FISCAL POLICY INSTITUTE

RAISING THE FLOOR:

How Wage Standards Protect Workers, Build Communities and Strengthen our City

December 2014

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Fiscal Policy Institute

PREFACE AND ACKNOWLEDGMENTS

While not the whole story, wages have a lot to do with the current state of income polarization in New York City. For most working families, wages account for almost all of their income. Wage standards are critical in ensuring that workers are adequately paid, and prevailing wage standards are a key means to ensure that labor provides a path into the middle class. FPI reports have long documented the growth in income inequality in New York City, and the effects of low-wages on limiting opportunities for upward mobility and for achieving economic security.

Raising the Floor focuses on the importance of prevailing wage standards for building service workers as a practical means for New York City to promote greater economic opportunities and influence outcomes in the job market. The city's building service workers are overwhelmingly persons of color and well over half are immigrants. The report documents the vital role that prevailing wage standards for building service workers plays in contributing to the economic well-being of the city's lower-income neighborhoods where most building service workers reside.

This report would not have been possible without the support of Local 32BJ of the Service Employees International Union. The principal author of this report is James Parrott, deputy director and chief economist of the Fiscal Policy Institute. Research assistance was primarily provided by senior economist Brent Kramer. Research assistant Chioma Osueke and research associate Michele Mattingly assisted with data analysis. Senior Fellow David Dyssegaard Kallick, Brent Kramer and Michele Mattingly helped edit the report. FPI's director of administration and development, Bryan LaVigne, helped disseminate the report. Julia Nourok of StarGraphics Studio designed this report.

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New York City
December 2014

EXECUTIVE SUMMARY

Despite considerable growth in the New York City economy over the past two decades, very little of that growth has trickled down to the average worker and his or her family. It is no exaggeration when Mayor Bill de Blasio says the future of the middle class, and the American Dream, is in danger: "Without a dramatic change of direction — an economic policy that combats inequality and rebuilds our middle class — New York will become little more than a playground for the rich, where millions upon millions of New Yorkers struggle each and every day to keep their heads above water."

Many indicators illustrate this rich-and-the-rest-of-us dichotomy, among them:

- The New York City economy is growing, but most city residents are not sharing in the gains. The city's real per capita GDP (that is, economic output per resident) grew nearly 60 percent from 1990 to 2012, yet inflation-adjusted median family income declined 15 percent, and median hourly wages dropped 10 percent;
- Fully 95 percent of all income gains in the city over the past two decades went to the richest 10 percent of households, while almost half of city residents were left poor (i.e., living in poverty) or near-poor;
- An increasing share of jobs leave a family in or near poverty. Among city residents in working families with children, 42 percent were at or below 200 percent of the federal poverty line in 2011, up considerably from 33 percent in 1990;
- While New York City's job growth has surpassed the nation's since the 2008 recession began, the great majority of the city's job gains have been concentrated in low-wage jobs, with many paying less than $30,000 a year, representing an hourly rate of less than $15;
- In 1990, 32 percent of all employed New York City residents were paid less than $15 an hour (in 2013 dollars), but by 2013, that share had risen to 37 percent; and
- 4-year college degree attainment among employed city residents over age 24 rose from 32 percent in 1990 to 41 percent in 2010, yet the average starting pay for a young college graduate dropped by 8 percent over the past decade.

In addition to overall economic inequalities, stark economic disparities exist along racial and ethnic lines. The poverty rate is high at 14 percent for non-Hispanic whites, but it is starkly higher for blacks (23 percent), Latinos of any race (26 percent), and Asians (29 percent). Of all working poor families in the city, 87 percent are headed by a person of color, and working families headed by a person of color are more than twice as likely to be poor as a working family headed by a white, non-Hispanic person. New York City is also highly segregated geographically by both income and race with roughly a dozen neighborhoods—predominantly comprised of black and Latino populations, mostly in the Bronx and Brooklyn—characterized by high poverty, poor public health indicators, high rates of young people out-of-school and out-of-work, and often by under-performing public schools.

This report focuses on the importance of establishing and maintaining prevailing wage standards for building service workers as a practical way in which New York City government can promote greater economic opportunities and influence outcomes in the job market. Building service workers include janitors, porters, and building security workers, a workforce that in New York City is made up largely of persons of color and recent immigrants. Local 32BJ of the Service Employees International Union (SEIU) represents roughly 70,000 building service and security workers in the city.

In setting the context, the report cites the legal foundation for prevailing wage standards in New York State in Article 1 of the state constitution, and discusses the 1971 state law that implemented the constitution's mandate by enacting a prevailing wage law to cover building service workers. Under former Mayor Michael Bloomberg, New York City initially extended prevailing wage standards for building services to several city-supported development projects, but Mayor Bloomberg subsequently resisted City Council legislation to apply prevailing wage standards to all such projects.

The erosion of wage standards and the proliferation of employer practices to keep wages low have resulted in a growing number of workers receiving such low wages that they have no choice but to apply for Medicaid and food stamps – a hidden cost to government of substandard contracts.

Various policy choices pertaining to how the labor market is regulated have contributed to the erosion of the middle class over the past three decades. Among these are the decline in the purchasing power of the minimum wage and the rise in contracting out in the government sector. Contracting out has contributed to a race to the bottom in the provision of labor-intensive services such as building cleaning or security guard services. The erosion of wage standards and the proliferation of employer practices to keep wages low have resulted in a growing number of workers receiving such low wages that they have no choice but to apply for Medicaid and food stamps—a hidden cost to taxpayers of substandard contracts.

In recent years, the city has cut spending for school custodial budgets, undercutting efforts to provide a suitable physical environment for education and entailing a parallel decline in real wages for the 6,000 workers responsible for operating and cleaning public schools. The level of support for school maintenance is now out of line with other large cities, and should be substantially improved.

Prevailing wage standards are consistent with profitable business operation and, together with other wage standards, are integral to sustainable economic development. This report cites a well-developed body of economics research showing the benefits of wage standards. Studies have found, for example, that when the minimum wage is increased, most employers are able to accommodate higher wages through savings from reduced employee turnover (including reduced recruitment and training costs), improved customer service and greater worker productivity. A growing body of management literature finds that businesses that pay higher wages than their competitors often pursue other practices that result in better performance by workers and better bottom-line results for businesses.

Flexing its service contract buying power and leveraging city actions and subsidies to aid real estate developments, the city is in a strategic position to set standards for the wages of tens of thousands of low-wage workers and, in turn, to help shape compensation and employment practices in the broader low-wage labor market in New York City.

In 2012, City Council legislation extended the building service prevailing wage requirement to city-subsidized developments. While Mayor Bill de Blasio's administration has taken steps to drop a state court legal challenge lodged by former Mayor Bloomberg, it will be very important to prioritize monitoring and enforcement

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of obligations under this law. As a matter of administrative practice, the city can and should include prevailing wage and benefits requirements in Requests for Proposals, financial agreements and other documents relating to subsidies and dispositions of public land.

Except for their earnings, the demographic profile of unionized building service workers is representative of the broader set of service contract and low-wage workers in New York City. The overwhelming majority, 84 percent, are persons of color and 56 percent are immigrants. Nearly two-thirds live in low-income neighborhoods, and another 30 percent reside in middle-income neighborhoods. However, the typical 32BJ member who is a security guard or building cleaner, earns more than their neighbors, and their earnings contribute to family incomes that put these workers in the moderate- or middle-income range. With annual wage earnings of about $48,000, the typical 32BJ member's earnings were 36 percent greater than the average earnings for workers across all industries and occupations in 13 low-income neighborhoods, 11 percent greater than the average earnings in the 18 moderate-income neighborhoods, and slightly above the average earnings for the 13 middle-income neighborhoods. Overall for low-, moderate-, and middle-income neighborhoods, the typical 32BJ member earned 13 percent more than the average for all workers in these neighborhoods. The families of 32BJ members largely spend their incomes either on housing or on food and other necessities in their local neighborhoods, supporting local businesses and jobs.

Minimum wages, prevailing wages and living wages are central to New York City's economic well-being and growth and essential for its role as a city of opportunity. Elevating wage standards is key to raising the living standards, reducing poverty, and improving opportunities for upward mobility. Raising wage standards will ensure that more New Yorkers will be able to share in the prosperity that our robust and diverse economy generates. Further, it is an important concrete step toward addressing the deep economic and racial divides across New York City's neighborhoods. Higher wages improve the city's tax base, and, as more families are lifted out of poverty, will reduce expenditures needed to care for the poor. There will also be important benefits for parenting and child development, as well as community involvement and civic engagement as families are more financially secure. No single policy will fix the city's polarized economy, but establishing wage standards should be one of the most obvious first steps for an administration that takes the city's history of economic polarization seriously.

INTRODUCTION

Despite considerable growth in the New York City economy over the past two decades, very little of that growth has trickled down to the average worker and his or her family. In the recent mayoral campaign, Bill de Blasio persuasively argued this point:

> "[New York City is] becoming a Tale of Two Cities—one that's working quite well for our city's elite, but one that's forgotten millions of everyday New Yorkers—those who struggle to find good jobs and quality schools; those denied fair and equal treatment under the law; those who can't find affordable housing and needed health care; those who don't have access to early childhood and after-school programs that set our children on the right course, and keep them there." [1]

Wages for the typical worker have fallen, tens of thousands of middle income paying jobs have disappeared, and more than four in ten working families are poor or near-poor. Opportunities for upward mobility for the children of families of modest means are steadily shrinking, reversing the promise of the American Dream.

New York City is highly segregated by income level, with roughly a dozen neighborhoods, mostly in the Bronx and Brooklyn, characterized by high poverty, poor public health indicators, high rates of young people out-of-school and out-of-work, and, often, under-performing public schools. There is also a sharp racial divide in poverty status, with a 14 percent poverty rate for non-Hispanic whites, but 23 percent for blacks, 26 percent for Hispanics of any race, and 29 percent for Asians.[2]

Poverty and, to a significant extent, income polarization in New York City and the United States are rooted in the job market. In a new report from the Stanford Center on Poverty & Inequality looking at the persistence of poverty in the U.S. researchers found that the main culprit is that our "economy is failing to deliver the jobs, a failure that then generates much poverty, that exposes the safety net to demands well beyond its capacity to meet them, that produces too many children poorly prepared for school, and that places equally harsh demands on our healthcare, penal and retirement systems."[3]

There is nothing inevitable about the widely disparate economic outcomes that we are seeing. Polarization cannot be remedied simply by increasing educational attainment, and it cannot be dismissed as simply a "natural" product of globalization or technological change.[4] Policy choices affect our labor market institutions, practices and standards. In our mixed economy, it is ultimately up to government to regulate, shape or compensate for private market practices that have adverse effects on workers and communities.

While New York City has little control over national and global economic forces, it is important to keep in mind that the sheer size of the city's economy and workforce allows it considerable latitude, given the right mix of policies. There are four million jobs in New York City, and the city's economy is larger than that of 45 states.

City government can promote greater economic opportunities and influence outcomes in the job market in several ways. Raising and enforcing labor standards is fundamental in this regard. Wage standards such as a minimum wage, living wage and prevailing wage are critical in shaping the operation and outcomes of the job market, particularly in a period when labor union density has steadily declined.

The importance of prevailing wage standards

This report focuses on the importance of establishing and maintaining prevailing wage standards for building service workers in New York City. Building service workers include janitors, porters, and building security workers, a workforce that in New York City is made up largely of persons of color and recent immigrants. Local 32BJ of the Service Employees International Union (SEIU) represents roughly 70,000 building service and security workers in the city.[5]

Building service and security workers who are not unionized or whose jobs are not covered by prevailing wage standards are likely to be members of the working poor. Those who are union members or covered by prevailing wage are either close to or part of the middle class in New York. Prevailing wage standards are critical for the livelihoods of these workers and the well-being of their communities. These standards are essential to rebuilding the middle class in New York City and restoring opportunities for the next generation.

While this report focuses on the building services sector, much of the data and analysis also more broadly applies to large numbers of relatively low-wage New York City workers with lower-than-average educational attainment and/or limited English language skills. Considering that over three-quarters of moderately paid workers in the city are persons of color, wage standards are critically important to New York's communities of color.

Early in his first term in office, Mayor de Blasio has focused on the importance of new investments in early child development, universal pre-kindergarten, and after-school for children as a way to enhance long-term opportunities for residents of disadvantaged neighborhoods. Attention should now be focused on using the City's considerable leverage associated with billions of dollars in government contracts and business tax breaks to set minimum standards for worker wages and benefits.

Raising the wage floor—especially if paired with greater employer-provided health insurance, retirement coverage, and employer commitment to invest in worker training and advancement—will yield strong and lasting dividends for New York City's economic growth. Wage gains, particularly among the lowest-paid, will help stabilize low-income communities around the city. When families have greater financial security and more discretionary spending money it also boosts neighborhood businesses, supports efforts to improve school performance, and reduces the need for anti-poverty programs, and helps parents raise healthy and thriving children.

Considering that over three-quarters of moderately paid workers in the city are persons of color, wage standards are critically important to New York's communities of color.

Greater employment opportunities at decent wages is the linchpin for sustained economic growth that will expand the city's tax base and lessen long-term budget expenditures to deal with the economic and social dysfunction that results from high unemployment and low wages.

1. The disappearing American Dream in New York City

New York City's economy has generated tremendous wealth over the past two decades but little has trickled down to the average worker and his or her family. The future of the middle class, and the American Dream, is in danger in this Tale of Two Cities. As candidate de Blasio stated:

> "A vibrant middle class made New York City a beacon of opportunity to so many generations. But today's reality is different. New York's middle class isn't just shrinking. It's in real danger of disappearing altogether. . . . Without a dramatic change of direction — an economic policy that combats inequality and rebuilds our middle class — New York will become little more than a playground for the rich, where millions upon millions of New Yorkers struggle each and every day to keep their heads above water."[6]

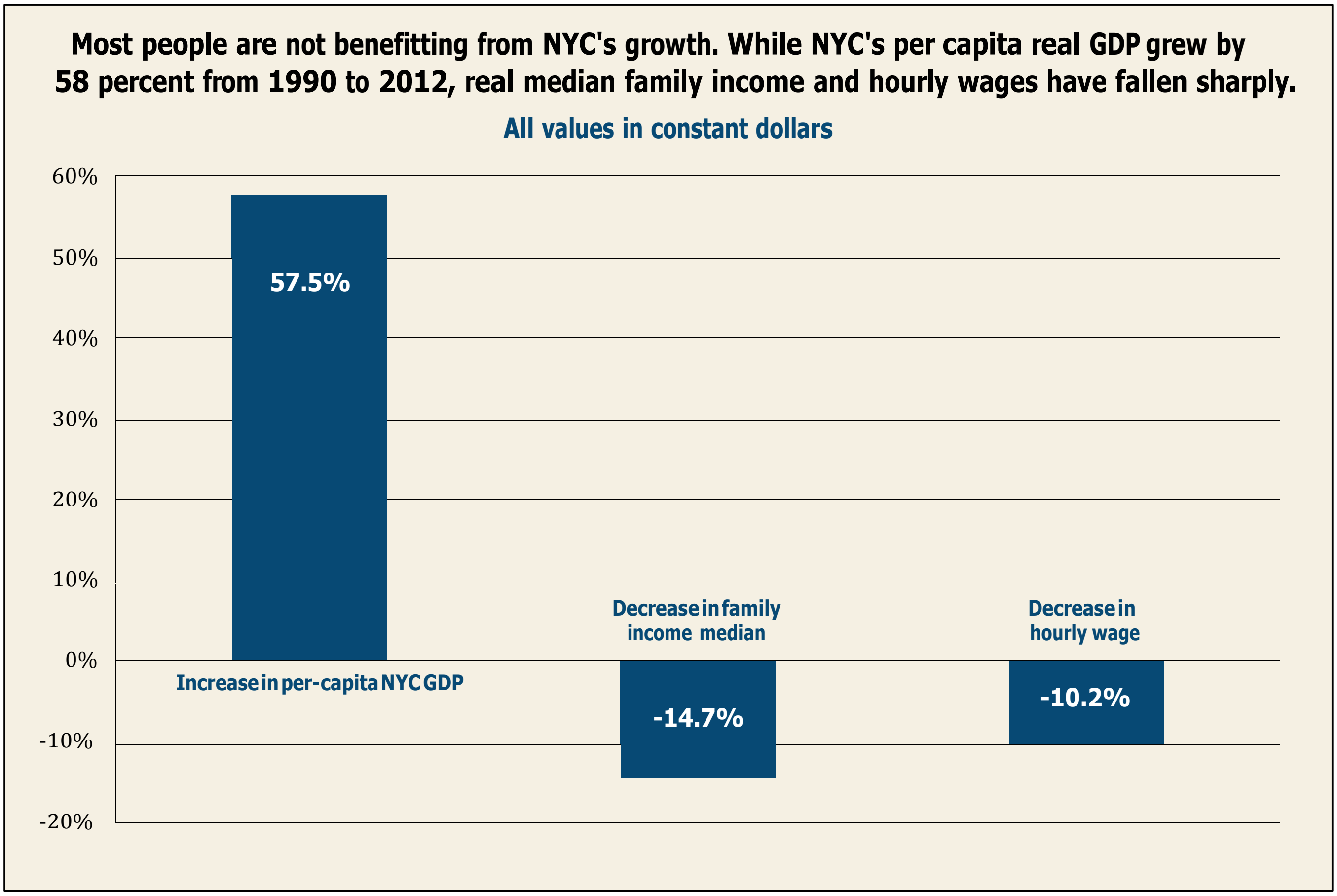
The New York City economy has grown substantially in recent decades, even after adjusting for both population growth and inflation. The city's Gross Domestic Product, the basic measure of all locally produced goods and services, grew by nearly 60 percent on a per capita basis between 1990 and 2010, adjusted for inflation. Yet the gains were so concentrated in the top of the income distribution that for the typical, or median, family, incomes stagnated—inflation-adjusted median family income declined by almost 15 percent. As with incomes, so too with wages: the median real hourly wage in New York City fell by ten percent. See Figure 1. And most wrenchingly, the share of families with children whose income was less than 200 percent of the federal poverty threshold rose from 35 percent to 40 percent over this two decade period.[7]

The bulk of the income produced in the city's economy has been flowing to the top of the income distribution, with the richest one percent of households receiving most of the income gains. Educational attainment has risen substantially over the past two decades in New York City—41 percent of all employed New York City residents over the age of 24 had a 4-year college degree or better in 2010, compared to 32 percent in 1990. Still, the average starting pay for a young New York City worker with a college degree dropped by eight percent between 2001 and 2010.[8] Low wages persist for far too many workers despite the fact that they are better educated: in 1990, 22 percent of those making less than $10 an hour had some college attendance; today the share is 38 percent.[9]

Opening the door to the middle class for her children

Tasha Horton, 44, lives in Red Hook, Brooklyn with her three children, ages 18 to 24. She is the sole provider for her children and her oldest child is disabled. Tasha has had various security jobs off and on since 1998 and has been paid as little as $6.25 an hour. In 2009 she got a union job as a guard in downtown Brooklyn, and now she earns $16 an hour plus benefits. Now, she can take care of her family. Tasha is able to provide her disabled son the care he needs. She was able to help her 20-year-old son remain in college when he lost his financial aid, and she will be able to help her daughter enroll at John Jay College in the fall.

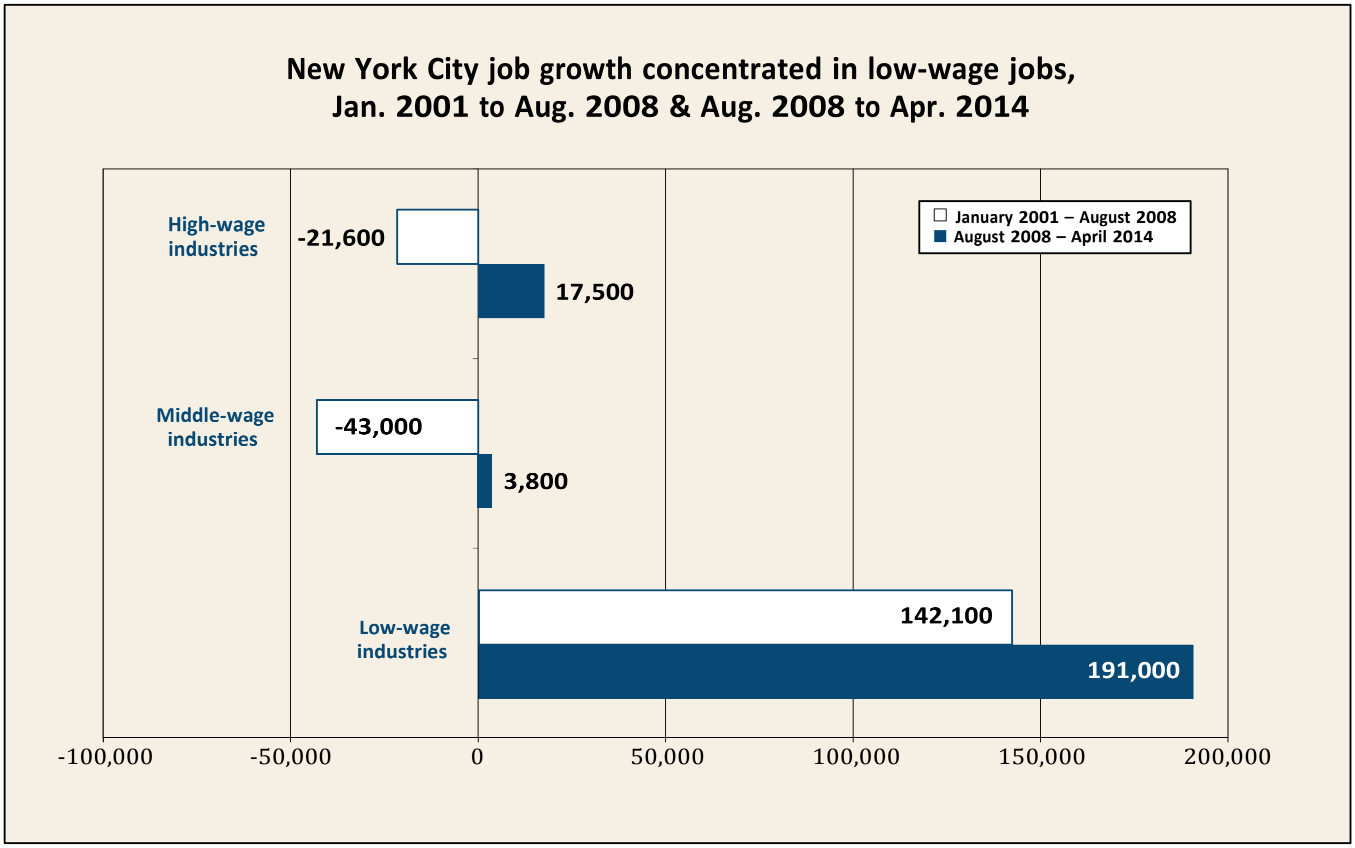
FIGURE 1



Fiscal Policy Institute analysis of data from NYC Office of Management and Budget, NYC Independent Budget Office, NYC City Planning Department; U.S. Census Bureau; Analysis of CPS microdata. Income and wages deflated using NY Metro CPI.

While New York City's overall economy has fared much better than that of most large cities in the nation since 2001, net job growth has been heavily concentrated in lower-paying industries. Between the business cycle peaks reached in January 2001 and in August 2008, New York City gained 142,000 low-wage jobs paying less than $45,000 a year on average, while it lost middle-wage jobs ($45,000 to $75,000 a year on average), and high-wage jobs (those paying over $75,000 a year). In the nearly six-year period since the onset of the recession locally in August 2008, New York City has seen slight gains in middle- and high-wage jobs but also the addition of 191,000 low-wage jobs. Much of New York City's net job growth from August 2008 to April 2014 has been in the very lowest-paying industries where average annual wages are less than $30,000.[10]

FIGURE 2



Fiscal Policy Institute analysis. Employment from Current Employment Survey; average wages (2012$) from Quarterly Census of Employment and Wages. Low-wage industries are those with average wages below $45,000; High-wage industries have average wages above $75,000; Middle-wage industries are between $45,000 and $75,000.

Despite the 58 percent increase in per capita real GDP in New York City over the past two decades, a greater percentage of workers are making low wages than were doing so in 1990. In that year, 32 percent of all employed New York City residents were paid less than $15 an hour (measured in 2013 dollars). By 2013, that share had increased to 37 percent.[11]

The share of low-wage workers paid less than $15 an hour is much higher for blacks and Latinos than for whites. Overall, nearly one million persons of color living in New York City are paid less than $15 an hour, representing 78 percent of all workers making less than that wage. Among non-Hispanic whites, 22 percent are paid less than $15 an hour, but for blacks the share is 48 percent and for Latinos, 51 percent. Among Asian New Yorkers, one-third are paid less than $15 an hour.[12] Because low-income city residents are concentrated in the Bronx and Brooklyn, the share of workers in those boroughs who earn low-wages is particularly high. Over half (52 percent) of workers residing in the Bronx are paid less than $15 an hour. For Brooklyn, the comparable figure is 41 percent—for Queens, 37 percent, 29 percent for Staten Island, and 28 percent for Manhattan.[13]

FIGURE 3

Workers paid under $15 an hour in 2013, New York City

Category	Estimated Wage-earning Workforce	Workers paid less than $15 an hour	% of those paid < $15 an hour	% in category paid < $15 an hour
Total	3,348,900	1,250,200	100%	37%
Bronx	444,300	229,700	18%	52%
Kings	945,100	384,300	31%	41%
Manhattan	796,600	219,800	18%	28%
Queens	957,300	357,700	29%	37%
Richmond	205,300	58,600	5%	29%
Age				
Less than 20 years of age	45,500	39,300	3%	86%
20 years and over	3,303,400	1,210,900	97%	37%
Race				
White non-Hispanic	1,217,200	273,300	22%	22%
Black	730,700	352,200	28%	48%
Hispanic	893,900	454,100	36%	51%
Asian	507,100	170,600	14%	34%
[All Persons of Color]	***2,131,700***	***976,900***	***78%***	***46%***

Source: EPI analysis of Current Population Survey, 2013; borough estimates by Fiscal Policy Institute. Wage-earning workforce excludes self-employed.

In the years ahead, unless there is a significant change in compensation practices, New York City can look forward to more of the same. Eight of the ten occupations projected by the New York State Department of Labor to gain the most jobs in New York City from 2010 to 2020 are low-wage, paying median annual wages of under $30,000, with two of those paying less than $20,000. These occupations include personal care and home health care aides, retail salespersons, security guards, general office clerks, childcare workers, and food preparation and serving workers.[14]

FIGURE 4

Top Ten Occupations Projected to Grow in New York City, 2010 to 2020

Occupation	Projected Net Change	Median Annual Wages
Personal Care Aides	39,040	$21,970
Home Health Aides	37,000	$19,020
Retail Salespersons	11,760	$23,100
Registered Nurses	9,400	$84,950
Security Guards	9,110	$28,350
Office Clerks, General	9,090	$29,850
Childcare Workers	8,750	$26,710
Receptionists and Information Clerks	8,350	$29,850
Combined Food Preparation and Serving Workers, Including Fast Food	8,180	$18,440
Accountants and Auditors	7,590	$83,330
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	7,590	$33,420

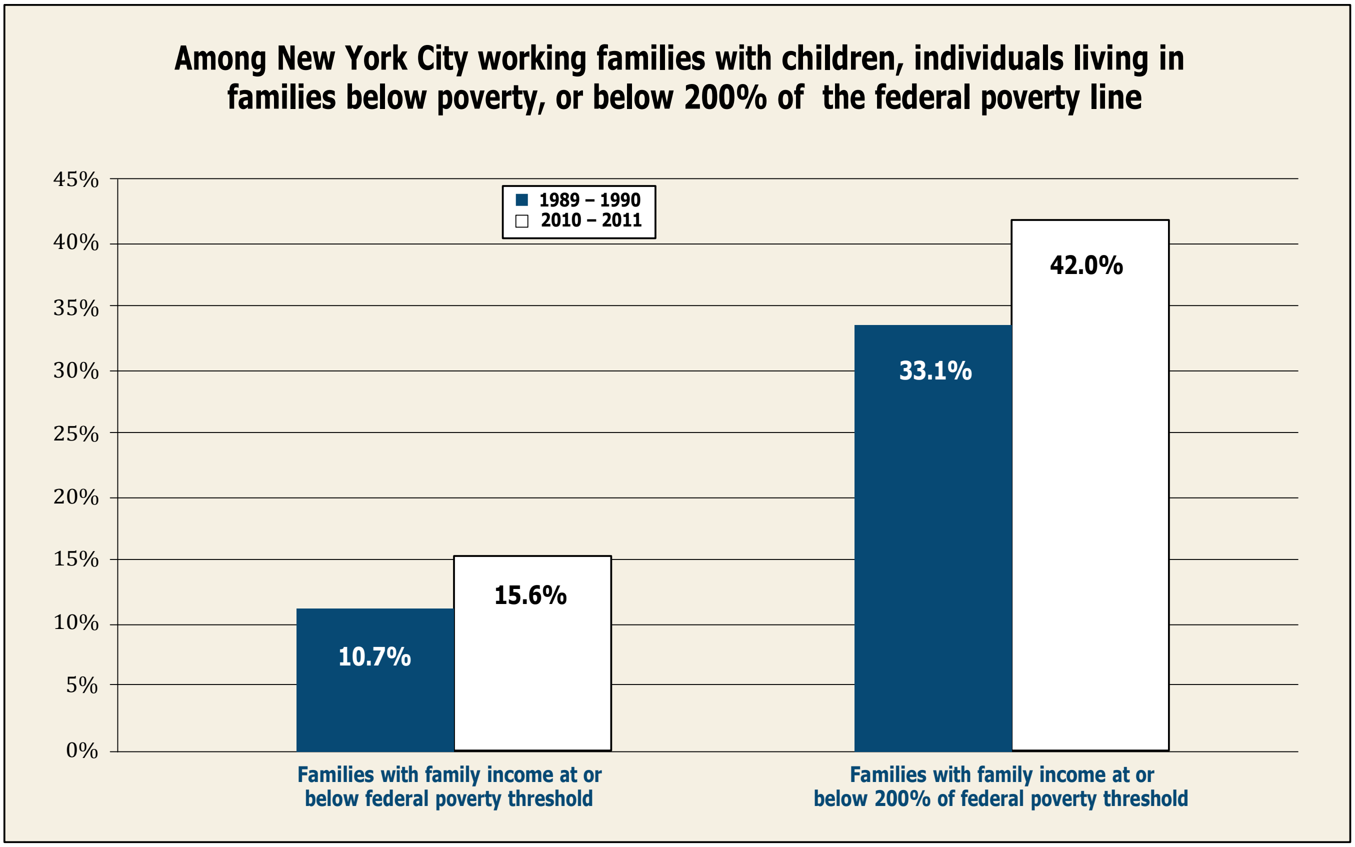
Source: New York State Department of Labor, Division of Research and Statistics, Occupational Employment Statistics Survey, accessed May 30, 2014 at: http://www.labor.ny.gov/stats/lsproj.shtm.

Despite the overall growth of the city's economy over the past two decades, there has been no sustained reduction in poverty, and many more of those living in poverty today are in families with at least one person working than was the case two decades ago.

In terms of the traditional Census-defined poverty threshold, an income below 200 percent of poverty is considered to reflect low-income status. Of the New York City residents in working families with children, 42 percent are at or below 200 percent of the federal poverty line in 2011, up from 33 percent in 1990. From 1990 to 2011, the number of New York City residents in working families with children increased by 412,000, but all of this increase occurred among families at or below 200 percent of the federal poverty line.

In New York City, of all working poor families, 87 percent are headed by a person of color, and working families headed by a person of color are more than twice as likely to be poor as a working family headed by a white, non-Hispanic person.[15]

FIGURE 5



Fiscal Policy Institute analysis of Current Population Survey, March Supplement microdata

It is widely considered that the federal poverty measure considerably understates the extent of poverty in New York City since it fails to consider the city's higher housing costs, as compared with most parts of the U.S. Using an alternative methodology based on the recommendations of a National Academy of Sciences expert panel, the Mayor's Center for Economic Opportunity (CEO) estimates that the New York City poverty threshold, accounting for what families spend on basic necessities including housing, was $31,035 in 2012.[16] This contrasts with the Census Bureau's traditional poverty threshold of $23,283, an amount that is uniform across the country despite wide variations in local housing and other costs. The CEO poverty measure also utilizes a broader definition of income that factors in Food Stamps and housing assistance and low-income tax credits. It also deducts non-discretionary spending such as childcare and commuting costs and out-of-pocket medical care.

Many observers, including the Mayor's office, consider families with incomes at or below 150 percent of the CEO-defined poverty line to be "low-income" in New York City. By this gauge, the Mayor's Office estimates that in 2012, 46 percent of New York City families were considered to have low-incomes, that is incomes below $46,558, one-and-a-half times the CEO-defined poverty threshold of $31,035.[17]

How much does it take for a family to live in New York City?

The poverty measure specified by the Mayor's Center for Economic Opportunity (CEO) provides a much more accurate sense of poverty living conditions than the federal poverty measure which is uniform across the country despite vast differences in regional living costs. However, the CEO poverty threshold does not address what a "living wage" level would be for New York City, the amount of incomes families would need to meet basic living costs without recourse to public subsidies like Food Stamps or Medicaid.

The Self-Sufficiency Standard (SSS) is an approach to gauging how much income a family needs to provide for a basic living standard. The SSS is based on the costs of six basic needs for working families—housing, child care, food, health care, transportation, and miscellaneous items—as well as the cost of taxes and the impact of tax credits. The SSS is calculated for different family types and sizes and for each borough, and it reflects how much is required for a basic, no-frills (e.g., no meals out, no vacations), no-savings, family budget without public or private assistance. According to this measure, a three-person family of one adult, a preschooler and a school-age child living in the Bronx needed an income of $60,934 in 2010 to meet basic needs. The same family, but with two adults, would need $66,268.[18] For one full-time, year-round worker to afford the bare bones budget in the Bronx for a three-person family that includes a preschooler and a school-age child requires an hourly wage of $28.85. For the same family, but with two adult workers, each adult would have to earn $15.69 an hour on a full-time, full-year basis to make ends meet. These are the amounts a worker needs to earn to afford a basic family budget, one that covers the essential items but that does not include money for a vacation or saving for college or retirement.

Taking care of simple things many people take for granted

Michael Greene works as a doorman at a residential building in downtown Brooklyn. The building received 421a city tax subsidies, which carry with them a requirement that building service workers be paid prevailing wage. Previously, he was making $13 an hour, without either sick days and or access to affordable health care. As a result of the 421-a requirement and his union contract, Michael's rate is going up to $21.98 an hour. Now he and his co-workers have full benefits—good health care, a pension, and paid vacation and sick leave. Michael and his family can now take care of some of the simple things many people take for granted. One big change will be that they will have the ability to go to the dentist. Neither Michael, his wife nor their 6-year-old twin daughters had been in four years, and one of the first things he did when he became eligible for health care benefits was to make appointments with the dentist for his family.

FIGURE 6

What it takes to live in New York City: Self-Sufficiency family budgets for the Bronx, 2010

Monthly costs	3-person family (1 adult, pre-schooler and school-age)	4-person family (2 adults, preschooler and school-age)
Housing	$1,142	$1,142
Child Care	$1,428	$1,428
Food	$741	$1,019
Transportation	$89	$178
Health Care	$444	$517
Miscellaneous	$384	$428
Taxes	$1,150	$1,144
Family tax credits	-$300	-$334
TOTAL Monthly costs	$5,078	$5,522
Self-sufficiency wage		
Hourly	$28.85	$15.69 per adult
Monthly	$5,078	$5,522
Annual	$60,934	$66,268

Source: Diana M. Pearce, The Self-Sufficiency Standard for New York City 2010, *Prepared for the Women's Center for Education and Career Advancement, June 2010.*

2. There is nothing inevitable about a Tale of Two Cities

The trends cited in the first section of this report are all too clear: the typical worker and his or her family are not sharing in the broader economic growth or prosperity that their labors are helping to create. These trends are clearly evident in New York City, but they are not unique to this city. To a large extent, they reflect broader national trends underway since about 1980 that have produced a pronounced concentration of income at the top, reversing the pattern that had prevailed since World War II, during which time living standards rose for much of the U.S. population and the top share of income held remarkably steady.

In New York City, the share of income going to the top one percent climbed from 12 percent in 1980 to nearly 39 percent in 2012. Nationally, the top one percent received 22 percent of total income in 2012. Income concentration is more extreme in New York City partly because the city is home to the largest firms within the finance sector, which garners a huge share of national corporate profits and lavishly compensates top bankers and traders.[19]

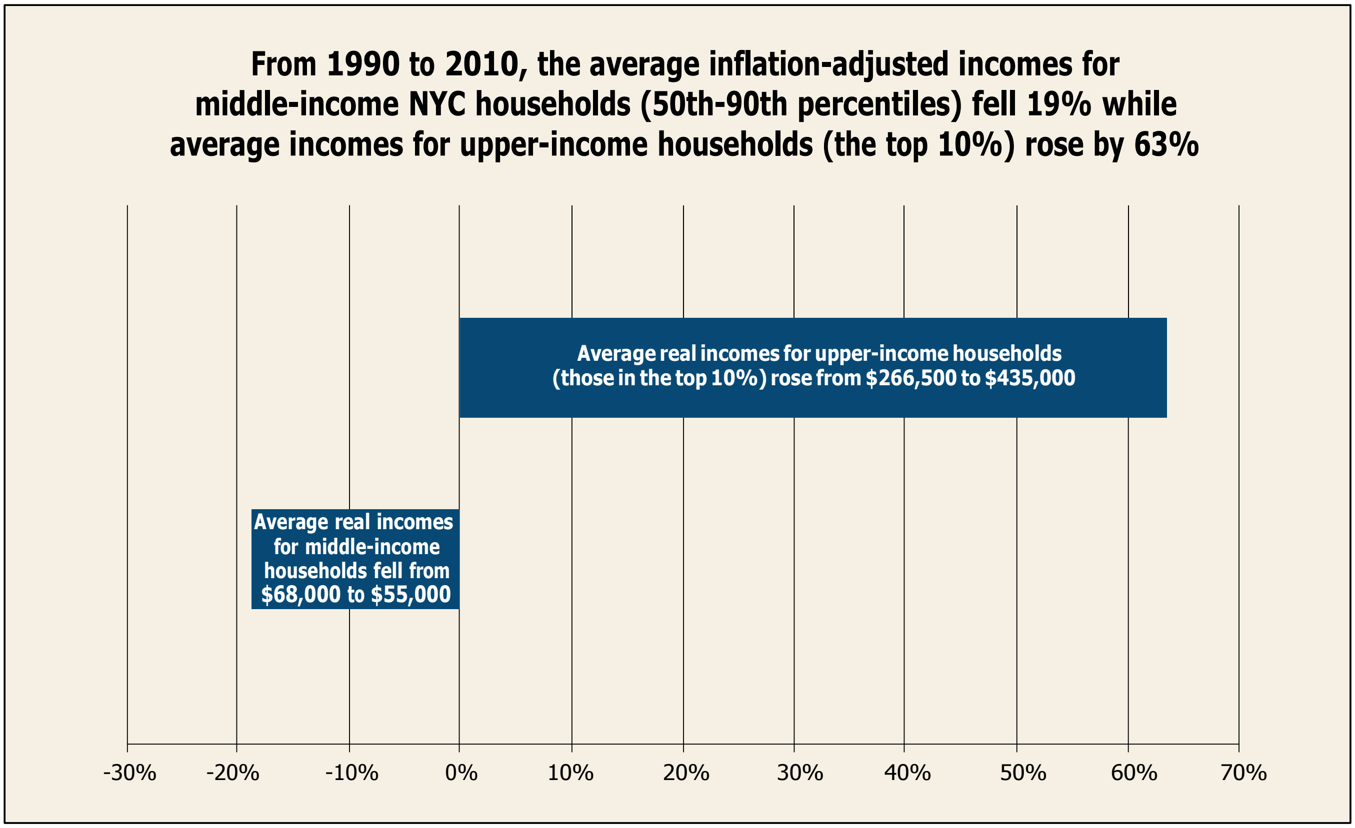
There is nothing inevitable about a market economy that produces the extreme degree of polarization witnessed in the United States over these past three decades . . . . in our mixed economy it is ultimately up to government to regulate, shape, or compensate for private market practices that have adverse effects on people and communities, including people as workers.

Nationally, the trend is similar to New York City's: the middle part of the job spectrum is being hollowed out, and the wages and incomes of most workers and their families have failed to keep pace with both the overall growth in the economy as well as the increase in the cost of living. This polarization and hollowing out of the middle means that many New York City and American families that had been in the middle have slipped into the lower-income category. Along with eroding middle incomes, it is increasingly difficult for many non-wealthy families to send their children to college, save for retirement and, for young families, to buy their first home, all factors that for decades have defined what it meant to be middle class in America.

Between 1990 and 2011, the share of total New York City incomes going to the 50 percent of households between the 40th and 90th percentiles of the income distribution fell steeply from 49 percent to 35 percent. Meanwhile, the share of total income going to the wealthiest 10 percent rose from 42 percent to 60 percent. Another way to look at income changes in New York City over the past two decades is to observe that the wealthiest 10 percent have received 95 percent of total income gains from 1990 to 2011. The average, inflation-adjusted income of a household in the top 1 percent more than doubled over this period, while the average real income of a middle income New York City household declined by 20 percent.[20]

Figure 7 contrasts this middle income decline compared to the sharp rise in top incomes over the 1990-to-2010 period.

FIGURE 7



Source: Fiscal Policy Institute analysis of New York State income tax data.

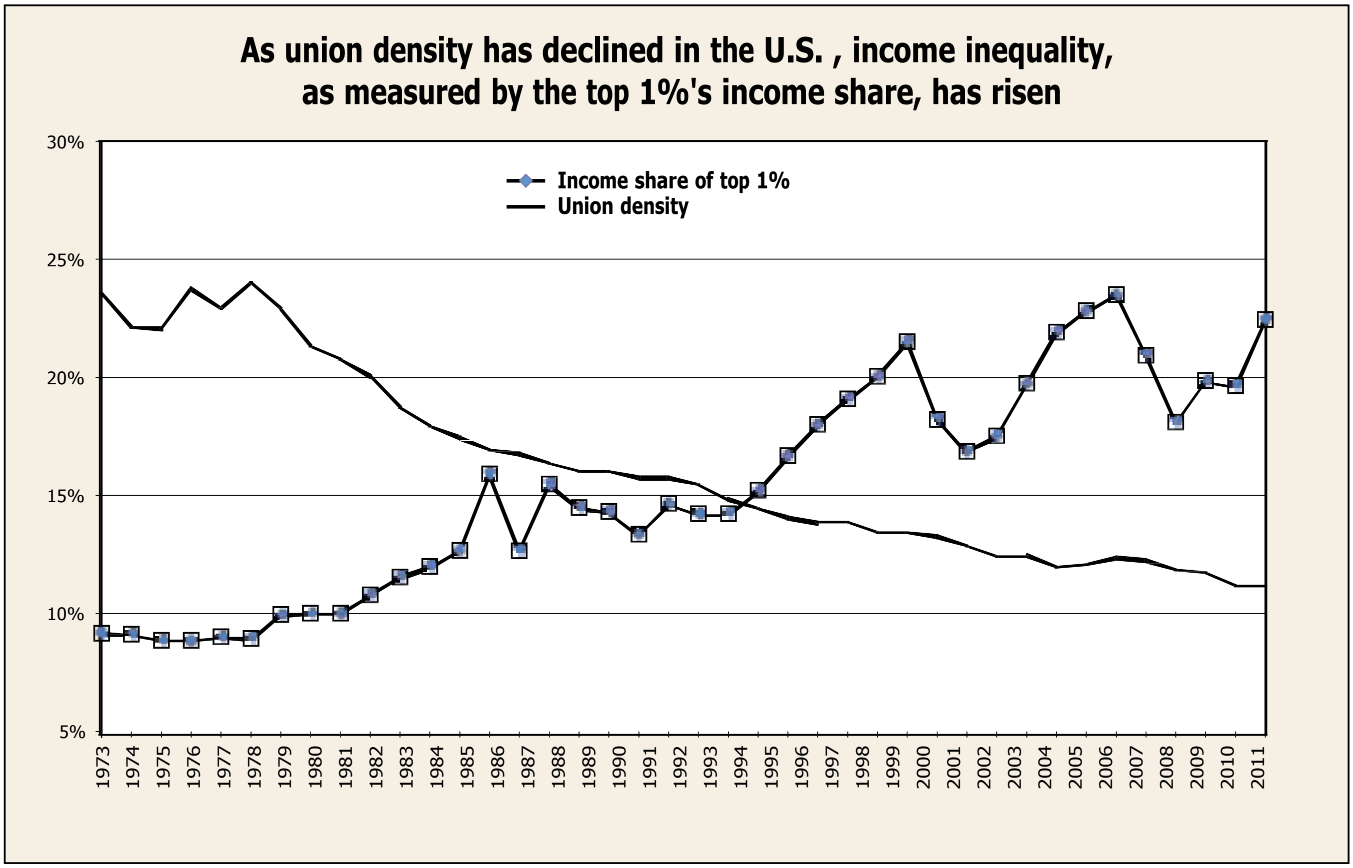
Researchers have extensively documented income polarization in the United States. Many who have analyzed its origins concur with the perspective articulated by Jacob Hacker and Paul Pierson that income polarization largely results from various policy choices made by government beginning in the mid- and late-1970s and continuing to this day.[21] There is nothing inevitable about a market economy that produces the extreme degree of polarization witnessed in the United States over these past three decades. Polarization cannot be remedied simply by increasing educational attainment, nor can it be dismissed as a "natural" consequence of technological change and globalization. That polarization is not inevitable is simply illustrated by the fact that most other developed economies based on the same advanced technologies and situated in the same international economy have experienced either no polarization in recent decades or a far smaller degree than in the U.S.

Policy choices have affected how the U.S. regulates (or fails to regulate) industries like finance, conditions governing international trade, and labor market institutions, practices, and standards. Policy choices and practices can be private or public, but in our mixed economy it is ultimately up to government to regulate, shape, or compensate for private market practices that have adverse effects on people and communities, including people as workers.

Developed market economies generally depend on labor unions to shape the functioning of labor markets and how workers fare in the broader economy. Labor unions both bargain with employers, affecting pay, benefits and working conditions on the job site, and exert political influence in shaping government policy choices. Labor unions played an integral role in creating the conditions that resulted in shared prosperity in the United States during World War II and the subsequent 35 years. It was not just economic growth that created the broad American middle class in the post-WWII economy, it was also a fairer distribution of the benefits of that growth, with labor unions playing a central role.

As Hacker and Pierson and others have documented, since the mid-1970s, conservative political forces have acted in concert to successfully limit the worksite and political influence of labor unions. Union density has steadily fallen, and, as it has, polarization has steadily grown. Many large corporations have sought to shape federal policies in a way that weakens not only unions but also undercuts a range of labor standards that once served to maintain an effective floor under the labor market, limiting severe downward pressure on wages and working conditions.

FIGURE 8



Source: Union density from Barry T. Hirsch and David A. Macpherson, unionstats.gsu.edu; income shares from Emmanuel Saez, eml.berkeley.edu/~saez/.

New York City has many tools at its disposal to affect the job market

The City of New York has a considerable array of tools at its disposal to affect the labor market, including about $11 billion in annual service contracts, $2-$3 billion in direct construction contracts, about $1 billion in discretionary and as-of-right tax breaks for businesses, and $1.5 billion in property tax breaks for housing development (mainly 421-a and J-51 exemptions and abatements). The City directly employs a little over 350,000 workers in City agencies, the Health and Hospitals Corporation, the Housing Authority, and the public libraries. Through its contracting and tax breaks, city government is in a position to influence the jobs of roughly 250,000 private-sector workers in New York City.

The federal government, New York State government, the Metropolitan Transportation Authority, and the Port Authority of New York and New Jersey also collectively spend substantial sums on construction projects and service contracts that could similarly be used in a more systematic manner to ensure meaningful wage standards. For example, the 2014 MTA operating budget includes about $1 billion in paratransit, maintenance, and various professional services contracts, and the MTA will spend over $6 billion on capital construction and equipment contracts. Most of this MTA spending is for the New York City subway, bus, and the bridge and tunnel system connecting the five boroughs. Further, the major airlines use a range of service contractors at JFK, LaGuardia, and Newark Airports, all of which are managed by the Port Authority.[22]

More than half of what New York City government spends on service contracts affects industries that pay low- or moderate-wages. These include contracts for social services, school bus transportation, cleaning, clerical and food services. All are areas where the City can use its contracting authority to raise labor standards for lower-wage workers.

Workers performing contracted services are overwhelmingly persons of color residing in New York City's low-income neighborhoods. While detailed estimates of the demographics of this workforce are not available, one can extrapolate from what is known about the workforces in three areas. Security guard services, cleaning and building services, and social services are frequently procured through outsourcing. The vast majority—87 percent—of New York City resident workers engaged in both security guard, and cleaning and building services are persons of color. In the social services sector, 77 percent of workers are persons of color.[23]

Given the significant magnitude of government service contracting in New York City and that hundreds of thousands of workers are affected, the wages of these workers constitute a substantial portion of the earnings received in the city's low-income neighborhoods. Low-income workers typically spend a very large share of their earnings on necessities, and much of that spending takes place in their own neighborhoods. Bodegas, green grocers, restaurants, and local retailers and service establishments of all kinds benefit when the wages of low-wage workers rise. As the sales of neighborhood businesses rise, they will hire more employees and expand their businesses, setting in motion further growth in economic activity at the neighborhood level. Ultimately, this improved local economic activity will translate into higher local income, increased sales and property tax collections, as well as more stable and safer neighborhoods. This, in turn, will reduce the government expenditures needed to cope with the deleterious effects of high poverty and very low wages.

3. The rationale for wage standards

Wage standards have been implemented over the past century to prevent competition among employers from bidding down wages to the point where it undercuts sound and lawful business practices, and it becomes impossible for workers to make a decent living. There are three broad types of wage standards: **minimum wage**, **prevailing wage**, and **living wage**. Federal wage standards date from the 1930s, as government grappled with regulating a national economy to promote economic growth and limit destructive forms of competition.

Minimum wages typically apply across the board, economy-wide, although for problematic historical reasons, federal minimum wages have long excluded agricultural, domestic, and home health and home personal care workers. In establishing the first federal minimum wage in 1938, Congress sought to level the playing field among business by creating a wage floor that would limit unfair competition based on wage-cutting, and stimulate consumer spending by boosting the purchasing power of workers.

The **prevailing wage** concept generally relates to the goods and services government purchases; it looks to the wage patterns that predominate in the private sector in establishing appropriate wage levels for work performed under government contract. The Davis-Bacon Act, requiring payment of locally established prevailing wages for federally funded construction projects, was enacted under President Herbert Hoover in 1931 to curb wage-cutting on federally funded construction projects that was widely seen as harmful to local workers and contractors. The Walsh-Healy Act of 1936 extended the prevailing wage concept to the federal government's purchase of goods, and the McNamara-O'Hara Service Contract Act of 1965 established a prevailing wage requirement for contractors and subcontractors providing services to the federal government.

A **living wage** is a standard higher than the minimum wage that is applied to a certain category of workers, for example those working under state or local government contract who are not covered by prevailing wage requirements. While there is no universally accepted definition of a living wage, it is currently considered to be the wage necessary to afford a full-time worker and their family a minimally acceptable living standard. Interest in local living wage requirements has been fueled by the erosion in the purchasing power of the minimum wage, by the privatization of public services under low-bidder rules, and by the low wages paid on projects benefiting from tax breaks or other local public subsidies.

The focus in this report is on New York City's use of *prevailing* wage standards for services provided by contractors or subcontractors. Through a more systematic approach to applying prevailing wage standards to contracted services, New York City can have a measurable and significant beneficial impact on the local low-wage workforce, and on the well-being of low-income neighborhoods and communities of color across the city.

New York State's constitutional basis for wage standards

New York State's Constitution embodies the principles necessary for policy action to implement wage standards and to address our yawning income polarization. In the revised New York State Constitution adopted by Constitutional Convention and approved by the state's voters in 1938, fundamental labor protections, including the right to organize and bargain collectively, were enshrined in the constitution's Bill of Rights, Article 1.

> §17. Labor of human beings is not a commodity nor an article of commerce and shall never be so considered or construed. No laborer, worker or mechanic, in the employ of a contractor or sub-contractor engaged in the performance of any public work, shall be permitted to work more than eight hours in any day or more than five days in any week, except in cases of extraordinary emergency; nor shall he or she be paid less than the rate of wages prevailing in the same trade or occupation in the locality within the state where such public work is to be situated, erected or used.
>
> Employees shall have the right to organize and to bargain collectively through representatives of their own choosing.

It is especially noteworthy that a "prevailing wage" principle was recognized as a constitutional right, as was equal protection for employees of a contractor or sub-contractor.

New York State's prevailing wage law for building service employees

In enacting legislation in 1971, New York State implemented the constitution's mandate by enacting a prevailing wage law to cover building service workers. The building service prevailing wage structure, enacted as a new Article 9 of the State Labor Law, required the payment of prevailing wages to building service workers employed under state or local government contract. In his memo summarizing the legislation for the Governor Nelson Rockefeller, Louis Levine, the State Industrial Commissioner (the position is now called the State Labor Commissioner) indicated the rationale: "It must be noted that governmental contracts are awarded to the lowest bidder and that since labor costs are a predominant factor in most service contracts the bidder with higher wage standards is at a competitive disadvantage."[24]

The law stated that "prevailing wage" would be the prevailing wage in the locality and would include: (1) the basic hourly cash rate of pay; and (2) supplements or fringe benefits as determined by the fiscal officer.[25]

The committee report issued in connection with the proposed legislation stated:

> The fundamental public policy embodied in the bill is that service employees employed by a contractor or subcontractor in the performance of a service contract with a public agency should not be paid substandard wages, but, on the contrary, should be paid the prevailing wages, including supplements (fringe benefits), in their locality for similar work.[26]

Article 9 was modelled upon both Article 8 of the New York Labor Law, which requires prevailing wages and benefits for public works projects, and the federal Service Contract Act which covers buildings service employees. While extending prevailing wage protections to building service workers who had historically fallen outside Article 8's scope, the Legislature rejected Article 8's rigid methodological formulas for setting the prevailing rate in favor of the more flexible method embodied in the federal Service Contract Act.

Article 9 gave the "fiscal officer" (the City Comptroller with respect to City of New York service contracts, and the New York State Commissioner of Labor on state and other local government service contracts), considerable discretion in rate setting. Industrial Commissioner Levine noted that the fiscal officer was given latitude in "defining 'prevailing wage' and 'locality' and that permit the making of variations and exemptions as required to make it possible to conform and adjust the application of the law to priority needs and limitations of available data."[27] The legislation expressly authorized the fiscal officer to consider wage and benefit data from a range of sources, including service contract prevailing wage determinations made by his or her State or City counterpart, as well as federal service contract determinations made by the U.S. Department of Labor.[28]

Becoming union meant career opportunities as well as financial stability

Lateef Rivers, 30, lives in Brownsville, Brooklyn. In 2006, he was making $10 an hour as a security guard and did not have affordable health care. He then got a raise to $11.75, but lost his vacation and holiday pay. In 2009 he and his co-workers were able to join 32BJ, after a long, hard fight and they won the prevailing wage. He went through a training program at the union and became a Fire Safety Director, which bumped his pay to more than $17 an hour. By 2016, he will be making more than $20 an hour. About two years ago, his home in Canarsie was wrecked by floods after Hurricane Sandy hit New York City. He was able to move his infant daughter and wife to a new apartment in Brownsville. She is now pregnant with their second child and due in the fall. “Organizing with the union was very beneficial to me,” Rivers said. “I’m a father. I’m a husband. If I was still making $11.75 an hour, I wouldn’t be able to make it.”

In New York City, the City Comptroller annually publishes a schedule of prevailing wages and supplemental benefits for fourteen categories of building service employees.[29]

New York State is not unique in setting standards for contracted building services. For example, states such as New Jersey, Connecticut, Massachusetts, Illinois, Washington, and Montana all have state laws requiring payment of prevailing wages and supplements for building services.[30]

New York City extends building service prevailing wage requirement to major developments

New York City spends billions of dollars on economic development subsidies every year and makes publicly owned land available for private development. Private businesses that pay prevailing wages should not face unfair competition from beneficiaries of public subsidies or monopolies that undercut those wages. In recent years, the city has incorporated, on a case-by-case basis, a building service prevailing wage requirement in agreements with developers to cover building service workers employed in the buildings constructed with public assistance. For example, the New York City Economic Development Corporation’s Request for Proposals to develop Willet’s Point in Queens included a requirement that building service workers be paid prevailing rates, and the City incorporated a building service prevailing wage requirement in the 5,000-unit Hunters Point South project.[31]

In a 2005 analysis of the impact of application of the prevailing wage standards of 421(a) of the NY State Real Property Tax law for building service workers in subsidized residential developments in the Greenpoint-Williamsburg zoning area, the Pratt Center concluded that the wage requirement would provide a substantial benefit, including quality health coverage, to building service workers, and that it would not have a significant adverse impact on the profits of developers or deter builders from including affordable housing units in development projects.[32]

New York State also added a building service prevailing wage requirement to residential housing projects (rental apartments, coops, or condos) receiving “421-a” housing tax abatements.[33]

While the Bloomberg Administration incorporated building service prevailing wage standards in certain developments, in 2012 it opposed City Council legislation that would have systematically extended a prevailing wage requirement to City-subsidized developments. After the mayor’s veto was overridden by the Council, then-Mayor Bloomberg filed challenges to the law. He lost in federal court, and Mayor de Blasio has taken steps to drop the challenge in state court.

Prevailing wage requirements include health and retirement benefits and provision for worker training and skill development

Prevailing wage requirements encompass not only wage standards but also payment of supplemental benefits that fund critical worker fringe benefits including health insurance and retirement benefits. For example, for an Office Cleaner/Porter in a Class A building, the prevailing wage rate for the first six months of 2014 was set at $23.42 an hour, with a supplemental benefit of $9.91 an hour. An employee advances to this wage rate in three steps over 42 months, and the supplemental benefits package is phased in, in three steps, over the first 24 months of employment.

In the 32BJ building service contracts, the supplemental benefits package includes funding for joint labor-management worker training program that provides a range of skills training classes that, among other program offerings, keep building service workers abreast of the latest in state-of-the art building security requirements and sustainable environmental practices. In 2013, 32BJ members filled over 12,000 classroom seats in training programs offered at the union's Manhattan headquarters. These training courses regularly help hundreds of union members acquire the additional skills needed to progress up a career ladder within the building services industry.[34]

4. Policy choices affecting wage and labor standards have contributed to the erosion of the middle class

As the subject of this report is the importance of wage standards such as prevailing wage, the discussion will focus on policy choices affecting wage standards. Many policy choices played a significant role in shaping the post-1980 polarization of income, but those involving such choices as regulating the finance sector or international trade are beyond the present scope. A key conclusion is that governments at all levels—federal, state and local—have not acted sufficiently to maintain wage standards, ushering in the erosion of wages and working conditions for most workers. This failure to maintain wage standards was particularly significant during a period when labor unions were under attack and union density and the political influence of labor declined.

The absence of built-in mechanisms to uphold wage standards (such as an automatic inflation adjustment for the minimum wage), the political will to achieve full employment, and a stronger social safety net to insulate workers from unemployment or displacement due to international trade or shop closings, has allowed employers to relentlessly put downward pressure on wages for most workers. The competitive pressure accompanying low-bid contracts for public services exacerbated the broader forces depressing wages.

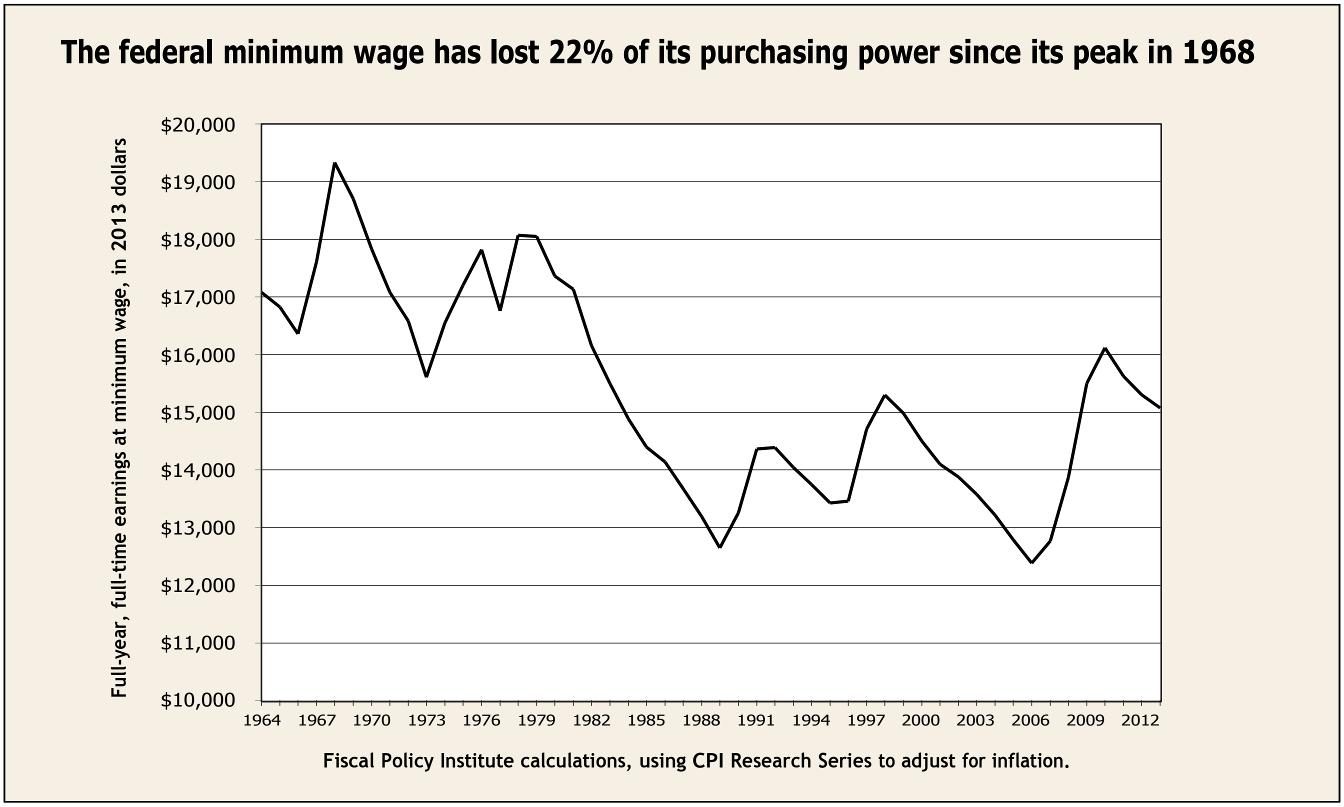
This race-to-the-bottom has undermined the ability of average workers to provide for their families. Increasingly, workers' wages leave them far short of the amount needed to meet a self-sufficiency family budget standard. In New York City, an increasing share of working families struggle to stay above poverty but are falling short. Nearly half of the children in families with one or more workers live below 200 percent of the federal poverty line. The median family income in New York City in 2010 was $53,000, well below the $60,000-$70,000 self sufficiency budget level for a family of four.

Decline in the purchasing power of the minimum wage

Last year, 2013, marked the 50th anniversary of the 1963 March on Washington for Jobs and Freedom. While it was Dr. Martin Luther King Jr.'s historic "I Have a Dream" speech that so defines the historical memory of the 1963 march, it is important to recall that two of the formal demands of the march were for a federal jobs program that would provide training and jobs for all unemployed workers and for a decent national minimum wage. March organizers were advocating a $2.00 an hour living wage, an amount equal to $13.00 an hour today.[35]

Even without the March on Washington demand being met, for most of the 1960s and 1970s, the federal minimum wage was sufficient to allow a full-time minimum wage earner to support a 3-person family at slightly above the federal poverty threshold.[36] Since the early 1980s, business interests have fiercely resisted regular adjustments in the minimum wage and opposed efforts to link the minimum wage to the cost of living or to some fraction of the average wage. As a result, over the

FIGURE 9



past three decades, the purchasing power of a full-time minimum wage earner has averaged only 80 percent of the three-person federal poverty threshold.

Further, to equal the purchasing power it had in 1968, the federal minimum wage would have to be $10.60 an hour, nearly 50 percent greater than the current $7.25 an hour level.[37] Had the minimum wage kept pace with productivity growth in the broader economy, it would be almost $18.75today.[38]

Contracting practices in New York City

City contracting practices have often been tilted toward short-term costs and have produced adverse consequences for service contract employees. For example, in recent years, New York City has cut spending for school custodial budgets and now spends far less of its education budget on school maintenance than other large school districts around the country. This school maintenance budget reduction has not only undercut efforts to provide a suitable physical environment for education, but it also has meant declining real wages for the 6,000 workers responsible for operating and cleaning New York City's school buildings. The 5,000 cleaners and handypersons and the 1,000 engineers and building custodians have not received any pay increase since 2007, and as a consequence their pay is now well below that of their counterparts in the private sector and at other government buildings. 32BJ SEIU represents the 5,000 school cleaners and handypersons. The union has been pressing to have the City acknowledge that these workers school should be covered under the City's living wage ordinance and, thereby receive the prevailing wage for building service work. The City's living wage law requires payment of the prevailing wage where it is greater than the living wage. Technically, the cleaners are employed by the custodians whose services are directly contracted by the City.[39]

City contracting practices in recent years also have had a substantial effect on the wages and benefits of the employees of school bus companies that provide pupil transportation under contract to the Department of Education. In late 2012, the City released a request for bids for pupil transportation services without retaining an Employee Protection Provision (EPP) that had preserved seniority rights and job security for the current employees of companies providing such services. The EPP has been part of City bus contracts since it emerged as the resolution to a 1979 strike. To protest the removal of the EPP, 8,800 bus drivers and attendants who are members of the Amalgamated Transit Union went on strike from mid-January to mid-February 2013. Both former Mayor Michael Bloomberg and former Schools Chancellor Dennis Walcott disingenuously suggested that rising labor costs were driving pupil transportation costs when contract costs have risen because transportation services related to busing a growing special education population have been rising rapidly and are four times as great per special education student as the cost of transporting general education students.

Unless reversed, Mayor Bloomberg's actions in eliminating the job security provision will push down wages for school bus workers from an annual average in the mid-thirty thousand dollar range to the low-twenty thousand dollar range if re-bid bus routes are taken over by a different company. This will impose significant hardships on the workers, their families, and their communities. Such a move likely would effectively downgrade moderate-paying jobs with benefits to poverty-wage jobs with few benefits. As more and more school bus routes are bid out without the job security protection, wages and benefits are rapidly deteriorating. Already, a major school bus company that once operated nearly a quarter of all school bus routes filed for bankruptcy and shut down, and companies not adhering to the long-standing job security protections are cutting wages for drivers, matrons and mechanics. This has particularly impacted workers of color and women, as eighty percent of affected school bus workers are persons of color and 60 percent are female.[40]

The school cleaners and the school bus drivers and matrons are but two examples of how the City of New

Standing on her feet at work and in life

Shanna Rich, 30, lives in Bed-Stuy. She was born and raised in Brooklyn. She works as a guard at a city office building in downtown Brooklyn. Before she organized with 32BJ, she worked as a guard and made $9.10 an hour. Her health care coverage was so poor at the time that when she got pneumonia twice in one year she had to pay $400 out of pocket for the prescription drugs she needed. She also needed to use Food Stamps to buy enough groceries each month. Shanna became a union member in 2008 and now makes $15.60 an hour. She is able to go to the doctor when she needs to, like this year when she got the flu. She only had to pay $10 for all of the medicine and doctor visits she needed. She no longer needs Food Stamps and feels like she can go to work, stand on her feet all day and know she can get medical care if she needs it. She says she feels more confident and can now live on her own with the knowledge that she can afford the things she needs to take care of herself.

York under Mayor Bloomberg undermined the moderate pay and living standards of local workers. The City has many levers at its disposal to help lift the wage floor affecting tens of thousands of moderate-income workers striving to get into the middle class, rather than acting to downgrade their jobs to poverty-wage status.

The public costs of labor without standards

The erosion of wage standards and the proliferation of employer practices to keep wages low has resulted in a growing number of workers receiving such low wages that they have no choice but to apply for Medicaid and Food Stamps. In fact, at some large national chains employing low-wage workers it has become common for the companies to directly urge their low-wage employees to seek public assistance of one form or another. While safety net programs like Food Stamps are vital and essential to the well-being of millions of families, they were not intended to be an integral part of the compensation for low-wage workers. (The Earned Income Tax Credit is an exception to this. It was designed to encourage employment, and is structured to provide a greater benefit as earned income increases, before starting to taper off at annual earnings of approximately $24,000.)

Thus, when employers pay wages so low that their employees must turn to one form or another of public assistance, taxpayers end up subsidizing low-wage employers. A recent study by researchers at the University of California at Berkeley and the University of Illinois shows that the earnings of fast food workers around the country and in New York are so low that over half qualify for one or more forms of public assistance, shifting $7 billion in costs to taxpayers despite the fact that the largest fast-food chains are very profitable and pay their top executives annual salaries in the millions. The study estimated that in New York State 60 percent of the 104,000 front-line fast food workers receive roughly $708 million in publicly-funded subsidies.[41]

A study by researchers at the National Employment Law Project covering the years 2001 to 2004, estimated that there were nearly 900,000 New York State families with at least one year-round worker receiving some form of public assistance and that the average cost of such supports was $5,900 per family. Among the larger industries with the highest percentage of year-round workers receiving some form of public support were home health care, retail, restaurants, and social services.[42]

5. Recent attacks on wage standards and workers

While there have been efforts in some states and at the federal level in recent years to improve labor and wage standards enforcement, non-compliance is still very much a problem contributing to the downward pressure on workers' wages, working conditions, and living standards. Wage standards are a bulwark against downward pressure on wages, but they have come under seemingly relentless attack. There have been various efforts to rollback or limit labor standards themselves or to challenge their legal basis. These efforts are not driven by fiscal pressures, but rather are part of a political strategy to exploit the economic insecurities that have intensified in the wake of the Great Recession in order to fundamentally and permanently further weaken labor unions and the full range of worker protections affecting non-union and union workers alike. In this unprecedented period of high and prolonged unemployment and underemployment, opponents of labor protections perversely have labeled such protections as "job killers". These attacks have been part of a broader agenda to limit the scale and role of government as a mediating force between average workers and businesses.

Arguments employed to undercut labor and wage standards range from invoking a need to unfetter labor markets, allowing unrestrained competitive forces to determine wage setting in a "race to the bottom," to employing more insidious arguments in an effort to pit one group of workers against another—a classic "divide and conquer" approach.

Attacks on wage standards are nothing new, but what is new is the intensity of those attacks. In the aftermath of the 2008 financial crash and the Great Recession, certain political forces have escalated their war on government, labor unions, the poor, and the middle class. This war has been fueled by much greater political spending flowing from wealthy conservative interests, spending that has been unleashed by the Supreme Court decision in the Citizens United case.

Much has been written about the pursuit of budget austerity at the state and federal levels as a means to shrink the role of government, and, similarly, there has been considerable attention paid to the attacks on public sector workers and their unions and the promotion of "right-to-work" laws intended to weaken private sector unions and collective bargaining. Less focus has been placed on the coordinated efforts to lower wages and wage standards—such efforts directly affect the well-being of millions of nonunion and union workers.

In a revealing analysis published in September 2013, political scientist Gordon Lafer documented that such "legislation emanates not from state officials responding to local economic conditions, but from an economic and policy agenda fueled by national corporate lobbies."[43] The same forces intent on weakening public and private sector unions have pushed a political agenda to undermine workers' interests as determined by legislation involving the minimum wage, wage theft, child labor, overtime, misclassification of employees as independent contractors, sick leave, workplace safety standards, meal breaks, employment discrimination, and unemployment insurance. This anti-worker offensive has been mounted by major corporate lobbies such as the Chamber of Commerce, the National Federation of Independent Business, the National Association of Manufacturers, and the National Restaurant Association, together with corporate-funded lobbying organizations such as the American Legislative Exchange Council (ALEC), Americans for Tax Reform, and Americans for Prosperity.[44] ALEC is a big-business-dominated national network of conservative-leaning state legislators, funded largely by corporations such as Wal-Mart, Coca-Cola, FedEx, Amway, Exxon Mobil, Koch Industries Inc., and leading tobacco and pharmaceutical firms.

Efforts to roll-back prevailing wage standards

The attack on wage standards in recent years includes efforts to weaken prevailing wage standards. As part of the ALEC-inspired offensive, five states (Alaska, Indiana, Louisiana, Ohio and Wisconsin) acted to roll back prevailing wage standards in 2011 and 2012. These measures ranged from complete repeal to modifying the extent of the law's coverage or the method of calculating mandated wage rates. In other states that had no state prevailing wage laws (Louisiana, Arizona, Iowa, and Idaho) legislators acted to prohibit local governments from adopting their own local wage standards. Lafer notes that "ALEC's explicit goal is to abolish all prevailing wage laws in all jurisdictions, and it promotes model legislation to that end."[45]

While legislative efforts to roll back prevailing wage in New York State have not gotten very far, opponents have sought to use the state courts to lower rates or prevent the expansion of prevailing wage requirements. In New York City, these court challenges have had mixed results. While a single Article 9 rate determination for office moving employees was struck down in 2011 based on a review of the evidence in the investigatory record, the courts declined to impose a rate setting methodology on the Comptroller or to themselves set a lower rate for the classification.[46] More recently, in June of 2013, a state court rejected a challenge to the cleaners rate that was brought by a City Department of Education contractor and found that the Comptroller's rates for office, school, and other non-residential cleaners employed by contractors were well-supported.[47]

Critiques of construction prevailing wage standards in New York typically suffer from the fatal flaw of assertion in the absence of empirical evidence. For example, a 2008 report by the Rochester-based Center for Governmental Research (CGR) criticized prevailing wage requirements for increasing the costs of construction but without undertaking any actual cost analysis other than comparing prevailing wage levels to what it refers to as "market wages." In a revealing admission, the CGR authors note that "the productivity of workers was assumed to be the same for both prevailing wage and market wage projects." That is a fundamentally misguided assumption, considering that prevailing wage contractors are usually connected to an extensive apprenticeship system and their workers are much more highly-trained and productive than those of employers who do not pay prevailing wages.[48]

There have been various efforts led by conservative forces to rollback or limit labor standards themselves or to challenge their legal basis. These efforts are not driven by fiscal pressures, but rather are part of a political strategy to exploit the economic insecurities that have intensified in the wake of the Great Recession.

Resistance to raising the minimum wage

Despite considerable and highly reputable economic research concluding that modest increases in the minimum wage do not decrease employment, conservative organizations—for example, the Employment Policies Institute, which is funded by national restaurant interests—regularly release reports purporting to show various adverse effects of minimum wage laws. Sometimes, their reports argue that minimum wages hurt teenage employment prospects, while other times they argue that relatively few adults would benefit since they contend minimum wage workers are predominantly teens. At other times they express concern for the possible effects of a minimum wage increase on eligibility for the Earned Income Tax Credit, Food Stamps, or other means-tested public benefits.

ALEC-sponsored attacks on wage standards

In November 2010, widespread discontent with the severity of the recession and the backlash against the financial bailout helped fuel a Tea Party-inspired Republican electoral surge that gave Republicans full political control (both state legislative chambers plus the governorship) in 11 states. The conservative surge was aided in no small part by the Supreme Court's historical Citizens United decision that overturned state and federal campaign spending restrictions.

Gordon Lafer notes that much of the most significant anti-worker legislation enacted since 2011 has been concentrated in these 11 states, particularly Michigan, Wisconsin, Ohio and Pennsylvania, which have traditionally upheld high labor standards. Corporate lobbyists and their political allies seized on that control to enact as much of their agenda as possible.

Legislation requiring wage standards and paid sick time are critical for the 93 percent of private sector workers who do not have the protection of a union contract. Lafer's study summarized the 2011-12 legislative assault on wages and labor standards, with its pronounced effects on nonunion workers:

- Four states passed laws restricting the minimum wage, legislation was passed to repeal or restrict rights to sick leave, and some states acted to prohibit local governments from establishing minimum wages or rights to sick leave;
- Four states lifted restrictions on child labor, and 16 imposed new limits on the unemployed; and
- States passed laws making it harder for employees subject to wage theft to recover unpaid wages, stripping workers of overtime rights, undermining workplace safety protections, and making it harder to sue one's employer for race or sex discrimination.[49]

This legislative assault played out in state capitals across the country, reflecting a fair degree of coordination. Similar legislation rolling back labor standards and rights was introduced at the same time in largely cookie-cutter fashion in multiple legislatures across the country. According to Lafer, the American Legislative Exchange Council (ALEC) provided model legislation in almost all of these areas. As Lafer observes, "This dimension of ALEC's work is not aimed at immediately enhancing specific donors' revenues, but at reshaping the fundamental balance of power between workers and employers."[50]

Bloomberg administration opposition to wage standards in New York City

When proposed legislation (eventually enacted over a mayoral veto) was before the New York City Council to expand application of the city's living wage law to businesses receiving economic assistance from the city, the Bloomberg Administration argued that it amounted to labor market interference, conveniently ignoring the fact that the provision of government economic assistance in the first place amounted to either real estate market interference or tilting the playing field among businesses in the same industry.

In an effort to marshal intellectual support for their position, the Bloomberg Administration spent $1 million of taxpayers' money to fund a year-long consultants' study overseen by the Economic Development Corporation (EDC). From the outset, it was clear that the EDC living wage study was pursued to reach a pre-determined conclusion in opposition to a proposal to require recipients of city discretionary business subsidies to pay a very modest $10 an hour living wage. The key labor market economist utilized by the city's consultant was well known for his research in opposition to living wage and minimum wage requirements. The EDC study was thoroughly critiqued for, among other things, ignoring the real world effects of living wage ordinances in more than a dozen cities around the country, including Los Angeles and San Francisco, and for using a flawed methodology to argue that wage requirements had negative employment effects.[51]

Recognizing the need to ensure that City resources are not used to undercut wage and benefits standards that have been achieved in the public sector, the New York City Council passed and over-rode a mayoral veto of Local Law 27 of 2012, which requires businesses receiving large subsidies from the City to ensure that building service workers at subsidized developments are paid prevailing rates.

While Mayor Bloomberg challenged the law, Mayor de Blasio has announced that he intends to drop that challenge. Once this happens, it will be very important to prioritize monitoring and enforcement of obligations under this law. In the meantime, as a matter of administrative practice, the City can and should include prevailing wage and benefits requirements in Requests for Proposals, financial agreements, and other documents relating to subsidies and dispositions of public land.

6. Reaffirming the case for wage standards

The conventional supply and demand model is a poor guide to understanding the role of wages in real-life businesses. In the simple supply and demand model, an increase in wages (i.e., the price of labor) decreases employment (by reducing the demand for labor). However, this framework ignores the effect of higher wages on the morale and performance of workers, factors that enter into their productivity, i.e., the quantity and quality of the goods and services a business generates. In fact, prevailing wage standards not only offer real benefits to covered workers and their communities, but such standards are also consistent with profitable business operation. Thus, prevailing wage and other wage standards are integral to sustainable economic development.

The benefits of higher wage standards

In his State of the Union address in January 2014, President Obama urged cities and states to bypass Congress and act to raise minimum wages on their own. A growing number of local governments are establishing their own higher minimum wages. Santa Fe, Albuquerque, and San Francisco have had higher minimum wages for years. At the end of 2013, Washington, D.C. and two suburban Maryland counties—Montgomery and Prince George's—acted to phase in increases to $11.50 an hour by 2016 or 2017. The voters of SeaTac, Washington, the home of the Seattle-Tacoma Airport, approved an increase to $15.00

an hour in November 2013. In June 2014, the City of Seattle approved a minimum wage hike to $15.00 by 2018 (or 2021 for small employers.)[52] San Francisco voters will decide in November 2014 whether to increase that city's current $10.74 minimum wage over four years to $15 by 2018.[53]

Several economic studies support the conclusion of elected officials in Santa Fe, San Francisco, and San Jose, that higher local minimum wages have provided substantial benefits for local communities and have been manageable for local businesses. A study by the Center for Economic Policy Research that analyzed the effects of the city minimum wage laws in San Francisco, Santa Fe, and Washington, D.C. found that such laws raised the earnings of low-wage workers and did not have a discernible adverse impact on affected low-wage businesses.[54]

Over the past decade, San Francisco has adopted a higher minimum wage, a "pay or play" employer health care mandate, and paid sick leave. These measures have together raised the compensation of low-wage workers 80 percent above the federal minimum wage.[55] A newly-published compendium of studies examining San Francisco's experience shows that from 2004 to 2011, San Francisco's private sector employment grew by 5.6 percent, while it fell by 4.4 percent in neighboring counties that did not have a higher local wage. The studies concluded that San Francisco's employers were able to accommodate the higher wage costs through savings from reduced employee turnover (which reduced recruitment and training costs), improved customer service and greater worker productivity.[56]

Given that the federal minimum wage has failed to keep pace with inflation over the past 15 years, many states have acted to raise their minimum wages. In order to study the effects of different minimum wage levels within a regional economy, researchers at the University of California at Berkeley examined 500 pairs of neighboring counties. In each case, one county had a higher minimum wage than its neighbor at some point between 1990 and 2006. Looking at employment in restaurants and other low-wage industries, this extensive analysis failed to show a statistically significant adverse employment effect in the counties with the higher minimum wage.[57]

In an analysis of the economic impact of several local living wage ordinances, economists Jeff Thompson and Jeff Chapman concluded that living wage laws had small to moderate effects on municipal budgets, living wage laws benefitted working families with few or no negative effects, and such laws often raised productivity and decreased turnover among affected firms.[58]

Better wages = more successful businesses

Management experts who study wages and productivity find that higher pay is directly associated with higher productivity and that businesses that pay higher wages than their competitors often pursue other practices that result in better performance by workers and better bottom-line results for businesses. Researchers often contrast the pay practices at Costco and Wal-Mart (or Sam's Club, Wal-Mart's wholesale price club). Costco and Sam's Club are both high-volume warehouse stores in the lowest-price segment of retail.

University of Colorado management professor Wayne F. Cascio analyzed Costco and Sam's Club in terms of compensation and other employment practices, sales, and net income performance. He concluded:

> "These figures illustrate nicely the common fallacy that labor rates equal labor costs. Costco's hourly labor rates are more than 40 percent higher than those at Sam's Club, but when employee productivity is considered (sales per employee), Costco's labor costs are lower than those at Sam's Club (5.55 percent at Costco versus 6.25 percent at Sam's Club.)"[59]

Cascio also found that turnover was considerably lower at Costco than at Sam's Club (17 percent vs. 44

percent per year). Further, he noted that 85 percent of Costco employees had company-provided health care (as versus 47 percent for Sam's Club) and that 91 percent of Costco employees had employer-funded retirement coverage (as versus 64 percent for Sam's Club employees).[60]

Analyzing employment practices at several retail chains, M.I.T. management professor Zeynep Ton found that the stores that perform the best pay higher wages, provide better benefits, invest more in training their workers, have more advancement opportunities, and allow their employees more convenient schedules. In her 2014 book, *The Good Jobs Strategy: How the Smartest Companies Invest in Employees to Lower Costs and Boost Profits*, Ton concluded that the most successful retailers tend to "view labor not as a cost to be minimized but as a driver of sales and profits." Ton convincingly argues that paying workers rock-bottom wages to keep costs down and prices low is a choice, not a necessity. Decent pay and benefits can mean a well-trained and well-motivated workforce that provides better customer service, and that approach is not incompatible with competing to keep prices low. She makes the case for a "good jobs strategy" that combines investment in people with a set of operational decisions relating to product and service offerings and balancing job standardization with employee empowerment.[61]

7. What's at stake for New York's communities?

Minimum wages, prevailing wages, and living wages are central to New York City's economic well-being and growth and essential for its role as a city of opportunity. Wage standards benefit not only workers and their families, but also their communities and neighborhood businesses. Elevating wage standards is key to raising living standards, reducing poverty, and improving opportunities for upward mobility within New York City. By itself, raising wage standards will not necessarily reverse the city's pronounced income polarization. It will, however, ensure that more New Yorkers will be able to share in the prosperity that our robust and diverse economy generates. The city's tax base will benefit and, as more families are lifted out of poverty, the City will benefit from lower expenditures required to assist the poor. There will also be benefits for parenting and child development, as well as community involvement and civic engagement.

Through its extensive service contracting, the City is in a strategic position to directly affect the wages of tens of thousands of low-wage workers. Better paid City contract workers who become invested in their jobs and see genuine career advancement opportunities will likely provide more efficient, reliable, and higher quality services. In turn, City leadership in promoting more forward-looking employment practices in the service contract area will put the City in a better position to urge private employers to improve compensation and employment practices in the broader low-wage labor market in New York City. (See Figure 10.)

The City needs a multi-pronged strategy to raise wage standards, utilizing a combination of minimum wage, living wage, and prevailing wage standards. These three tiers represent complementary approaches. Assuming the state grants New York City authority to set a local minimum wage higher than the state minimum, the city minimum wage should establish an appropriate floor under the labor market and reflect the fact of the city's higher living costs as compared to those in many parts of the state and the country. The living wage should set a higher floor for companies and organizations that voluntarily enter into agreements with the City to provide goods or services, or to receive City business development subsidies. The prevailing wage applicable to construction and building services reflects prevailing market-based wages and the specialized skills needed in those areas; it also prevents destructive wage-cutting in an area in which competitive bidding is the norm.

The research reviewed in this report regarding wage standards shows that they are critical to the effective functioning of labor markets and that businesses benefit from the effect wage standards have in leveling the playing field and steering competition to take place with respect to quality and productivity, not on the basis of reduced wages and benefits. New York City needs to fend off the wave of efforts around the country and locally to weaken wage standards, whether through outright restrictions or, as has been the case with regard to prevailing wages for services, to change the methodology used to determine prevailing wage levels. Prevailing wage opponents often argue that average occupational wages should be used as the basis for prevailing wage levels. This argument is made in spite of the fact that those average occupational wages reflect lower skills than are often required to perform work under City contract and those averages include unsustainably low wages paid by unscrupulous employers engaged in "sweatshop" employment practices. As such, "average" occupational wages are clearly inappropriate as a basis for determining prevailing wages, and those who advocate for their use betray either ignorance of their data or malice toward lower-wage workers.

Lower- and middle-income communities across New York City's five boroughs have much at stake in the effort to maintain and elevate wage standards. The wages of those affected by wage standards are vital to family incomes in those neighborhoods. And among communities of color, workers are much more likely to be paid low-wages—black and Latino workers are more than twice as likely as white workers to be low-wage.

Local 32BJ building service workers are representative in their demographics of the broader set of service contract and low-wage workers in New York City. Heavily persons of color and/or recent immigrants, union building service workers earn moderate wages ranging from $40,000 to $60,000 per year, with an average of about $48,000 annually. Local 32BJ members live mainly in low- and moderate-income neighborhoods, with about 30 percent living in middle-income neighborhoods. Prevailing wages for building service workers contribute importantly to family incomes in struggling communities across the city. With prevailing wages contributing to family incomes that put them in the moderate- or middle-income range, 32BJ families largely spend their incomes either on housing or on food and other necessities in their local neighborhoods, supporting local businesses and jobs in neighborhood stores and service businesses.

32BJ members are largely concentrated in the 44 city neighborhoods considered low-income, moderate-income or middle-income. Figure 11 shows the distribution of 32BJ members for each of these three groups of neighborhoods, as well as for upper middle-income neighborhoods.[62] Figure 11 also shows, based on American Community Survey data, the median family income range for each income group and the median number of families with incomes below 200 percent of the federal poverty line. For example, the 13 low-income city neighborhoods have median family incomes below $40,000, and in these neighborhoods, 56 percent of families have incomes of less than 200 percent of the federal poverty line. Twenty-nine percent of 32BJ members live in these low-income neighborhoods in the south Bronx,

FIGURE 10

Positive impacts in NYC from extending wage standards

Increases opportunities

- Raises living standards, and encourages skills development and better career opportunities for a workforce that is predominantly persons of color.

Improves quality of City service delivery

- Better paid City contract workers who become invested in their jobs and see genuine career advancement opportunities will likely provide more efficient, reliable, and higher quality services.

Benefits children

- By raising family incomes and reducing poverty, wage standards foster child development and school performance; with decent pay, health and retirement benefits, and paid leave and vacation, workers are able to spend more time with their families and to be better parents, help their children with homework, spend quality time with their children, all factors very strongly associated with more positive child development and school performance.

- Helps to restore the American Dream of providing better opportunities for one's children.

Improves communities, enhances civic engagement, and other positive effects

- Raises incomes, thereby contributing to more stable and safer communities, and increasing spending in neighborhood businesses.

- Businesses will need to become more efficient and provide better customer service rather than relying on low wages for a competitive advantage.

- Raising wages and incomes will directly and indirectly bolster the City's tax base and budget, and reduce long-term safety net expenditures.

- Better paid workers and more economically secure workers won't have to work multiple jobs to make ends meet, and, thus, are more likely to be involved in school and community activities, boosting overall civic engagement in lower-income communities.

- City leadership in raising standards and providing training and opportunities can create a powerful demonstration effect for other employers.

Central and East Harlem, and East New York, Brownsville, Sunset Park, and Borough Park in Brooklyn.

Thirty-five percent of 32BJ members live in 18 moderate-income neighborhoods in Central and South Brooklyn; the Lower East Side, Morningside Heights and Washington Heights in Manhattan; Williamsbridge and Pelham Parkway in the Bronx; and in the Queens neighborhoods of Astoria, Jackson Heights, Elmhurst, and the Rockaways. Twenty-eight percent of 32BJ members live in 13 middle income neighborhoods in Central Queens; in Riverdale and Co-op City in the Bronx; Sheepshead Bay and Canarsie in Brooklyn; and the North Shore of Staten Island.[63]

The typical 32BJ building service member who is a building cleaner or porter earned $47,840 in 2013.[64] The annual wages of a typical 32BJ member compares favorably to the average annual earnings for workers in the 44 low-, moderate-, and middle-income neighborhoods in the city. The typical 32BJ annual wage was 36 percent greater than the $35,057 average earnings in the 13 low-income neighborhoods, 11 percent greater than the $43,117 average earnings in the 18 moderate-income neighborhoods, and slightly above (1 percent greater) the $47,195 average earnings for the 13 middle-income neighborhoods. Overall, for low-, moderate-, and middle-income neighborhoods, the typical 32BJ member annual wage of $47,840 was 13 percent greater than the average for all workers in these neighborhoods. See Figure 12.

In the aggregate, 32BJ members living in New York City earned $3 billion in wages in 2012. While 32BJ members accounted for 1.9 percent of all workers with earnings in New York City in 2012, in the city's 44 low-, moderate-, and middle-income neighborhoods, 32BJ members accounted for 2.5 percent of all wage earnings in those communities. The wages of the 19,300 32BJ members living in the city's low-income neighborhoods are particularly important—in 2012, 32BJ members accounted for 3.8 percent of all wage earnings in low-income neighborhoods.

FIGURE 11

With average incomes of about $48,000, 32BJ SEIU members are an important source of stability in low- and moderate-income neighborhoods around New York City

New York City neighborhoods	share of 32BJ NYC members	median family income range	median % of families with incomes less than 200% of federal poverty
Low-income neighborhoods	29%	$24,000-$39,900	56%
Mott Haven/Hunts Point; Morrisania/East Tremont; Univ. Heights/Fordham; Highbridge/S. Concourse; Brownsville/Ocean Hill; Kingsbridge/Mosholu; East Harlem; Central Harlem; E. New York/Starrett City; South Crown Heights; Sunset Park; Borough Park; Soundview/Parkchester			
Moderate-income neighborhoods	35%	$40,000-$52,000	42%
Williamsburg/Greenpoint; Bedford Stuyvesant; North Crown Heights; Morningside Heights; Bushwick; Coney Island; Lower East Side; Elmhurst/Corona; Jackson Heights; Flatbush; Bensonhurst; Washington Heights; East Flatbush; Astoria; Williamsbridge; Pelham Parkway; Bay Ridge; Rockaways			
Middle-income neighborhoods	28%	$54,300-$70,000	30%
Riverdale; Jamaica; Sunnyside/Woodside; Middle Village/Ridgewood; Sheepshead Bay; Flushing/Whitestone; Throgs Neck/Coop City; Kew Gardens/Woodhaven; Flatlands/Canarsie; Howard Beach/Ozone Park; Hillcrest/Fresh Meadows; Forest Hills/Rego Park; North Shore Staten Island			
Upper middle-income neighborhoods	8%	$77,200-$116,400	20%
Bayside/Little Neck; Mid-Island Staten Island; Bellerose/Rosedale; Brooklyn Heights; South Shore Staten; Island Chelsea/Clinton; Park Slope/Carroll Gardens			
TOTAL 32 BJ membership	100%		

Note: Excludes the city's 4 highest income neighborhoods (UES, UWS, Greenwich Village/Tribeca, Stuyvesant Town) where 4,200 BJ members live, most likely as residential building supers.

Source: 2010 family income data from American Community Survey, 32BJ membership data analyzed by Fiscal Policy Institute.

FIGURE 12

The importance of 32BJ member earnings by NYC neighborhood

Neighborhood	32BJ members	Number of earners	Average earnings	Aggregate earnings	ratio of BJ members to # of total earners	estimated total BJ member earnings	ratio of BJ earnings to aggregate earnings	ratio of ratios (earnings to members)
Bronx								
3701 Riverdale/Kingsbridge	1,410	46,367	$57,321	$2,657,825,000	3.0%	$67,444,449	2.5%	0.835
3702 Williamsbridge/Baychester	1,462	58,539	$38,524	$2,255,129,000	2.5%	$69,928,780	3.1%	1.242
3703 Throgs Neck/Co-op city	1,351	51,875	$49,753	$2,580,957,000	2.6%	$64,613,135	2.5%	0.962
3704 Pelham Parkway	1,770	51,944	$41,183	$2,139,193,000	3.4%	$84,677,613	4.0%	1.162
3705 Morrisania/E Tremont	2,034	51,564	$27,131	$1,398,964,000	3.9%	$97,295,892	7.0%	1.763
3706 Kingsbridge Hghts/Mosholu	1,802	48,272	$30,619	$1,478,057,000	3.7%	$86,227,581	5.8%	1.562
3707 Univ Hghts/Fordham	1,759	48,946	$25,295	$1,238,079,000	3.6%	$84,151,278	6.8%	1.891
3708 Highbridge/S Concourse	1,991	50,431	$28,790	$1,451,893,000	3.9%	$95,234,466	6.6%	1.662
3709 Soundview/Parkchester	2,321	73,257	$35,572	$2,605,911,000	3.2%	$111,015,543	4.3%	1.345
3710 Mott Haven/Hunts Point	1,995	48,327	$26,569	$1,283,979,000	4.1%	$95,443,336	7.4%	1.801
Bronx total	**17,894**	**529,522**	**$36,051**	**$19,089,987,000**	**3.4%**	**$856,032,072**	**4.5%**	**1.327**
Manhattan								
3801 Washington Hgts/Inwood	3,108	99,472	$38,315	$3,811,231,000	3.1%	$148,672,272	3.9%	1.249
3802 Morningside Hghts/Ham Hghts	1,487	57,027	$52,002	$2,965,504,000	2.6%	$71,125,020	2.4%	0.920
3803 Central Harlem	1,207	52,788	$51,061	$2,695,394,000	2.3%	$57,735,752	2.1%	0.937
3804 East Harlem	1,351	47,145	$46,572	$2,195,619,000	2.9%	$64,609,642	2.9%	1.027
3805 Upper East Side	1,585	127,225	$134,113	$17,062,508,000	1.2%	$75,816,114	0.4%	0.357
3806 Upper West Side	1,493	107,420	$115,296	$12,385,106,000	1.4%	$71,445,643	0.6%	0.415
3807 Chelsea/Clinton/Midtown	831	87,453	$121,809	$10,652,545,000	1.0%	$39,777,238	0.4%	0.393
3808 Stuy Town/Turtle Bay	741	92,233	$108,085	$9,968,976,000	0.8%	$35,425,568	0.4%	0.443
3809 Lower E Side/Chinatown	1,017	79,113	$59,314	$4,692,497,000	1.3%	$48,643,090	1.0%	0.807
3810 Greenwich Vil/Finan District	384	93,439	$125,132	$11,692,206,000	0.4%	$18,393,140	0.2%	0.382
Manhattan total	**13,203**	**843,315**	**$92,636**	**$78,121,586,000**	**1.6%**	**$631,643,480**	**0.8%**	**0.516**
Staten Island								
3901 South Short S.I.	803	73,435	$63,969	$4,697,586,000	1.1%	$38,400,690	0.8%	0.748
3902 Mid-Island S.I.	1,208	57,221	$57,184	$3,272,111,000	2.1%	$57,774,550	1.8%	0.837
3903 North Shore S.I.	1,419	72,723	$51,238	$3,726,160,000	2.0%	$67,868,120	1.8%	0.934
Staten Island total	**3,429**	**203,379**	**$57,508**	**$11,695,857,000**	**1.7%**	**$164,043,360**	**1.4%**	**0.832**
Brooklyn								
4001 Williamsburg/Greenpoint	1,077	71,637	$50,210	$3,596,877,000	1.5%	$51,527,603	1.4%	0.953
4002 Bushwick	1,000	60,459	$31,253	$1,889,499,000	1.7%	$47,852,056	2.5%	1.531
4003 Bedford Stuyvesant	1,011	51,378	$41,093	$2,111,253,000	2.0%	$48,347,152	2.3%	1.164
4004 Broooklyn Hghts/Fort Greene	552	65,332	$76,274	$4,983,105,000	0.8%	$26,383,856	0.5%	0.627
4005 Park Slope/Carroll Gardens	463	66,523	$82,980	$5,520,080,000	0.7%	$22,136,286	0.4%	0.577
4006 No Crown Hghts/Prospect Hghts	849	57,995	$47,869	$2,776,154,000	1.5%	$40,593,771	1.5%	0.999
4007 Brownsville/Ocean Hill	1,016	42,770	$34,694	$1,483,872,000	2.4%	$48,624,145	3.3%	1.379
4008 E New York/Starrett City	1,425	50,942	$37,089	$1,889,367,000	2.8%	$68,183,960	3.6%	1.290
4009 Flatlands/Canarsie	1,245	92,562	$46,338	$4,289,167,000	1.3%	$59,575,008	1.4%	1.032
4010 East Flatbush	1,032	60,862	$38,487	$2,342,423,000	1.7%	$49,377,769	2.1%	1.243
4011 South Crown Heights	774	44,834	$35,937	$1,611,194,000	1.7%	$37,016,822	2.3%	1.331
4012 Sunset Park	846	68,691	$36,216	$2,487,682,000	1.2%	$40,481,203	1.6%	1.321
4013 Bay Ridge	736	60,034	$53,028	$3,183,488,000	1.2%	$35,203,160	1.1%	0.902
4014 Borough Park	784	58,875	$38,360	$2,258,455,000	1.3%	$37,493,978	1.7%	1.247
4015 Flatbush	1,025	66,833	$43,142	$2,883,293,000	1.5%	$49,042,698	1.7%	1.109
4016 Sheepshead Bay/Gravesend	760	59,758	$52,213	$3,120,118,000	1.3%	$36,338,977	1.2%	0.916
4017 Bensonhurst	1,095	75,448	$42,856	$3,233,412,000	1.5%	$52,401,640	1.6%	1.116
4018 Coney Island	593	39,866	$41,540	$1,656,015,000	1.5%	$28,386,725	1.7%	1.152
Brooklyn total	**16,283**	**1,094,799**	**$46,872**	**$51,315,454,000**	**1.5%**	**$778,966,808**	**1.5%**	**1.021**
Queens								
4101 Astoria	2,261	89,042	$44,348	$3,948,794,000	2.5%	$108,147,104	2.7%	1.079
4102 Jackson Heights	2,209	88,500	$33,666	$2,979,434,000	2.5%	$105,655,166	3.5%	1.421
4103 Flushing/Whitestone	1,468	113,814	$45,432	$5,170,751,000	1.3%	$70,243,041	1.4%	1.053
4104 Bayside/Little Neck	477	56,581	$57,003	$3,225,302,000	0.8%	$22,803,032	0.7%	0.839
4105 Bellerose/Rosedale	1,108	95,569	$47,117	$4,502,958,000	1.2%	$53,009,734	1.2%	1.015
4106 Hillcrest/Fresh Meadows	1,068	65,394	$48,243	$3,154,787,000	1.6%	$51,095,177	1.6%	0.992
4107 Elmhurst/Corona	1,411	66,836	$34,212	$2,286,569,000	2.1%	$67,480,856	3.0%	1.398
4108 Forest Hills/Rego Park	927	57,331	$65,225	$3,739,408,000	1.6%	$44,328,879	1.2%	0.733
4109 Sunnyside/Woodside	1,639	69,632	$44,965	$3,131,036,000	2.4%	$78,389,380	2.5%	1.064
4110 Middle Village/Ridgewood	2,885	77,448	$45,796	$3,546,790,000	3.7%	$138,027,155	3.9%	1.045
4111 Kew Gardens/Woodhaven	1,713	69,368	$40,443	$2,805,443,000	2.5%	$81,968,960	2.9%	1.183
4112 Jamaica	1,734	99,727	$37,397	$3,729,540,000	1.7%	$82,974,796	2.2%	1.279
4113 Howard Beach/S Ozone Park	1,206	61,569	$42,172	$2,596,468,000	2.0%	$57,697,432	2.2%	1.134
4114 Rockaways	645	45,431	$47,104	$2,139,985,000	1.4%	$30,856,800	1.4%	1.016
Queens total	**20,750**	**1,056,242**	**$44,457**	**$46,957,265,000**	**2.0%**	**$992,677,512**	**2.1%**	**1.076**
New York City total	**71,559**	**3,727,257**	**$55,585**	**$207,180,148,000**	**1.9%**	**$3,423,363,233**	**1.7%**	**0.861**

Source: FPI analysis of 2010 American Community Survey and 32BJ data.

ENDNOTES

1 Bill de Blasio, "A Foundation for Greatness," May 30, 2013, accessed at: http://archive.advocate.nyc.gov/jobs/speech.

2 New York City Center for Economic Opportunity, 2012 data based on CEO poverty definition. See CEO's online Poverty Data Tool (accessed May 29, 2014), http://www.nyc.gov/html/ceo /html/poverty/lookup.shtml.

3 The Stanford Center on Poverty & Inequality, *The Poverty and Inequality Report, 2014*, p.7, January 2014. Extreme wealth inequality, particularly its implications for inter-generational mobility, is also a major dimension of economic polarization in New York City and the United States.

4 For example, from 2002 to 2012, the share of New York City adults 25 and older with a 4-year college degree or better rose from 37.5 percent to 44.4 percent, yet inflation-adjusted median wages for such workers fell by 8.2 percent over that 10-year period, nearly twice the 4.3 percent rate of decline in the city's overall median hourly wage. FPI analysis of Current Population Survey data.

5 Local 32BJ represents another 75,000 workers in states along the East Coast outside of the city. It is the largest property service workers union in the United States.

6 Bill de Blasio mayoral campaign, *One New York, Rising Together, 2013*.

7 While the supplemental poverty measure developed by the City's Center for Economic Opportunity (CEO) is for various reasons a more locally-specific poverty measure, the CEO poverty measure is available only back to 2005. For comparisons to 1990, one has to rely on the federal poverty measure.

8 FPI and the Community Service Society, *Barriers to Entry: The Increasing Challenges Faced by Young Adults in the New York City Labor Market*, prepared for and with the support of JobsFirstNYC, May 2013, p. 26.

9 FPI analysis of Current Population data.

10 FPI analysis of Current Employment Statistics data, seasonally adjusted, January 2001 through April 2014. Average wages from Quarterly Census of Employment and Wages, 2012. See Figure 2.

11 FPI analysis of Current Population Survey data.

12 EPI analysis of CPS data, 2013.

13 Fiscal Policy Institute borough estimates based on EPI CPS analysis for New York City of workers paid less than $15 an hour.

14 Analysis of NYS Department of Labor, 2010-20 Occupational projections for New York City (accessed May 31, 2014 at http://www.labor.ny.gov/stats/lsproj.shtm). The median annual wages shown in Figure 4 for security guards and janitors and cleaners includes both non-union and union workers. Union wages under Local 32BJ contracts for these job classifications are much higher than the median wages shown here.

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27 Levine, Op. cit.

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30 New Jersey: http://lwd.dol.state.nj.us/labor/wagehour/lawregs/state_building_service_contracts_law.html; Connecticut: http://www.ctdol.state.ct.us/wgwkstnd/StandardWageGuide/index.htm; Massachusetts: http://www.mass.gov/lwd/labor-standards/prevailing-wage-program/a-guide-to-the-ma-prevailing-wage-law-for-2.html; Illinois: http://www.ilga.gov/legislation/ilcs /documents /003005000K25-60.htm; Washington: http://apps.leg.wa.gov/WAC/default.aspx?cite =296-127-01308; Montana: http://erd.dli.mt.gov/images /stories /pdf/labor_standards /prevailing_wage /2013-ncs-final.pdf

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64 Based on an average wage of $23 an hour for 2080 hours per year (40 hours per week for 52 weeks a year.)

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