexed annually on July 1 to whichever is higher of the adjusted poverty guidelines or 110% of the state minimum wage. The measure also includes community hiring provisions for both contractors and recipients of subsidies or other financial assistance, requires covered companies to report on jobs created and wages paid, and creates a Living Wage Advisory Committee to oversee the implementation of the ordinance (ACORN, Greater Boston Labor Council and the Massachusetts AFL-CIO led the 40-member Boston Jobs and Living Wage Coalition).
  - Cook County, IL (1998) -- In September, the Cook County Board of Commissioners passed an ordinance that requires County contractors of any size to pay employees working under such contracts at least \$7.60 an hour (Commissioners Stroger, Maldonado, and Daley; Chicago Jobs and Living Wage Coalition led by ACORN, SEIU Local 880).

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- Chicago, IL (1998) -- In July, the Chicago City Council voted 49-0 to require for-profit city contractors and subcontractors to pay their workers at least \$7.60 an hour in the following categories: home and health care workers, security guards, parking attendants, day laborers, cashiers, elevator operators, custodial workers and clerical workers (Chicago Jobs and Living Wage Coalition led by ACORN, SEIU Local 880, New Party, Chicago Coalition for the Homeless).
  - St. Paul, MN (1997) -- In January 1997, city council unanimously passed a directive requiring recipients of \$100,000 or more of city economic development assistance in one year to pay employees a living wage, defined as 110% of the federal poverty level for a family of four, currently about \$8.83 an hour (100% of poverty line required for companies who provide health insurance; currently \$8.03). At least 60% of new jobs created as a result of such assistance must go to St. Paul residents (As above, based on recommendations of the Living Wage Task Force, including ACORN, New Party, and labor unions).

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- Minneapolis, MN (1997) -- In March, 1997 city council unanimously passed a living wage policy requiring businesses benefiting from \$100,000 or more in city assistance in one year to pay employees a living wage. The wage will be defined and indexed as 110% of the federal poverty level for a family of four, currently \$8.83. Recipients of such assistance must also set a goal that 60% of new jobs created will be held by City residents. Additional provisions prohibit privatization of services currently performed by city employees that would result in lower wages, and preferences for assistance to union-friendly businesses (defined as neutrality on union organizing, providing complete list of names and addresses of employees, access to facilities during non-work hours, card-check recognition, etc.) (Based on recommendations of the Joint Twin Cities Living Wage Task Force -- including ACORN, New Party, and labor unions -- convened to respond to issues raised by a 1995 living wage initiative effort spearheaded by ACORN, New Party and labor).

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- Los Angeles County (1999) -- In June, the Los Angeles County Board of Supervisors became the largest governmental entity in the nation to adopt a living wage law. The ordinance requires that a living wage of \$8.32 an hour with health insurance, or \$9.46 without, be provided to full time employees of firms contracting with the County (and their subcontractors) for over \$25,000 worth of services. The ordinance provides for the retention of employees on contracts that the County terminates before they expire. In addition, the ordinance prohibits the use of part time employees on county contracts without justifiable cause and prohibits the use of County funds to inhibit employee organization. The ordinance provides that its provisions may be expressly superseded by a collective bargaining agreement (Los Angeles County Federation of Labor).

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- Los Angeles, CA (1997) -- On March 18, 1997, City Council overwhelmingly approved a living wage ordinance requiring recipients of public service contracts worth \$25,000 or more as well as any business benefiting from a subsidy of at least \$1,000,000 in one year or \$100,000 on a continuing annual basis to pay their employees a living wage. The wage -- indexed yearly to the rise in cost of living-- was initially set at \$8.50 an hour, or \$7.25 an hour if the employer was contributing at least \$1.25 toward health benefits. The wage is to be adjusted annually to correspond with adjustments to retirement benefits paid to members of the City Employees Retirement System, bringing the current wage requirements up to \$9.24 an hour without health benefits, or else \$7.99 an hour. Affected workers are entitled to 12 paid days off a year. The ordinance also allows that a collective bargaining agreement may supersede the requirements of the living wage ordinance (Los Angeles Living Wage Coalition).





## City and County Campaigns

- Little Rock AR
- Pine Bluff, AR AR
- Sacramento CA
- Santa Barbara CA
- Santa Monica CA
- Sonoma Co/SantaRosa CA
- San Diego CA
- San Mateo CA
- Monterrey Co. CA
- Ventura County CA
- San Anselmo CA
- Fairfax CA
- Bridgeport CT
- Grand Junction CO
- Boulder CO
- Miami FL
- South Miami FL
- Coral Gables FL
- Gainesville FL
- Tampa FL
- Broward County FL
- Orlando FL
- Jacksonville FL
- Atlanta GA
- Davenport IA
- Iowa City IA
- Champagne-Urbana IL
- South Bend IN Indianapolis IN
- Lafayette IN
- Manhattan KS
- Wichita KS
- Lawrence KS
- Lexington KY
- Louisville KY
- Baton Rouge LA
- Bangor ME
- Monroe MI
- Lansing MI
- Ingham County MI
- Kalamazoo MI
- Madison Heights MI
- Grand Rapids MI
- Allen Park MI



## City and County Campaigns, continued

- Hazel Park MI
- St. Louis County MN
- Oxford MS
- Charlotte NC Wilmington NC
- Asheville NC
- Ithaca NY
- Elmira NY
- Utica NY
- Rockland County NY
- Syracuse NY
- New York City NY
- Westchester County NY
- Albany NY
- Troy NY
- Portsmouth NH
- Camden County NJ
- Albuquerque NM
- Santa Fe NM
- Binghamton NY
- Reno NV
- Kent OH
- Columbus OH
- Salem OR
- Eugene OR
- Medford OR
- Allegheny County PA
- Providence RI
- Memphis TN
- Knoxville TN
- Nashville TN
- Austin TX
- Laredo TX
- Charlottesville VA
- Richmond VA



## Campus Campaigns (sample - there are nearly a hundred)

- Princeton University
- University of Virginia
- University of Connecticut
- Harvard University
- Johns Hopkins University
- Brown University
- Stanford University
- University of California - San Diego
- Cornell University
- Bucknell University
- University of Pittsburgh
- University of Tennessee
- Fairfield University, CT
- Earlham College, IN
- American University/Washington College of Law (Washington, D.C.)
- Agnes Scott College, GA
- Valdosta State University, GA
- Swarthmore College, PA
- University of Illinois Urbana-Champaign
- College of William and Mary
- University Pittsburgh (county-wide ordinance that would impact campus workers)
- Duke University
- Northwestern University
- University of Illinois - Chicago
- University of Northern Illinois
- University of Minnesota
- Kent State, Ohio
- Rhodes College



## Web sites with more information:

### ■ Pro-Living Wage

- Fiscal Policy Institute
  - [www.fiscalpolicy.org](http://www.fiscalpolicy.org)
- Economic Policy Institute
  - [www.epinet.org](http://www.epinet.org)
- ACORN
  - [www.acorn.org](http://www.acorn.org)

### ■ Anti-Living Wage

- Employment Policies Institute
  - [www.epionline.org](http://www.epionline.org)