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To Carl Haacke		Date 9/13/99	# of pages ▶ 10
Co./Dept. NEC		From Lisa Stuart	
Phone # 456 5367		Co. Checo	
Fax # 456 2223		Phone # 693 6070	
		Fax # 693 6146	

Table A-32. Distribution of wage and salary workers paid hourly rates, by selected characteristics, annual averages 1998

(Numbers in thousands)

Characteristic	Total paid hourly rates	Less than $4.25	$4.25	$4.26 to $5.14	$4.75	$5.00	$5.15	$5.1[illegible] to $5.64	to $6.14	to $6.64	to $7.14	or more
SEX AND AGE												
Total, 16 years and over	71,440	1,037	68	1,709	106	1,398	1,593	3,987	5,866	3,410	4,833	46,918
16 to 24 years	16,361	468	44	865	60	702	883	2,255	2,682	1,360	1,714	6,090
16 to 19 years	6,482	205	27	557	40	452	558	1,451	1,397	574	599	1,112
20 to 24 years	9,879	263	17	308	20	249	325	804	1,285	786	1,114	4,978
25 years and over	55,080	569	44	844	46	694	710	1,731	3,183	2,051	3,119	42,829
25 to 54 years	47,813	489	36	675	39	548	573	1,384	2,634	1,732	2,605	37,686
25 to 34 years	17,298	267	19	245	21	206	245	603	1,130	664	1,103	13,023
35 to 44 years	18,070	140	13	263	13	208	191	470	924	624	909	14,537
45 to 54 years	12,445	82	5	166	5	134	138	311	580	444	593	10,126
55 years and over	7,266	80	8	169	7	146	137	348	549	319	514	5,143
55 to 64 years	5,660	44	4	96	3	88	70	204	359	212	361	4,311
65 years and over	1,606	36	4	73	4	58	67	144	191	107	153	831
Men, 16 years and over	35,761	303	31	705	45	580	628	1,557	2,466	1,315	2,094	26,661
16 to 24 years	8,411	126	15	395	27	319	400	1,012	1,326	616	896	3,626
16 to 19 years	3,219	60	12	256	14	212	257	668	702	266	327	671
20 to 24 years	5,192	67	3	139	13	107	142	343	624	350	569	2,955
25 years and over	27,349	177	16	310	18	261	228	545	1,140	699	1,198	23,035
Women, 16 years and over	35,680	734	57	1,003	61	816	965	2,430	3,400	2,095	2,738	22,257
16 to 24 years	7,949	342	29	470	33	382	483	1,243	1,356	744	818	2,463
16 to 19 years	3,263	146	15	301	26	240	301	783	695	308	273	441
20 to 24 years	4,686	196	14	169	7	142	183	461	661	436	545	2,022
25 years and over	27,730	392	28	533	28	433	482	1,186	2,043	1,351	1,921	19,794
RACE AND HISPANIC ORIGIN												
White												
Total, 16 years and over	58,512	932	59	1,300	84	1,068	1,269	3,224	4,685	2,737	3,800	40,527
Men	29,700	266	21	540	35	451	498	1,280	2,007	1,065	1,675	22,348
Women	28,812	665	38	760	49	617	770	1,944	2,658	1,671	2,125	18,179
Black												
Total, 16 years and over	9,773	68	26	334	18	268	274	592	881	530	817	6,248
Men	4,492	20	10	138	8	107	106	215	319	186	330	3,170
Women	5,281	48	16	196	10	162	167	377	562	344	488	3,079
Hispanic origin												
Total, 16 years and over	9,065	92	12	290	26	247	276	602	1,195	570	779	6,250

See footnotes at end of table.

11,046

1,972
1,585
1,029
1,030

4,651

6,795

9158 15.7%

1,797 17.9%

2013 22.9%

Table A-32. Distribution of wage and salary workers paid hourly rates, by selected characteristics, annual averages 1998

(Numbers in thousands) — Continued

Characteristic	Total paid hourly rates	Less than $4.25	$4.25	$4.26 to $5.14	$4.75	$5.00	$5.15	$5.16 to $5.64	$5.65 to $6.14	$6.15 to $6.64	$6.65 to $7.14	$7.15 or more
Hispanic origin												
Men	5,414	41	4	165	15	129	126	283	633	300	445	3,429
Women	3,851	51	6	135	11	116	160	319	582	270	334	1,822
FULL- AND PART-TIME STATUS AND SEX												
Full-time workers												
Total, 16 years and over	54,093	420	39	738	53	587	596	1,536	3,105	2,167	3,384	42,108
Men	30,315	160	12	343	26	278	249	628	1,460	927	1,633	24,903
Women	23,778	260	27	396	28	309	347	909	1,644	1,241	1,751	17,205
Part-time workers												
Total, 16 years and over	17,196	613	49	966	51	807	993	2,439	2,755	1,238	1,439	6,707
Men	5,367	141	19	360	17	302	376	927	1,002	365	458	1,698
Women	11,831	472	30	605	34	504	617	1,512	1,753	852	981	5,009
FAMILY RELATIONSHIP												
Husbands	17,634	68	4	151	11	121	133	284	629	396	644	15,334
Wives	16,887	209	16	276	12	223	280	855	1,188	844	1,158	12,261
Women who maintain families	5,187	99	6	142	9	114	132	338	536	313	437	3,187
Men who maintain families	1,833	11	–	38	3	31	28	52	113	73	116	1,402
Other persons in families:												
Men	8,443	119	17	365	20	308	359	947	1,202	548	830	4,056
Women	7,054	240	26	420	33	337	391	1,066	1,125	667	676	2,543
All other men [1]	7,851	105	10	151	10	121	108	273	522	308	605	5,869
All other women [1]	6,552	186	8	165	7	142	162	373	551	372	468	4,267

[1] The majority of these persons are living alone or with a non-relative.
– Data not available.

NOTE: Data exclude the incorporated self employed. Detail for the above race and Hispanic-origin groups will not sum to totals because data for the "other races" group are not presented and Hispanics are included in both the white and black population groups. Also note that the distinction between full and part-time workers is based on hours usually worked. These data will not sum to totals because full or part-time status on the principal job is not identifiable for a small number of multiple jobholders.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics, unpublished tabulations from the Current Population Survey, 1998.

$237 4 ?

637 36.0

Table A-35. Distribution of wage and salary workers paid hourly rates, annual averages 1998

(Numbers in thousands)

Total

HOURLY RATE	
Total	71,440
Under $3.35	856
Under $2.60	539
$2.13	146
$2.14 - $2.49	143
$2.60 - $2.99	169
$3.00 - $3.34	149
$3.00 - $3.04	94
$3.05 - $3.09	19
$3.10 - $3.19	14
$3.20 - $3.29	21
$3.30 - $3.34	2
$3.35	4
$3.36 - $3.49	6
$3.40 - $3.44	1
$3.45 - $3.49	4
$3.50 - $3.79	49
$3.50 - $3.54	33
$3.55 - $3.59	1
$3.65 - $3.69	2
$3.75 - $3.79	13
$3.80	1
$3.81 - $3.99	3
$3.85 - $3.89	2
$3.95 - $3.99	1
$4.00	111
$4.01 - $4.24	7
$4.05 - $4.09	>0
$4.10 - $4.14	>0
$4.15 - $4.19	4
$4.20 - $4.24	2
$4.25	68
$4.26 - $4.49	60
$4.26 - $4.29	1
$4.30 - $4.34	6
$4.35 - $4.39	34
$4.40 - $4.44	7
$4.45 - $4.49	3
$4.50 - $4.99	234
$4.50 - $4.54	78
$4.55 - $4.59	8
$4.60 - $4.64	3
$4.65 - $4.69	14

See footnotes at end of table.

Table A-35. Distribution of wage and salary workers paid hourly rates, annual averages 1998

(Numbers in thousands) — Continued

Total

HOURLY RATE	
$4.70 - $4.74	6
$4.75	106
$4.76 - $4.79	3
$4.80 - $4.84	1
$4.85 - $4.89	7
$4.90 - $4.94	5
$4.95 - $4.99	2
$5.00 - $5.49	5,191
$5.00	1,396
$5.05 - $5.09	12
$5.10 - $5.14	18
$5.15	1,593
$5.16 - $5.19	10
$5.20 - $5.24	46
$5.25 - $5.29	1,361
$5.30 - $5.34	128
$5.35 - $5.39	329
$5.40 - $5.44	188
$5.45 - $5.49	108
$5.50 - $5.99	3,481
$5.50 - $5.74	2,039
$5.50	1,604
$5.51 - $5.54	17
$5.55 - $5.59	62
$5.60 - $5.64	131
$5.65 - $5.69	158
$5.70 - $5.74	67
$5.75 - $5.99	1,441
$5.75	1,098
$5.76 - $5.79	19
$5.80 - $5.84	88
$5.85 - $5.89	97
$5.90 - $5.94	87
$5.95 - $5.99	52
$6.00 - $6.49	5,627
$6.00	4,031
$6.01 - $6.04	25
$6.05 - $6.09	53
$6.10 - $6.14	91
$6.15	116
$6.16 - $6.19	45
$6.20 - $6.24	100
$6.25 - $6.29	728

See footnotes at end of table.

Table A-35. Distribution of wage and salary workers paid hourly rates, annual averages 1998

(Numbers in thousands) — Continued

Total

HOURLY RATE	
$6.30 - $6.34	107
$6.35 - $6.39	110
$6.40 - $6.44	138
$6.45 - $6.49	65
$6.50 - $6.99	2,925
$6.50 - $6.74	2,127
$6.50	1,809
$6.51 - $6.54	28
$6.55 - $6.59	69
$6.60 - $6.64	86
$6.65 - $6.69	69
$6.70 - $6.74	86
$6.75 - $6.99	798
$6.75	442
$6.76 - $6.79	33
$6.80 - $6.84	107
$6.85 - $6.89	70
$6.90 - $6.94	65
$6.95 - $6.99	61
$7.00 - $7.99	7,769
$7.00 - $7.49	5,116
$7.00	3,715
$7.01 - $7.04	18
$7.05 - $7.09	68
$7.10 - $7.14	91
$7.15	79
$7.16 - $7.19	41
$7.20 - $7.24	119
$7.25 - $7.29	522
$7.30 - $7.34	118
$7.35 - $7.39	107
$7.40 - $7.44	119
$7.45 - $7.49	121
$7.50 - $7.99	2,653
$7.50 - $7.74	1,964
$7.50	1,580
$7.51 - $7.54	23
$7.55 - $7.59	95
$7.60 - $7.64	114
$7.65 - $7.69	88
$7.70 - $7.74	64
$7.75 - $7.99	669
$7.75	258

See footnotes at end of table.

Table A-35. Distribution of wage and salary workers paid hourly rates, annual averages 1998

(Numbers in thousands) — Continued

Total

HOURLY RATE	
$7.75 - $7.79	38
$7.80 - $7.84	128
$7.85 - $7.89	99
$7.90 - $7.94	91
$7.95 - $7.99	56
$8.00 - $8.99	7,193
$9.00 - $9.99	5,603
$10.00 or more	32,243

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NOTE: Data exclude the incorporated self employed. Detail for the above race and Hispanic-origin groups will not sum to totals because data for the "other races" group are not presented and Hispanics are included in both the white and black population groups. Also note that the distinction between full and part-time workers is based on hours usually worked. These data will not sum to totals because full or part-time status on the principal job is not identifiable for a small number of multiple jobholders.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics, unpublished tabulations from the Current Population Survey, 1998.

Table A-33. Distribution of wage and salary workers paid hourly rates, by major occupation group, annual averages 1998

(Numbers in thousands)

Occupation	Total paid hourly rates	Less than $4.25	$4.25	$4.26 to $5.14	$4.75	$5.00	$5.15	$5.16 to $5.64	$5.65 to $6.14	$6.15 to $6.64	$6.65 to $7.14	$7.15 or more
Total, 16 years and over	71,440	1,037	88	1,709	106	1,396	1,593	3,987	5,666	3,410	4,633	46,918
Managerial and professional specialty	9,934	35	3	79	4	60	54	184	298	228	331	8,722
Executive, administrative, and managerial	4,279	15	2	31	2	18	3	62	122	95	156	3,792
Professional specialty	5,656	20	1	48	1	42	51	122	176	134	174	4,930
Technical, sales, and administrative support	22,694	58	22	476	29	403	488	1,381	2,005	1,258	1,769	15,237
Technicians and related support	2,714	5	1	17	2	12	12	27	53	32	94	2,473
Sales occupations	7,540	21	11	309	18	263	327	1,015	1,328	711	761	3,056
Administrative support, including clerical	12,440	32	10	150	9	128	149	339	625	515	914	9,708
Service occupations	13,185	857	34	681	40	544	662	1,477	1,884	954	1,144	5,493
Private household	411	42	3	53	1	52	15	28	51	12	35	172
Protective service	1,545	4	2	27	1	20	27	66	109	57	97	1,158
Service, except private household and protective	11,228	811	29	601	38	472	620	1,383	1,723	885	1,012	4,164
Precision production, craft, and repair	9,512	13	6	49	9	38	32	79	284	170	364	8,517
Mechanics and repairers	3,219	3	1	15	3	12	18	22	79	52	97	2,930
Construction trades	3,469	7	2	20	6	13	5	24	100	52	135	3,125
Other precision production, craft, and repair	2,824	2	3	14	1	13	9	33	105	66	131	2,462
Operators, fabricators, and laborers	14,754	60	18	344	13	292	299	703	1,147	707	1,079	10,397
Machine operators, assemblers, and inspectors	6,749	23	6	118	7	98	97	222	491	300	495	4,994
Transportation and material moving occupations	3,510	13	6	50	2	40	58	110	150	98	197	2,832
Handlers, equipment cleaners, helpers, and laborers	4,495	24	6	176	4	155	144	371	506	309	387	2,571
Farming, forestry, and fishing	1,361	14	5	60	11	59	58	163	249	93	147	563

NOTE: Data exclude the incorporated self employed. Detail for the above race and Hispanic-origin groups will not sum to totals because data for the "other races" group are not presented and Hispanics are included in both the white and black population groups. Also note that the distinction between full and part-time workers is based on hours usually worked. These data will not sum to totals because full or part-time status on the principal job is not identifiable for a small number of multiple jobholders.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics, unpublished tabulations from the Current Population Survey, 1998.

Table A-34. Distribution of wage and salary workers paid hourly rates, by major industry group, annual averages 1998

(Numbers in thousands)

Industry	Total paid hourly rates	Less than $4.25	$4.25	$4.26 to $5.14	$4.75	$5.00	$5.15	$5.16 to $5.64	$5.65 to $6.14	$6.15 to $6.64	$6.65 to $7.14	$7.15 or more
Total, 16 years and over	71,440	1,037	88	1,709	106	1,398	1,593	3,987	6,866	3,410	4,833	48,918
Private sector	62,799	1,003	83	1,584	101	1,289	1,471	3,702	6,488	3,121	4,430	41,916
Goods producing	19,179	48	13	258	23	208	177	418	991	577	1,084	15,613
Agriculture	1,133	10	3	62	12	40	43	121	197	71	136	489
Mining	354	1	-	4	-	4	1	4	8	7	18	313
Construction	4,400	12	3	42	4	36	17	42	150	91	229	3,814
Manufacturing	13,293	25	8	160	7	128	116	251	636	409	702	10,997
Durable goods	8,154	17	3	68	3	49	35	120	312	210	403	6,996
Nondurable goods	5,139	8	5	92	4	79	81	131	323	198	299	4,001
Service producing	43,617	955	70	1,326	78	1,081	1,294	3,284	4,498	2,544	3,346	26,302
Transp. and public utilities	4,112	12	>0	35	5	26	36	70	136	89	172	3,560
Wholesale trade	2,200	9	2	27	1	22	30	61	139	98	166	1,649
Retail trade	15,268	725	43	789	45	638	777	2,028	2,507	1,243	1,338	5,819
Eating and drinking	5,190	692	30	425	30	325	414	916	940	338	351	1,088
Finance, ins., & real estate	3,021	9	3	25	3	15	24	61	122	132	201	2,445
Services	19,014	199	23	451	25	380	427	1,045	1,590	983	1,469	12,830
Private households	488	43	3	58	1	56	17	39	63	18	41	206
Other services	18,527	156	20	393	24	324	410	1,005	1,527	965	1,428	12,623
Business and repair	4,021	17	4	94	4	84	75	164	349	204	366	2,746
Personal services	1,815	47	6	70	4	53	82	188	267	163	214	778
Entertainment and recr.	1,302	33	2	61	3	47	64	173	208	112	117	532
Professional and related	11,369	59	8	167	13	140	188	481	701	484	729	8,552
Forestry and fisheries	21	>0	-	1	-	1	>0	1	3	1	1	13
Government	8,644	34	4	124	4	107	122	265	379	290	403	7,003
Federal	1,898	6	1	11	-	10	10	21	35	33	66	1,725
State	2,107	8	1	45	-	42	48	108	129	68	101	1,560
Local	4,639	20	3	68	4	55	64	157	215	169	246	3,697

45% 37.5

369

7093 75%

4662 30.2%

2269 43.7%

443 34%

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– Data not available.

NOTE: Data exclude the incorporated self employed. Detail for the above race and Hispanic-origin groups will not sum to totals because data for the "other races" group are not presented and Hispanics are included in both the white and black population groups. Also note that the distinction between full and part-time workers is based on hours usually worked. These data will not sum to totals because full or part-time status on the principal job is not identifiable for a small number of multiple jobholders.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics, unpublished tabulations from the Current Population Survey, 1998.

Table A-36. Employed wage and salary workers paid hourly rates with earnings at and around the prevailing Federal minimum wage, by State, annual averages 1998

Number of workers (in thousands)

	Total employed	Total paid hourly rates		Less than $4.25		$4.25		$4.26 to $5.14		$4.75		$5.00		$5.15		$5.16 to $5.64		$5.65 to $6.14	
		Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total, 16 years and over	71,440	71,440	100.0	1,037	1.5	88	.1	1,709	2.4	108	.1	1,396	2.0	1,593	2.2	3,987	5.6	5,866	8.2
Alabama	1,128	1,128	100.0	10	.9	2	.2	36	3.2	1	.1	27	2.4	57	5.0	89	7.9	97	8.6
Alaska	179	179	100.0	1	.5	–	–	3	1.5	1	.3	2	1.1	1	.8	5	2.5	8	4.5
Arizona	1,207	1,207	100.0	26	2.1	4	.3	35	2.9	2	.1	30	2.4	48	3.9	72	5.9	108	9.0
Arkansas	609	609	100.0	11	1.8	–	–	16	2.6	–	–	15	2.5	32	5.3	49	8.0	71	11.7
California	8,204	8,204	100.0	40	.5	8	.1	174	2.1	20	.2	146	1.8	95	1.2	320	3.9	1,071	13.1
Colorado	1,097	1,097	100.0	23	2.1	2	.2	15	1.4	1	.1	12	1.1	12	1.1	44	4.0	58	5.3
Connecticut	892	892	100.0	8	.9	1	.1	16	1.8	–	–	13	1.5	3	.4	34	3.8	55	6.2
Delaware	213	213	100.0	4	2.0	>0	.1	4	2.0	>0	.1	3	1.4	3	1.4	9	4.4	14	6.6
District of Columbia	105	105	100.0	1	1.1	>0	.2	2	2.2	>0	.2	2	1.8	1	.7	5	4.7	6	5.4
Florida	3,701	3,701	100.0	91	2.4	4	.1	113	3.0	7	.2	94	2.5	57	1.5	234	6.3	362	9.8
Georgia	1,942	1,942	100.0	25	1.3	1	.1	57	2.9	1	.1	47	2.4	46	2.4	92	4.8	171	8.8
Hawaii	313	313	100.0	2	.6	–	–	4	1.4	–	–	3	.8	2	.6	25	8.0	27	8.6
Idaho	368	368	100.0	7	1.9	1	.2	10	2.8	1	.2	9	2.4	10	2.8	28	7.8	25	6.8
Illinois	3,160	3,160	100.0	53	1.7	4	.1	78	2.5	8	.3	61	1.9	54	1.7	190	6.0	241	7.6
Indiana	1,778	1,778	100.0	30	1.7	6	.3	40	2.2	4	.3	32	1.8	24	1.4	84	4.7	97	5.4
Iowa	893	893	100.0	12	1.3	1	.1	22	2.5	3	.3	16	1.8	20	2.2	47	5.3	76	8.5
Kansas	744	744	100.0	15	2.0	1	.2	10	1.4	1	.1	7	1.0	16	2.1	45	6.1	47	6.4
Kentucky	1,088	1,088	100.0	14	1.3	–	–	19	1.7	1	.1	16	1.4	30	2.7	73	6.7	100	9.2
Louisiana	1,056	1,056	100.0	17	1.6	1	.1	27	2.6	2	.2	18	1.7	54	5.1	103	9.8	91	8.7
Maine	366	366	100.0	4	1.1	1	.3	7	1.9	1	.2	6	1.6	7	2.0	24	6.6	22	6.0
Maryland	1,293	1,293	100.0	17	1.3	4	.3	26	2.0	–	–	21	1.6	19	1.5	52	4.0	74	5.8
Massachusetts	1,694	1,694	100.0	32	1.9	1	.1	25	1.5	2	.1	20	1.2	10	.6	66	3.9	105	6.2
Michigan	2,987	2,987	100.0	69	2.3	4	.1	67	2.3	3	.1	52	1.7	51	1.7	125	4.2	208	6.9
Minnesota	1,447	1,447	100.0	6	.4	2	.1	19	1.3	3	.2	13	.9	35	2.4	66	4.6	75	5.2
Mississippi	643	643	100.0	11	1.7	–	–	28	4.4	1	.1	24	3.7	39	6.1	58	9.0	54	8.4
Missouri	1,515	1,515	100.0	28	1.9	–	–	27	1.8	1	.1	22	1.4	29	1.9	84	5.5	116	7.7
Montana	245	245	100.0	2	.9	–	–	5	2.0	>0	.1	4	1.6	13	5.2	23	9.3	23	9.3
Nebraska	491	491	100.0	8	1.6	>0	.1	14	2.9	1	.2	11	2.2	15	3.0	28	5.7	41	8.4
Nevada	546	546	100.0	4	.7	>0	.1	9	1.6	>0	.1	8	1.5	14	2.6	25	4.6	38	7.0
New Hampshire	356	356	100.0	6	1.7	1	.1	6	1.8	1	.2	4	1.2	4	1.2	11	3.0	26	7.3
New Jersey	1,907	1,907	100.0	35	1.9	2	.1	48	2.5	2	.1	39	2.0	20	1.0	97	5.1	111	5.8
New Mexico	442	442	100.0	6	1.4	–	–	14	3.2	>0	.1	10	2.3	19	4.2	31	7.0	37	8.4
New York	3,949	3,949	100.0	48	1.2	6	.1	151	3.8	3	.1	132	3.4	69	1.8	201	5.1	285	7.2
North Carolina	2,004	2,004	100.0	21	1.1	2	.1	50	2.5	4	.2	42	2.1	26	1.3	132	6.6	156	7.8
North Dakota	188	188	100.0	2	1.3	>0	.2	6	3.0	>0	.1	4	2.2	8	4.4	16	8.3	16	8.4
Ohio	3,334	3,334	100.0	63	1.9	4	.1	79	2.4	3	.1	65	1.9	76	2.3	213	6.4	236	7.1
Oklahoma	803	803	100.0	19	2.3	1	.1	22	2.7	2	.3	17	2.1	40	5.0	58	7.3	85	10.6
Oregon	956	956	100.0	6	.6	1	.1	6	.6	–	–	6	.6	3	.3	13	1.4	101	10.6
Pennsylvania	3,214	3,214	100.0	56	1.7	4	.1	67	2.1	2	.1	55	1.7	104	3.2	198	6.2	202	6.3

See footnotes at end of table.

Table A-38. Employed wage and salary workers paid hourly rates with earnings at and around the prevailing Federal minimum wage, by State, annual averages 1998

Number of workers (in thousands) — Continued

	$6.15 to $6.64		$6.65 to $7.14		$7.15 or more	
	Number	Percent	Number	Percent	Number	Percent
Total, 16 years and over	3,410	4.8	4,833	6.8	48,918	68.5
Alabama	69	6.1	86	7.6	683	60.6
Alaska	6	3.1	8	4.4	148	82.7
Arizona	74	6.1	88	7.3	763	62.4
Arkansas	38	6.2	52	8.5	340	55.9
California	382	4.7	556	6.8	5,561	67.8
Colorado	51	4.6	67	6.1	825	75.2
Connecticut	34	3.9	46	5.2	684	77.8
Delaware	9	4.1	14	6.6	155	72.9
District of Columbia	4	3.5	7	6.3	80	76.0
Florida	205	5.6	270	7.3	2,367	64.0
Georgia	70	3.6	120	6.2	1,360	70.0
Hawaii	14	4.4	21	6.7	218	69.6
Idaho	22	6.0	25	6.8	237	64.9
Illinois	129	4.1	221	7.0	2,189	69.3
Indiana	81	4.6	89	5.0	1,326	74.7
Iowa	47	5.3	64	7.2	603	67.6
Kansas	57	7.6	68	9.1	485	65.2
Kentucky	58	5.4	65	6.0	729	67.0
Louisiana	50	4.7	77	7.2	636	60.3
Maine	19	5.3	22	5.9	259	70.8
Maryland	40	3.1	67	5.1	994	76.9
Massachusetts	64	3.8	101	6.0	1,289	76.1
Michigan	133	4.5	181	6.1	2,132	71.9
Minnesota	64	4.4	91	6.3	1,089	75.2
Mississippi	25	3.8	55	8.6	373	58.0
Missouri	82	5.4	97	6.4	1,053	69.5
Montana	14	5.5	16	6.7	149	61.0
Nebraska	31	6.2	39	7.9	315	64.2
Nevada	25	4.6	38	7.0	393	72.1
New Hampshire	14	3.8	22	6.1	267	74.9
New Jersey	64	3.3	122	6.4	1,409	73.9
New Mexico	23	5.2	34	7.6	279	63.0
New York	147	3.7	262	6.6	2,781	70.4
North Carolina	102	5.1	171	8.5	1,344	67.1
North Dakota	16	8.4	15	8.0	109	58.1
Ohio	157	4.7	182	5.5	2,325	69.7
Oklahoma	43	5.4	56	6.9	479	59.6
Oregon	57	6.0	77	8.1	692	72.4
Pennsylvania	122	3.8	193	6.0	2,267	70.5

See footnotes at end of table.

EPI Issue Brief

Issue Brief #133 Economic Policy Institute September 16, 1999

THE MINIMUM WAGE INCREASE:
A Working Woman's Issue

by Jared Bernstein, Heidi Hartmann, and John Schmitt

As Congress considers raising the federal minimum wage from its current level of $5.15 per hour to $6.15, it is important to understand who will benefit from this increase. An analysis of low-wage workers shows that the main beneficiaries of this one-dollar increase would be working women, almost one million of whom are single mothers. In fact, of the 11.8 million workers who would receive a pay increase as the result of this higher minimum wage, 58% would be women, simply because, as a group, they earn lower wages than men. As a result, a minimum wage increase would help to reduce the overall pay gap between women and men.

Since the minimum wage is not indexed to inflation, when Congress fails to raise the minimum wage, these workers' purchasing power declines, as was the case over the 1980s. Even with the two increases thus far in the 1990s, the minimum wage remains 19% below its inflation-adjusted 1979 level. This decline in the minimum wage helps to explain the growth of wage inequality and the diminished earnings of low-wage female workers over the last two decades.

In 1979, a woman working at the minimum wage earned 70% of the hourly wage of the median female worker (the woman right in the middle of the female wage scale). By 1998, that ratio had fallen to 52%. Similarly, in 1979 a single mother working full time at the minimum wage earned enough to lift a family of three (herself and two children) above the poverty line. By 1998, however, the same family would be 18% below the poverty line.[1]

Table 1 shows the number and the share of working women in 1998 – nationally and in each state – that would benefit from the proposed increase. About 7 million women nationally – 12.6% of all working women – earn between $5.15 and $6.14, the wage range that would be directly affected by an increase in the federal

This report is a joint publication of EPI and the Institute for Women's Policy Research.

TABLE 1
Female workers, by state, who would benefit from proposed minimum wage increase, 1998
(in thousands)

State	Share of Female Workers*	Number
NORTHEAST	**10.5%**	**1,139**
Maine	14.1	36
New Hampshire	8.6	23
Vermont	10.1	14
Massachusetts	8.6	119
Rhode Island	12.2	26
Connecticut	7.3	53
New York	10.4	372
New Jersey	8.9	157
Pennsylvania	13.6	338
MIDWEST	**12.2%**	**1,654**
Ohio	14.7	345
Indiana	10.2	127
Illinois	11.6	297
Michigan	11.5	235
Wisconsin	9.8	121
Minnesota	8.7	94
Iowa	14.2	93
Missouri	12.7	152
North Dakota	19.0	28
South Dakota	18.8	30
Nebraska	14.8	55
Kansas	14.0	77
U.S.	**12.6%**	**6,977**

State	Share of Female Workers*	Number
SOUTH	**15.3%**	**2,974**
Delaware	10.4	17
Maryland	8.9	101
D.C.	NA	NA
Virginia	11.0	157
West Virginia	22.5	70
North Carolina	12.0	190
South Carolina	17.8	154
Georgia	13.3	224
Florida	14.1	414
Kentucky	16.5	130
Tennessee	13.5	156
Alabama	19.1	170
Mississippi	21.1	110
Arkansas	21.9	106
Louisiana	20.2	170
Oklahoma	20.0	128
Texas	17.0	669
WEST	**10.4%**	**1,210**
Montana	20.8	35
Idaho	15.9	38
Wyoming	18.3	17
Colorado	8.6	77
New Mexico	16.1	50
Arizona	15.4	134
Utah	14.1	60
Nevada	8.7	31
Washington	9.4	109
Oregon	7.7	51
California	9.4	572
Alaska	NA	NA
Hawaii	12.2	31

* As share of female workforce.
Source: EPI analysis of 1998 CPS data.

minimum wage.[2] In lower-wage states, the share of women that would benefit from the proposed increase is typically higher than the national average. For example, one-fifth or more of working women would receive a raise after a one-dollar increase in the federal minimum in the following states: West Virginia (22.5%), Arkansas (21.9%), Mississippi (21.1%), Montana (20.8%), Louisiana (20.2%), and Oklahoma (20.0%). The states with the largest numbers of working women who would benefit from the increase are: Texas (669,000), California (572,000), Florida (414,000), New York (372,000), Ohio (345,000), and Pennsylvania (338,000).

Table 2 helps provide a clearer picture of the low-wage women who would benefit from the proposed

TABLE 2
Characteristics of female workers by wage range, 1998

Characteristic	Affected directly by increase ($5.15-$6.14)	Other low-wage workers ($6.15-$7.14)	$7.15 and above	All
Average wage	$5.64	$6.70	$14.65	$12.18
Employment	6,976,792	5,668,877	40,076,797	55,497,227
Share of total	12.6%	10.2%	72.2%	100.0%
Demographics				
Teens (16-19)	24.7%	11.0%	1.4%	6.2%
20+	75.3%	89.0%	98.6%	93.8%
White	65.4%	67.5%	76.6%	73.6%
Black	16.2%	16.2%	12.0%	13.1%
Hispanic	14.4%	12.2%	7.1%	9.0%
Work Hours				
Full time (35+)	44.9%	63.8%	82.2%	74.0%
Part time				
20-34 hours	35.0%	25.6%	13.1%	18.1%
1-19 hours	20.0%	10.5%	4.7%	7.9%
Industry				
Manufacturing	8.4%	10.3%	12.3%	11.4%
Retail trade	44.0%	31.2%	11.4%	18.6%
Occupation				
Sales	28.3%	20.2%	8.7%	12.7%
Cashiers	16.4%	8.5%	1.3%	4.2%
Services	32.5%	25.9%	9.3%	15.0%
Food preparation	16.1%	9.9%	3.1%	6.1%
Union Membership				
Union	3.9%	6.5%	16.2%	13.1%
Nonunion	96.1%	93.5%	83.8%	86.9%

Note: "Affected directly by the increase" indicates those workers who earn between the minimum wage in their state and the proposed new level ($6.15).

Source: EPI analysis of1998 CPS data.

increase (see column 1). The vast majority (75.3%) of these women are adults (age 20 or older). Although most low-wage women workers are white (65.4%), African American and Hispanic women are overrepresented in low-wage jobs. African American women are 13.1% of all women workers (see the last column of Table 2), but 16.2% of those in the range affected by the minimum wage increase; Hispanic women are 9.0% of all women workers, but 14.4% of low-wage women. Close to half (44.9%) of the female workers in the affected range work full time (35 or more hours a week), and another 35.0% work between 20 and 34 hours per week.

The next few rows of Table 2 show the industries and occupations where low-wage women tend to find work. An analysis by industry shows that most low-wage females are concentrated in retail trade, which employs 44.0% of those in the affected range. In contrast, a much smaller share of low-wage women work in the higher-paying manufacturing sector (8.4%). An analysis by occupation reveals that 28.3% of low-wage women are sales workers, with 16.4% working as cashiers. One-third of these women (32.5%) work in service occupations such as food preparation (16.1%). Finally, just under 4% of low-wage women are covered by collective bargaining through a union, in contrast to 16.2% of women earning $7.15 or more per hour.

Table 3 examines the parental and minimum wage status of workers age 18-64. Parents with children under 18 years old represent 32.9% of the beneficiaries of the proposed increase, while such workers represent 40.4% of the total workforce. More than two million married men and women with children would benefit from the proposed increase (and within these families, women are disproportionately the direct beneficiaries). Almost one million (967,000) single mothers would receive a pay increase as a result of a one-dollar rise in the minimum wage. Note that single mothers are over-represented in the affected workforce — they represent 10% of those affected by the increase but are only 5.7% of the overall workforce.

All of the evidence suggests that the minimum wage increase is well targeted, providing significant benefits to poor and middle-income households. **Table 4** shows that about 18% of the benefits of a one-dollar increase would go to households with incomes below $10,000 per year; another 32% of the benefits would go to households with annual incomes between $10,000 and $25,000. In total, households making less than $25,000 a year would receive half of the benefits of a one-dollar increase. Among the affected single mothers shown in Table 3, 85% have household incomes below $25,000, underscoring the importance of the policy for these low-wage and low-income families.

TABLE 3
Parental status of workforce, age 18-64, 1998 (in thousands)

	Affected workers*		Total workforce	
	Number	Percent	Number	Percent
Working parents with children				
All	3,198	32.9%	44,878	40.4%
Married couple	2,142	22.1	36,856	33.2
Female	1,457	15.0	15,898	14.3
Male	685	7.1	20,958	18.9
Single parents	1,056	10.9	8,022	7.2
Single female	967	10.0	6,306	5.7
Single male	89	0.9	1,716	1.5
Workers without children under 18**				
All	6,507	67.1%	66,156	59.6%
Female	3,486	35.9	30,743	27.7
Male	3,021	31.1	35,413	31.9

Source: EPI analysis of CPS data.

* Affected by minimum wage increase.
** Includes single individuals and childless couples.

TABLE 4
Share of gains from proposed increase by household income level, 1998

Less than $10,000	18.1%
$10,000-25,000	32.0
$25,000-35,000	14.9
$35,000-50,000	13.6
$50,000+	21.4

Source: 1998 CPS ORG data. Sample excludes nonworkers. For those in the affected range, gains are calculated as the difference between current earnings and the new level (by state). This value is multiplied by weekly hours and summed across each income group.

Conclusion

Those who oppose raising the minimum wage typically argue that the increase will force employers to fire, or hire fewer of, those workers affected by the increase. The evidence, however, fails to support this claim.[3] Since the last increase, in late 1996 and 1997, employment rates of low-wage workers, and particularly single mothers, have increased dramatically, as the strong economy has bolstered demand in the low-wage labor market. In this regard, one of the main policy lessons from the current recovery is that the macroeconomy is the key determinant of employment opportunity for low-wage workers, most of whom are women. But, as the above evidence shows, the wage that these women receive is very much a function of where the minimum wage is set by Congress. Disregarding this reality can only serve to swell the ranks of the working poor. Raising the minimum wage will help to raise the incomes of many low-income families, especially those headed by single mothers.

Research assistance from Danielle Gao. Chauna Brocht provided helpful comments.

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Endnotes

1. If we deduct the costs incurred in working full time for a single mother (e.g., child care and transportation), the family's disposable income would fall further below the poverty line. By the same token, if we add the cash value of food stamps and the earned income tax credit, the gross income of the 1998 family would be above the poverty line. But if both work costs and government assistance are considered, family income still falls below the poverty line.

2. More precisely, affected workers in this report are those who earn between the maximum of either their state's minimum or $5.15, at the lower end, and the proposed new minimum wage, at the upper end. About 4.8 million men, or 7.9% of all working men, are in this range.

3. For a detailed analysis of the employment impact of the 1996-97 increase, see *Making Work Pay*, Bernstein and Schmitt, Economic Policy Institute (1998).

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FAX

TO: Carl Haacke

ORG:

FAX: 456 2223

PHO:

FROM: Jared Bernstein

PHO: 202.331.5547

DATE:

CODE: Pages:(incl.cvr):

Comments:

If you did not receive all pages in this transmission, please call 202.331.5547.

Bingham Barbara <bingham-barbara@dol.gov>
09/24/99 09:09:25 AM

Record Type: Record

To: Carl Haacke/OPD/EOP

cc: "Stuart, Lisa" <stuart-lisa@dol.gov>
Subject: FW: basket data

From: Stuart Lisa
Sent: Friday, September 17, 1999 5:41 PM
To: Kathleen_Curran@labor.senate.gov
Cc: Bingham Barbara
Subject: basket data

More work for me...Why did I open my mouth?!

Seriously though you already have the information. They are basically the same

All 1998 data	3 person	4 person
Food at home (groceries)	7.2 months	7.1
Utilities	11.0	9.9
Rent	4.9	5.4
Health care*	15.9	18.9
Clothing *	21.4	22.4
Tranportation*	4.7	5.6
Child care*	13.6	16.7
Tuition and fees (2 yr public)	18.2	18.2

* regard these figures with suspicion

From:
Kathleen_Curran@labor.senate.gov[SMTP:Kathleen_Curran@labor.senate.gov]
Sent: Friday, September 17, 1999 5:16 PM
To: Stuart Lisa
Subject: Re: random mw thought

sometimes it feels like ALL my MW (and other) thoughts are random!

We should have the info for both, then we can use each as appropriate.
Agreed that we should have all data for one size -- or both --

so we
are comparing apples with apples. We should be able to tell
the
"story" of how 3 person/4 person families are affected -- what
they'll
earn, effect of eitc, poverty level (or guideline or
whatever!),
market basket ....

so, can you get us all that?

K.

______________________________ Reply Separator
____

Subject: random mw thought
Author: Stuart Lisa <stuart-lisa@dol.gov> at internet
Date: 9/17/99 4:47 PM

Don't kill me, Kathy, for this random thought.

In the future, I'd suggest that we use the market basket for a
family of three (not four) for 2 reasons.
1st -- it will by more for a family of three and look more
impressive
2nd and more important -- it will be consistent with other EITC
rhetoric we use on lifting families out of poverty. As I'm sure you
recall,
a one-earner MW family of 4 (but not 3) is below the poverty line
even with
the EITC.

What do you think?

September 23, 1999

MEMORANDUM FOR SECRETARY HERMAN

FROM: LISA B. STUART
Special Assistant to the Chief Economist

SUBJECT: **Minimum Wage – Today's Developments**

As you know, the President's support for the Kennedy-Bonior proposal is to increase the minimum wage $1 over two years. Congressman Bonior has introduced the proposal in the House with 150 Members, and has also filed a discharge resolution for his proposal. Senator Kennedy has introduced a similar proposal and plans to offer the increase as an amendment at every opportunity on the Senate Floor.

Congress Daily reports today that Representatives Lazio and Shimkus have been negotiating with Representatives Condit and Cramer over a minimum wage package.

> According to Congressman Condit's office they have not seen any specific package, but they do expect to see a proposal by the end of this week. The staff did indicate that wage increase they have been discussing is $1.30 over four years ($.30/.35/.30/.35), but that they had anticipated a tax package of $17-20 billion as opposed to the $20-50 billion as reported this morning.
>
> Congressman Quinn's office has not endorsed or seen the Lazio-Shimkus proposal. Mr. Quinn at this point has not indicated that he would sign on to the Bonior discharge.

In the short run, the Kennedy-Bonior proposal benefits more people, more quickly. In the long run (four years and out), minimum wage workers under the House proposal would have a higher hourly wage. (This assumes there would be no further increases after the first two $.50 increases under the Kennedy-Bonior bill.)

	Kennedy-Bonior bill	House draft proposal
2000	$5.65	$5.45
2001	$6.15	$5.80
2002	$6.15	$6.10
2003	$6.15	$6.45

The House proposal supposedly will include a number of tax related provisions targeted to small businesses. Among the provisions under consideration are: 1) making costs of healthcare fully deductible for the self employed; 2) increasing the deductibility of business meals for small businesses; 3) reducing the unemployment tax surcharge (FUTA); 4) extending the Work

Opportunity Tax Credit; 4) increasing asset depreciation for small businesses; and 5) making certain pension changes that are in the Portman/Cardin bill.

Talking Points

- The President asked Congress to provide the poorest of the working poor for a 50 cent an hour raise in each of the next two years. In these times of prosperity, I do not think it is asking too much to make sure that these hard working Americans are not left behind.

- Congress has adopted an $800 billion tax increase with a number of benefits for the wealthiest Americans, and they have voted a $4,600 increase for themselves. I would hope that they would also provide America's working poor a 50 cent increase this year and next year.

- I am very pleased to hear that the House is actively considering legislation to raise the minimum wage. When this proposal is fully drafted, I am sure we will be talking to the sponsors.

Minimum Wage Facts (under Kennedy-Bonior $5.15 to $6.15 over two years proposal)

- 70 percent of the beneficiaries of a minimum wage increase are adults.

- 59 percent of the beneficiaries are women.

- 46 percent of the beneficiaries are full-time workers.

- the Kennedy-Bonior proposal would give low-wage workers enough extra money to attend 1½ years worth of a 2-year community college or buy seven months worth of groceries for a family of four.

THE MINIMUM WAGE IS A WOMEN'S ISSUE

by Senator Edward M. Kennedy and __________ [Hillary Rodham Clinton?]

Over 60% of the more than 11 million workers who would get a pay raise as a result of a dollar increase in the federal minimum wage are women, according to a study released today by the Economic Policy Institute and the Institute for Women's Policy Research. The study also found that almost one million of those women are single mothers.

Raising the minimum wage is a women's issue. Women are the majority of low wage workers in the United States, including minimum wage workers. About 7 million women nationally -- 12.6% of all working women -- would be affected directly by a dollar increase in the federal minimum wage. African American and Hispanic women would particularly benefit as they are overrepresented in minimum wage jobs.

Together with Representative David E. Bonior (D-MI), I am sponsoring a bill to increase the minimum wage from its current level of $5.15 an hour to $5.65 on January 1, 2000, and to $6.15 an hour on January 1, 2001. But the Republican leadership in both the House and the Senate continue to deny us the opportunity to vote on our bill to raise the wages of the lowest paid workers. That is why I plan to offer [have offered] the Fair Minimum Wage Act of 1999 as an amendment to the bankruptcy bill [this week] in the United States Senate.

Women across the country from New York to California and from Ohio to Texas would benefit from such an increase. The states with the largest numbers of women who would receive
571,700 414,300
a raise if we passed this bill are: Texas with 668,700 affected women, California, Florida, New 372,200
345,220 337,800
York, Ohio, and Pennsylvania. One-fifth or ~~more of~~ working women in West Virginia, Arkansas, Mississippi, Montana, Louisiana, and Oklahoma would see a bigger paycheck.

Increasing the minimum wage is a family issue. As the real value of the minimum wage decreased over the past 20 years, women's ability to support themselves and their families has suffered. In 1979, a woman earning the minimum wage made 70% of the hourly wage of the median female workers. By 1998, that ratio had fallen to 52%. In 1979, a single mother working full time at the minimum wage earned enough to lift a family of three, herself and two children, above the poverty line. But in 1998, that same family would be 18% below the poverty line, according to economists Heidi Hartmann and Jared Bernstein. — John?

with children

The minimum wage is a children's issue. Over two million married women and men and almost a million single moms would receive a pay raise as a result of a dollar increase in the federal minimum wage. Among these single moms, 85% have total household incomes below $25,000 a year.

13,133 # 4,421 Threshold. Census — guideline

The national economy is the strongest in a generation with the lowest unemployment rate in three decades. Under the leadership of President Clinton, the country as a whole is enjoying a remarkable period of growth and prosperity. Inflation is low and interest rates are low. The stock market continues to break once unthinkable records.

But millions of Americans are not sharing in our country's prosperity. Working 40 hours a week, 52 weeks a year, a woman earning minimum wage under current law would earn only $10,712 -- almost $3,200 below the poverty guideline line for a family of three. Each year we fail to act to raise the minimum wage, women and their families across the country continue to fall further and further behind. The minimum wage would have to be $7.49 an hour, instead of the current level of $5.15, to have the same purchasing power it had in 1968.

Our proposal is a modest one. It is a down payment to the hard working Americans who toil at minimum wage jobs. They are teacher's aides and child care providers, home health care aides and cashiers. They care for our parents in nursing homes. They mop the floor and empty the trash in thousands of office buildings in communities across the country. They should be treated with dignity.

It is time to raise the minimum wage for the lowest paid workers. Before the Congress adjourns this fall, we should vote to increase the minimum wage from its current level of $5.15 an hour to $6.15 an hour by January 1, 2001. America's working women and their families need and deserve a raise. No woman who works for a living should have to live in poverty.

REWARDING WORK: NOW IS THE TIME TO RAISE THE MINIMUM WAGE

President Clinton and Congressional Democrats Propose to Increase the Minimum Wage By $1 in Two Steps To Help Raise Living Standards for 11 Million American Workers. In 1992, President Clinton promised to increase the minimum wage to help more families working hard but falling behind. In 1996, President Clinton signed into law a minimum wage hike, raising it from $4.25 to $5.15. But, there are still millions of workers trying to raise a family and struggling to make ends meet. With our economy the strongest in a generation, now is the time to help these workers make ends meet by raising the minimum wage again. The proposal would increase the minimum wage from $5.15 to $6.15 over two years, through two 50-cent increases. For someone who works full-time, this minimum wage increase will mean an additional $2,000 per year.

- **A Higher Minimum Wage Will Help 11 Million Americans -- Mostly Adult Workers Trying To Support Their Families.** According to data from the Bureau of Labor Statistics, 11 million hourly paid workers earn between $5.15 and $6.14 and would directly benefit from this pay raise. Over two-thirds (70%) of the workers who would benefit are adults, age 20 or over, and three-fifths (59%) are women, many of whom are trying to raise the family on $5.15. Almost half (46%) worked full-time. And the average minimum-wage worker is estimated to bring home half of their household's earnings.

- **Valuing Work: Restoring the Value of the Minimum Wage.** President Clinton's proposal to increase the minimum wage by $1 -- combined with the previous 90-cent increase -- simply restores the real value of the minimum wage to what it was in 1982. During President Reagan's eight years in office, the real value of the minimum wage *fell* more than 25 percent. This increase -- in percentage terms -- is in line with previous ones that helped low-wage workers without adversely affecting the economy: both this proposal and the last one increase the minimum wage by about 20 percent.

- **Helping Ensure Parents Can Raise Their Children Out of Poverty.** In 1993, President Clinton expanded the Earned Income Tax Credit (EITC), helping to lift hundreds of thousands of working families out of poverty. Today, with the previous minimum wage increase and the expanded EITC, parents who work full-time do not have to bring up their children in poverty. Between 1993 and 1997, the income families with two children and one minimum wage earner who worked full-time rose by $2,761 because of these policies. This increase will help ensure that – as costs continue to rise -- parents who work hard and play by the rules can bring up their children out of poverty.

- **The Impact from Last Minimum Wage Increase Is Clear: 10 Million Workers Got A Raise and There Is No Evidence Jobs Were Lost.** The last minimum wage increase provided a pay raise to 10 million workers, and since the President signed the minimum wage increase into law in August 1996, the economy has created new jobs at an historically high pace of nearly 250,000 per month; and the unemployment rate has fallen to 4.2 percent -- its lowest level in nearly 30 years. For teenagers, African-Americans, and women, unemployment is down and employment rates are up.

- **Empirical Evidence That Shows Moderate Minimum Wage Increases Do Not Cost Jobs.** More than two dozen empirical studies have found that moderate increases in the minimum wage do not have significant effects on employment. These studies include state-specific research in California, Texas, and New Jersey that show that state minimum wage increases did not result in any job loss.

July 14, 1999

Minimum Wage

- House Republicans have decided to wait to move a minimum wage bill until after President Clinton has either vetoed or signed the big tax cut bill.
- Congress Daily PM reports Republicans had been considering the option of including the minimum wage bill in the big tax cut bill along with tax break sweeteners for small business. The report said that Mr. Archer concluded, however, that because small business had received tax breaks recently, other taxpayers needed more relief right now.
- When minimum the wage bill moves separately, it could include tax sweeteners for small business at that time.

Policy Notes 1999/6

The Jerome Levy Economics Institute of Bard College

LEVY INSTITUTE

The Minimum Wage Can Be Raised: Lessons from the 1999 Levy Institute Survey of Small Business

Oren M. Levin-Waldman

In a 1999 Levy Institute survey of small businesses, more than three-quarters of the firms surveyed said their employment practices would not be affected by an increase in the minimum wage to $6.00. Their response makes it clear that the minimum can be raised to at least that level. The question now becomes how high can it be raised before serious employment consequences occur.

It is not uncommon for those opposed to increases in the minimum wage to allege that small businesses are likely to be hurt because the increase reduces their already relatively low profit margins and then they are forced to lay off workers. However, in a survey of small business conducted in 1998 at the Levy Institute, most of the respondents said that their hiring and employment practices were not affected by the most recent minimum wage increase (to $5.15 per hour in September 1997) and would not be affected if the minimum wage were increased to $6.00 (Levin-Waldman and McCarthy 1998). Although there is a vast literature that details adverse employment consequences (for example, Kosters and Welch 1972; Welch 1974, 1978; Meyer and Wise 1983; Neumark and Wascher 1992), the findings of the 1998 survey are consistent with studies that show that minimum wage increases have not had such consequences (most notably, Card and Krueger 1995, 1998). Moreover, other studies suggest that, contrary to the common supposition that youth and students are hurt, minimum wage increases actually shift employment toward them, especially in the fast-food industry (Lang and Kahn 1998), and that since 1980 the declining value of the minimum wage has been a contributing factor to increasing wage inequality, especially among women (Fortin and Lemieux 1997).

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Such findings, in addition to concerns about the declining value of the minimum wage, have no doubt contributed to a new receptiveness among some economists and policymakers to minimum wage increases. However, a question still remains as to whether there is a limit to how far the minimum can be raised, that is, a question as to whether there is a "tipping point" at which considerable negative employment consequences will begin to occur. Even Card and Krueger recognize there is a limit, although they note that it has not yet been reached as the current minimum is well below the market-clearing wage. The responses to the 1998 Levy Institute survey suggest that $6.00 per hour is safely below the tipping point. In our initial report we therefore recommended that, at the very least, the minimum wage should be raised to $6.00 and thereafter increased by indexation, preferably to some productivity measure (Levin-Waldman 1998).

The Survey

A second small business survey was conducted by the Levy Institute in 1999. The survey asked questions about hiring and employment practices, educational and training preferences, wage structure, views of the role of government, and knowledge and use of various hiring and training incentive programs. The second survey was constructed to find out more about how small businesses are responding to changes in the welfare law and how various macroeconomic variables affect the health of small businesses. Both the 1998 and the 1999 surveys were conducted by telephone during the winter. The 1998 sample was a stratified, random sample across industry types of 560 firms with 1 to 500 employees. The 1999 sample was a nationally representative, simple, random sample across industry types of 536 small businesses employing between 5 and 500 workers. In the 1998 sample 65 percent of firms had between 5 and 500 employees—the number of workers employed by firms in the 1999 survey.[1] Because of the small sample size, the findings cannot be said to represent the viewpoint of small business in general, but they do serve as a nonanecdotal indicator of the preferences of small firms.

In both the 1998 and 1999 surveys, we asked firms whether an increase in the minimum wage to $6.00 per hour would affect their overall hiring or employment decisions. The percentage of firms that responded they would be affected declined from 20.7 percent in 1998 to 13.4 percent in 1999. When asked in the 1999 survey about an increase to $7.25 per hour,[2] 35.8 percent said they would be affected. The leap in percentage of affected firms at a wage of $7.25 suggests that although there may be room to raise the minimum wage above $5.15 per hour, there are limits to how high it can be raised.

Much of the conventional literature on the minimum wage maintains that minimum wage increases produce negative employment consequences and that these consequences are most pronounced for teenagers. According to this literature, businesses affected by the minimum wage will lay off workers. Of the 72 firms (13.4 percent of the total number surveyed) that stated their hiring and employment would be affected by an increase of the minimum wage to $6.00 per hour, 11 (15.3 percent) said they would be forced to lay off workers; the remainder would choose a different course of action (see Table 1). Over 40 percent of the affected firms at both wage rates would limit their total number of employees by hiring fewer additional workers rather than by laying off current workers.

There are some interesting differences between changes in hiring and employment practices in response to an increase to $6.00 and those in response to an increase to $7.25:

- The percentage of firms that would hire adults over teenagers drops from 5.6 percent at $6.00 to 3.1 percent at $7.25.
- The percentage of firms that would hire more experienced workers over less experienced almost triples from 5.6 percent at $6.00 to 15.1 percent at $7.25.
- The percentage of firms that would lay off current workers rises from 15.3 percent at $6.00 to 18.2 percent at $7.25.

The increase in the percentage that would lay off workers is important to note in trying to determine how severe any adverse employment consequences might be. There are several ways to measure such disemployment effects. One way is to measure the proportion of firms that would lay off workers as a result of a rise in the minimum wage. At $6.00 the disemployment effect would be 2.0 percent of firms surveyed and at $7.25 it would be 6.5 percent.

Table 1 **Changes in Hiring and Employment Practices as a Result of an Increase in the Minimum Wage, 1999 Survey**

	Increase to $6.00 per Hour (Percent)[a]	Increase to $7.25 per Hour (Percent)[b]
Would hire adult workers over teenage workers	5.6	3.1
Would hire more experienced workers over less experienced workers	5.6	15.1
Would hire more part-time workers and fewer full-time workers	4.2	3.6
Would hire more full-time workers and fewer part-time workers	4.2	2.1
Would hire fewer total workers	47.2	42.7
Would lay off current workers or reduce hours	15.3	18.2
Other (for example, raise prices)	15.3	12.0
Don't know	2.8	2.6

Note: Respondents were asked to indicate the one course of action they were most likely to pursue. Percentages may not total to 100 because of rounding.
[a]Percentage of the 72 firms that responded they would be affected by an increase to $6.00.
[b]Percentage of the 192 firms that responded they would be affected by an increase to $7.25.

Another way is to measure the proportion of workers who would lose their jobs as a result of a rise in the minimum wage. A way to calculate this is to look at the number of laid-off workers relative to total number of workers employed. Out of 14,748 workers employed by the 536 businesses in the sample, only 363, or 2.5 percent, were paid the minimum wage. (Only 11.9 percent of the businesses in the sample had employees currently earning the minimum wage.) The 15.3 percent of employers who indicated that they would either lay off workers or reduce hours at $6.00 per hour (see Table 1) employed 62 of these minimum wage workers. If, as a worst case scenario, all these workers were to lose their jobs, the disemployment effect is only 0.4 percent (number of laid-off workers relative to total number employed). At a minimum of $7.25 per hour, the 18.2 percent of firms that would lay off or reduce hours employed 115 minimum wage workers; the disemployment effect under the worst case scenario is only 0.8 percent.

Estimates often place the disemployment effect for teenage workers at 1 to 3 percent for each 10 percent increase in the minimum wage. Given wage increases of 16.5 percent (from $5.15 to $6.00) and 40.8 percent (from $5.15 to $7.25), the adverse effect among survey respondents, when measured using bases of total workers and affected workers, is small (relative to that for teenage workers). That is, although it is true that the disemployment effect doubles as the minimum wage increases from $6.00 to $7.25, the effect is smaller than the effect estimated for all teenage workers.

(For example, a 16.5 percent increase in the minimum wage would be expected to produce a disemployment effect between 1.6 and 5.0 percent, and a 40.8 percent increase would be expected to produce a disemployment effect between 4.1 and 12.2 percent.)

It may be expected that the higher rise in the minimum wage would have a relatively larger disemployment effect. The fact that the results from this survey are smaller than those from others does not disprove the conventional theory It rather may indicate that the minimum wage has not reached the tipping point or the level at which it "bites" (Freeman and Freeman 1991; Gordon 1995). If the tipping point would not be reached at $7.25, the argument for raising the minimum wage becomes even stronger. It may also suggest that something else is at work.

Wage Contours

An explanation can be found by looking at the effects of minimum wage increases on other segments of the labor force—those earning wages around the minimum. In a well-known essay John Dunlop (1957) suggested that the internal wage structure of a firm was affected as much by external as internal forces, and he proposed a theory of wage contours. In essence, the theory posits that an economy's overall wage structure can be thought of as a series of wage contours (with a contour representing a wage or a wage range for a group of workers with similar characteristics working in similar industries). For example, contours might be defined as $5.15 (the statutory minimum), $5.16 to $6.00, $6.01 to $7.25, and so on. A change in a wage rate affects other wages within that wage range (or contour) and also has a ripple effect on the contours surrounding it; the nearer to the changed rate, the greater the impact. Thus, the statutory contour and the contour immediately above it will be most affected by changes to the statutory minimum. However, because of the ripple effect, employers (and employees) who do not pay (or earn) the minimum wage still have a considerable stake in any changes to that wage.

Table 2 Firms Affected by Increases in the Minimum Wage, by Entry-Wage Paid

Entry Wage	Would Your Firm Be Affected by an Increase to $6.00?	Would Your Firm Be Affected by an Increase to $7.25?
$5.15		
Yes	46.9	71.9
No	51.6	28.1
Don't know	1.6	0.0
$5.16 to $6.00		
Yes	25.3	69.5
No	73.7	29.5
Don't know	1.1	1.1
$6.01 to 7.25		
Yes	4.5	40.2
No	93.8	58.0
Don't know	0.0	0.9
$7.26 to 8.50		
Yes	2.1	14.7
No	97.9	85.3
Don't know	0.0	0.0

Note: 64 firms (11.9 percent of firms surveyed) paid $5.15; 95 firms (17.7 percent of firms surveyed) paid $5.16 to $6.00; 112 firms (20.9 percent of firms surveyed) paid $6.01 to $7.25; 95 firms (17.7 percent of firms surveyed) paid $7.26 to $8.50.

When the responses of the firms in the survey are viewed in the context of wage contours, they are not so anomalous after all. About half (50.5 percent) of the small businesses surveyed paid an entry-level wage between $5.15 and $7.25, and an additional 17.7 percent paid an entry-level wage between $7.26 and $8.50.[3] The wage contour theory would lead us to expect that an increase in the minimum wage would affect not only those earning the statutory minimum but also those earning a wage close to the minimum, particularly those in the wage range immediately above the minimum (Spriggs and Klein 1994; Gordon 1996; Levin-Waldman 1999).

Not surprisingly, the percentage of firms saying that they would be affected by a wage increase drops as the entry-level wage rises, and the patterns appear to offer some support for the wage contour theory (see Table 2). Firms paying the statutory minimum or immediately above had the highest percentage saying they would be affected by an increase to $7.25. Of the firms farther removed from the minimum (those paying $6.01 to $7.25 and $7.26 to $8.50), over 93 percent said they would not be affected by an increase to $6.00, while 58 percent of those paying $6.01 to $7.25 and 85.3 percent of those paying $7.26 to $8.50 stated they would not be affected by an increase to $7.25.

Given that more than 60 percent of the small businesses we spoke to would not be affected by an increase to $7.25, an argument could be made that the bold step should be taken now, especially while the economy continues to be strong.

Wage contour theory seems to indicate that since the minimum wage is likely to have its greatest effect on the contours just above it, it is not at all surprising that the disemployment effect should drop for employees of firms affected at $7.25. A critical issue in the minimum wage debate, therefore, is not the level of the statutory minimum itself or the costs and benefits of an increase in the wage for those earning it, but the impact of an increase in the minimum wage on firms paying wages around it. And this issue, unfortunately, has received little attention.

Public Policy

Despite the fact that most small businesses we surveyed would not be affected by an increase in the minimum wage, even up to $7.25, certain industries appear to be more sensitive to increases than others. Since the percentage of affected firms increases for a wage of $7.25, it would seem that this wage is getting closer to the tipping point, the point above which we are likely to see serious disemployment effects. Many municipalities have already enacted living wage ordinances that set a minimum wage for those doing business with them at around $7.25 per hour. Some set their wages even higher. However, no disemployment effects have been observed among employees of firms doing business with these municipalities (Pollin and Luce 1998).

Such a finding would suggest two possible avenues for public policy. At the very least the minimum wage could be raised to $6.00; this would have the advantage of affecting a smaller percentage of businesses than if the wage were raised to $7.25, but would have the disadvantage of falling somewhat below the level of a "living wage." The other is to take the bold step and raise the minimum wage to $7.25 and then tie any future increases to some index. Given that more than 60 percent of the small businesses we spoke to would not be affected by an increase to $7.25, an argument could be made that the bold step should be taken now, especially while the economy continues to be strong. The relatively low estimated disemployment effects make the argument for the bold step even stronger.

The fact that a majority of the businesses we surveyed indicated they would not be affected by a wage increase to $7.25 is an indication that the current minimum wage is below the market-clearing wage. However, we can expect that disemployment effects will increase as the wage approaches a market-clearing wage.

The survey data also suggest the need for more research on wage contours to place the debate about the minimum wage in a larger context. For too long, discussion of the minimum wage has been narrowly framed in terms of a trade-off between youth disemployment effects and potential benefits to the poor.

The minimum wage was originally conceived as an element of macroeconomic policy with the goal of building up depressed wages and prices. As a society, we have an economic and moral interest in ensuring that those who work earn a wage that allows them to live in dignity above the poverty line. With appropriate consideration given to wage structure and employment consequences, the minimum wage can be used to boost incomes for those at the low end of the wage scale. Today there is the additional concern of growing wage inequality, and research into the relationship between the minimum wage and wage contours could provide some insight into means of narrowing the wage gap.

Notes

1. Although statistically the two samples are not strictly comparable because they were drawn from different (though not mutually exclusive populations) and there was some variation in the questions, there is enough overlap so that we can still derive valid information by looking at the responses to similar questions in the two surveys.)

2. The rate of $7.25 was chosen because it is a rate often put forth by living wage proponents as the wage that would be necessary to provide an acceptable standard of living.

3. The rate of $8.50 per hour was chosen as defining the next wage contour because it is the same dollar increase above $7.25 as $7.25 is above $6.00 ($1.25).

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Related Publications

For additional Levy Institute research on this subject, see:

Oren M. Levin-Waldman, *Small Business and Welfare Reform,* Public Policy Brief No. 51, 1999

TECHNICAL NOTE

- **IT SHOULD BE NOTED THAT BECAUSE OF THE NEWNESS OF THE RECENT INCREASE IN THE MINIMUM WAGE THERE ARE ANOTHER 2 MILLION WORKERS WITH REPORTED EARNINGS OF $5.00 PER HOUR. THE MAJORITY OF THESE WORKERS ARE PROBABLY ALSO RECEIVING THE MINIMUM WAGE.**

For Secy
car ride
re: NYT interview.

(202) 862-0300
ask operator to
page Louis Uchitelle

MINIMUM WAGE FACTS

- ACCORDING TO BLS DATA, 2 MILLION WORKERS EARN $5.15.
- THERE ARE 12 MILLION WORKERS MAKING BETWEEN $5.15 AND $6.14 WHO WOULD BENEFIT FROM THE PRESIDENT'S PROPOSED MINIMUM WAGE INCREASE.
- THREE-QUARTERS (74%) OF THOSE WORKERS WHO WOULD BENEFIT FROM THIS MINIMUM WAGE INCREASE ARE ADULTS OVER THE AGE OF 20.
- THREE-FIFTHS (60%) OF THOSE WORKERS WHO WOULD BENEFIT FROM THIS MINIMUM WAGE INCREASE ARE WOMEN.
- ABOUT TWO-FIFTHS (40 %) OF THE WORKERS WHO WOULD BENEFIT FROM A MINIMUM WAGE INCREASE ARE SOLE BREAD WINNERS IN THEIR HOUSEHOLD.
- THE PROPOSED MINIMUM WAGE INCREASE WILL RESTORE THE REAL VALUE OF THE MINIMUM WAGE TO THE LEVEL IT HAD IN 1981 WHEN PRESIDENT REAGAN TOOK OFFICE. DURING PRESIDENT REAGAN'S EIGHT YEARS IN OFFICE, THE REAL VALUE OF THE MINIMUM WAGE FELL MORE THAN 25 PERCENT.
- A WORKER WORKING FULL-TIME AT THE CURRENT MINIMUM WAGE HAS AN ANNUAL INCOME OF $10,712. IF THAT WORKER WORKED ONLY HALF-TIME THEIR ANNUAL INCOME WOULD BE $5356. ABOUT 48 PERCENT OF THOSE WORKERS WHO WOULD BENEFIT FROM AN INCREASE IN THE MINIMUM WAGE WORK FULL-TIME.
- WITH THE PROPOSED NEW MINIMUM WAGE A WORKER WORKING FULL-TIME WOULD HAVE AN ANNUAL INCOME OF $12,792. THIS IS $2080 MORE PER YEAR.
- WITH THE PRESIDENT'S EXPANSION OF THE EARNED INCOME TAX CREDIT(EITC), THE MINIMUM WAGE AND THE EITC BRINGS A FAMILY OF THREE OUT OF POVERTY IF THE PARENT WORKS FULL-TIME. A FURTHER, EXPANSION OF THE MINIMUM WAGE WOULD LIFT EVEN MORE FAMILIES FROM POVERTY.
- THE POVERTY LINE FOR A FAMILY OF THREE IN 1997 WAS $12,803.
- THE POVERTY LINE FOR A FAMILY OF FOUR IN 1997 WAS $16,404.

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QUESTIONS AND ANSWERS ON INCREASING THE MINIMUM WAGE

Q1. Congress raised the minimum wage by 50 cents in 1996 and by 40 cents on September 1, 1997. Is this a good time to be raising the minimum wage again?

A1. In 1992, President Clinton promised to increase the minimum wage to help more families working hard but falling behind. In 1996, President Clinton signed into law a minimum wage hike, raising it from $4.25 to $5.15 an hour. But there are still millions of workers trying to raise a family and struggling to make ends meet. With our economy the strongest in a generation, now is the time to help these workers make ends meet by raising the minimum wage again.

In addition, the minimum wage is still low compared to its historical value -- we have yet to make up for the inflation of the 1980's that eroded the real value of the minimum wage. This erosion can also be seen when you compare the minimum wage to the average wage. The minimum wage was generally worth more than 50 percent of the national average hourly wage during the 1950's and 1960's and 46 percent in the 1970's. Yet the 1980's and 1990's have seen the value of the minimum wage decline to near 40 percent of the average wage.

Q2. What exactly is the President's proposal?

A2. The President's proposal would increase the minimum wage from $5.15 to $6.15 an hour over two years, through a 50-cent increase on January 1, 1999 and a 50-cent increase on January 1, 2000. For someone who works full-time, this minimum wage increase will mean an additional $2,000 a year.

Q3. Isn't the minimum wage still very low in historical terms?

A3. Yes. Between 1966 and 1996, the minimum wage averaged $5.53 an hour (in 1996 dollars). The value of the minimum wage reached its peak in 1968 at $7.21. Today, even after the 90-cent increase that President Clinton pushed through Congress, the minimum wage is only $5.15 an hour. President Clinton's new proposal to increase the minimum wage by $1 in two equal steps -- combined with the previous 90-cent increase -- simply restores the real value of the minimum wage to what it was when President Reagan took office in 1981. During President Reagan's eight years in office, the real value of the minimum wage *fell* more than 25 percent.

This increase -- in percentage terms -- is in line with previous ones that helped low-wage workers without adversely affecting the economy: both this proposal and the last one increase the minimum wage by about 20 percent.

Q4. When the current minimum wage is combined with food stamps and the EITC, isn't it enough to lift even a family of four out of poverty?

A4. Yes, but historically the minimum wage alone has been enough to lift a family out of poverty -- without resorting to help from the government. The minimum wage no longer lifts a family of two out of poverty. Yet in 1968, a family of four could be supported above the poverty threshold by the earnings of one full-time minimum wage worker.

We should not be satisfied with bare subsistence incomes for the working poor. Full-time workers who are supporting families should be able to lift themselves out of poverty. To do that, we need to continue to make work pay by assuring that the minimum wage is a livable wage.

Q5. Who will benefit from a minimum wage increase?

A5. A higher minimum wage will help 12 million Americans -- mostly adult workers trying to support their families. According to data from the Bureau of Labor Statistics, 12 million hourly paid workers earn between $5.15 and $6.14 an hour and would directly benefit from this raise. Three-quarters (74%) of the workers who would benefit are adults, age 20 or over, and three-fifths (60%) are women, many of whom are trying to raise their family on $5.15 an hour. About two-fifths of the workers who will benefit from the increase are the sole wage earner in their household. The average minimum-wage worker brings home half of his or her family's income.

A higher minimum wage will help ensure parents can raise their children out of poverty. In 1993, President Clinton expanded the Earned Income Tax Credit (EITC), helping to lift hundreds of thousands of working families out of poverty. Today, with the 1996 minimum wage increase and the expanded EITC, parents who work full-time do not have to bring up their children in poverty. This new increase will help ensure that -- as costs continue to increase -- parents who work hard and play by the rules can bring up their children out of poverty.

Q6. Aren't most minimum wage earners women? Won't they get the greatest benefit from a raise?

A6. Yes, about 60 percent of minimum wage earners are women, so a raise could help reduce the gender gap in wages.

Q7. But won't a raise cause job losses?

A7. Evidence from the last minimum wage increase is clear: 10 million workers got a raise and no jobs were lost. The last minimum wage increase provided a pay raise to 10 million workers, and since the President signed the minimum wage increase into law in August 1996, the economy has created new jobs at an historically high pace of 250,000 per month; the inflation rate has declined from 2.9 percent to 1.7 percent; and the unemployment rate has fallen to 4.7 percent -- its lowest level in 25 years. For teenagers, African-Americans, and women, unemployment is down and employment rates are up.

This is consistent with empirical evidence that shows moderate minimum wage increases do not cost jobs. Two dozen empirical studies have found that moderate increases in the minimum wage do not have significant effects on employment. These studies include state-specific research in California, Texas, and New Jersey that shows that state minimum wage increases did not result in any job loss.

Q8. The 50-cent increase in 1996 had a statistically significant negative effect on the employment of young black men. Won't another increase worsen their situation?

A8. Unemployment for young black men is too high, though it has fallen over the last five years by 5.5 percentage points (1992-1997; 16-19 year olds). Also, there has been improvement in the employment rate of young black men who have dropped out of high school (16-24 year olds). Their employment rate has risen 5.7 percent over the last five years.

The problems faced by young African-American men in our economy are complicated, but they are certainly not caused by the minimum wage. Keeping wages low will not solve these problems. The solution will come from a growing economy, enhanced education and training opportunities, and full enforcement of civil rights laws.

Q9. Many States that are putting welfare recipients to work find that they can barely afford to pay the current minimum wage. If we raise the minimum wage any higher, won't we undermine the states' welfare-to-work efforts? Won't private-sector employers be more reluctant to hire welfare recipients?

A9. As people move from welfare to work, one of the most important lessons they can learn is that work pays. Raising the minimum wage is a signal that the nation should reward --- and not hold back --- people who try their best to work hard and play by the rules. Welfare recipients should not be excepted from that ideal.

New block grant rules and declining caseloads have resulted in many states having more flexible resources and additional funds available per welfare household this fiscal year. A report by a House Ways and Means subcommittee shows that last year the typical state received a 56% increase in available funding per recipient family over 1994 levels. In addition, states may use their state-only welfare funds to serve a variety of needs and special populations. States have substantial available resources.

The President proposed and won passage of the Welfare-to-Work Jobs Challenge which will make $3 billion available over three years to state and localities for the purpose of placing the hardest-to-serve recipients into lasting jobs. The President also proposed and won passage of a "super" Work Opportunity Tax Credit for long-term recipients. Employers could receive a credit equal to 50% of the first $10,000 in wages for each of two years, making for a maximum credit to private-sector employers of $10,000, as opposed to $2,100 under the regular WOTC.

In light of all these additional resources and incentives to employ welfare recipients, it will be difficult to argue that a moderate increase in the minimum wage will interfere with the transition from welfare to work.

> *NOTE: At current benefit levels, a number of states (see attached list) will not be able to meet minimum wage requirements for WTW recipients. In addition, some employers (public and private) will say that the skill level of many WTW recipients is so low that they cannot afford to hire them at any amount over $5.15 an hour (although they make this argument each time the minimum wage is debated). Thus, pressure may be generated for an exemption from FLSA coverage or a WTW sub-minimum wage -- as happened with tipped workers and youth in the last legislative amendment to increase the minimum wage.*

Q10. Isn't it unprecedented to raise the minimum wage so soon after another increase?

A10. Mere questions of timing should not determine whether the lowest paid workers in our society receive a well-deserved raise. If there is a need for an increase, and economic and labor market conditions can support giving an increase, then it is an appropriate time to raise the minimum wage. In addition, it is not uncommon for Congress to legislate multi-year increases to restore the minimum wage to its proper level. For example, Congress legislated increases three years in a row in 1974-1976 and four years in a row in 1978-1981.

> *NOTE: The April 8, 1974 amendments resulted in three generally applicable increases in May 1974, January 1975, and January 1976. This was followed by the 1977 amendments which were enacted on November 1 and whose first increase was effective January 1978. Thus there were two years between the two increases -- the shortest span to date between two increases mandated by two different legislated amendments.*

Provisions Rumored as Possible Amendments to Minimum Wage Legislation			
Proposal	**Description**	**Estimated Cost**	**Comments**
		Tax-Law Provisions	
Small business equipment deduction Restaurant	Accelerate $17,500 to $25,000 increase in allowable first year deduction for equipment purchased by small businesses. $25,000 deduction to be allowed in 2003 per 1996 MW act.	1999: $19,000 2000: $20,000 2001: $24,000 2003: $25,000 (?)Estimated 5 year revenue loss in 1996 was $1.6 billion	How this is accelerated has big impact. We are probably OK if it is paid for.
R&D experimentation tax credit	Extend Credit for research and experimentation, due to expire June 30, 1999, for one year. (Our budget extends through June 30, 2000) Credit was extended in through May 31, 1997 in 1996 MW Act.	$2.1 billion loss over five years from 1 year extension.	OK for permanent extension.
WOTC Change	Make permanent. Due to expire June 30, 1999. Our proposal is to extend to June 30, 2000.	$415 million loss over five years from 1 year extension.	We should resist making it permanent, as it is a new program and we should assess its effectiveness before committing to it permanently.
Self-employed health insurance deduction	Accelerate 100 percent health deduction for self-employed, currently due to occur in 2005.	$2.5 billion over 5 years ?	Not great, but just acceleration OK if paid for. Cost is a factor.

$21 b over ten years. last time.

Senate wants to Nap CNMI

Trust Funds are full.

FUTA tax next recession eat up surplus ?	Reduce FUTA tax from 0.8 percent to 0.6 percent. $14/worker/year business pays	$1.3 – $1.6 billion. 1 year	Very expensive. Doing this independently of other Administration-supported UI changes weakens the ability to achieve broad-based UI reforms and would conflict with the President's budget.
Tax Deduction for business meals	Increase somehow-once was 100 percent, now 50 percent. They want 80 percent.	$3 billion 15 years?	Oppose.
Business meals for small businesses	H.R. 3667, McCrery-Tanner (introduced 4/1/98)	$5m annual sale cap.	Oppose.
Reduce max tax rate for small business	Limit tax on small business to 34 percent on net taxable income	??	Oppose.
Subchapter S corporations	Raise ceiling on number allowed on board to qualify ? Did in 96.	? Talent/Bond	Oppose as unnecessary. The ceiling on the number of shareholders allowed in an S Corporation was raised from 35 to 75 last year.
Independent contractors	Make it easier to characterize what are now "employees" as "independent contractors."		We could support the Kleczka bill with minor modifications. We oppose other bills.
Pension incentives Blunt?	H.R. 1590, Gejdenson-Gephardt-Bonior-Rangel-Clay (introduced 4/28/99)		We are generally favorable to it, although we do have concerns about a handful of provisions, some of which are quite controversial.

new required for aggregat pension to multiplied

Pension changes to section 415	(a) (a) income calculation (c) employer pension plans	high 3 years raising the corporate aggregating mult- high paid union empl. Want Res.	We could use more information on these.
Labor-Law Provisions			
Anti-Ergo	Delay or prohibit OSHA rulemaking on ergonomics. Bond and Blunt bills.		Oppose.
Bonus	Reduces overtime pay by excluding bonuses form the calculation of base pay.		Oppose.
Volunteers	Allow workers to volunteer to work for their employers.		Oppose.
Inside sales overtime	Make salespeople who work inside exempt from overtime rules in FLSA, like door-to-door salespeople.		Oppose.
Helpers	Norwood bill H.R. 1012 "provides for the creation of an additional category of laborers or mechanics known as helpers under the Davis-Bacon Act."		Oppose.
Project Labor Agreements	Tim Hutchinson bill, S.1194, "prohibits discrimination in contracting on federally funded projects on the basis of certain labor policies of potential contractors."		Oppose.

Contractor Responsibility	Repeal or block proposed regulation that would allow contracting officer to take into consideration contractors record of obeying the law.		Oppose.
Indexing	Quinn bill.		We are not opposed to indexing in principle, but would examine it in its particular circumstances.
Wages paid to tipped employees	Maintain amount employers must pay tipped employers at \$2.15.		Oppose.
Youth subminimum training wage 90 days			Such a subminimum has been authorized and assessed in the past. Virtually no one adopted it. We would oppose.
Subminimum wage for former welfare recipients			We already have the Welfare-to-Work tax credit that effectively achieves this hiring incentive for employers. Oppose as unnecessary (not to say punitive).
Lower wage increase or extended time frame for wage increase			Oppose.
Credit health insurance premiums to minimum wage obligation			Unlikely to support.
Amish child labor bill			Oppose. Single-agency veto threat by DOL.

Comp Time	Reduce employers' overtime pay requirements through comp time or flex-time changes.		Oppose.

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FUTA tax	Reduce FUTA tax from 0.8 percent to 0.6 percent.	\$1.3 – \$1.6 billion.	Very expensive. Doing this independently of other Administration-supported UI changes weakens the ability to achieve broad-based UI reforms and would conflict with the President's budget.
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July 17, 1998 Issue Brief #127

FINALLY, REAL WAGE GAINS

Lower unemployment, higher minimum wage spur recent wage growth

by Lawrence Mishel, Jared Bernstein, and John Schmitt

By many important indicators, the American economy is soaring. Unemployment in early 1998 fell to its lowest point in 30 years, real wages for most workers are finally on the rise, and even productivity — a broad measure of the efficiency of the labor force — is speeding up. Yet even with these recent gains, the pay of the typical worker in mid-1998 is still not as high as it was in 1989, the year of the last business cycle peak. Moreover, these recent wage gains, dependent upon current tight labor markets, low inflation, and one-time increases in the minimum wage, are unlikely to withstand the inevitable shift in the business cycle.

In other words, recent trends provide little basis for optimism that America has permanently turned the corner on wages.

The good news of 1996-98

Wage growth on an inflation-adjusted basis from 1996 through the first half of 1998 has been both strong and equalizing (see the table on the following page) and far better than in the earlier portion of this business cycle from 1989 to 1996. For example:

- Real wages grew 2.6% per year for the typical (50th percentile) worker, reversing declines of 0.8% per year from 1989 to 1996.
- Real wages grew 4.1% per year for low-wage (20th percentile) male workers and 2.0% per year for the median male workers, indicating a narrowing of the wage gap between middle- and low-wage men. By contrast, male wages at the 20th and 50th percentiles fell about 1% per year in the 1989-96 period.
- While wages fell for low- and middle-wage female workers at an annual rate of 0.2% from 1989 to 1996, they reversed course and grew at annual rates of 2.7% and 2.6% respectively over the last year and a half.
- Wages for high-wage male and female workers also grew relatively quickly in the 1996-98 period, but in both cases wage growth at the 90th percentile was slower than that at the 20th.

Wage growth in the 1990s

Annual change						
	1989	1996	1998**	1989-96	1996-98**	1989-98**
Hourly wages* (1998 dollars)						
All						
90th percentile	$23.72	$23.81	$24.63	0	2.3	0.4
50th percentile	11.3	10.71	11.13	-0.8	2.6	-0.2
20th percentile	6.79	6.63	6.99	-0.3	3.6	0.3
Male						
90th percentile	$26.41	$26.14	$27.20	-0.1	2.7	0.3
50th percentile	13.22	12.26	12.63	-1.1	2	-0.5
20th percentile	7.82	7.32	7.77	-0.9	4.1	-0.1
Female						
90th percentile	$19.55	$20.59	$21.14	0.7	1.8	0.9
50th percentile	9.66	9.51	9.88	-0.2	2.6	0.3
20th percentile	6.25	6.15	6.4	-0.2	2.7	0.3
Unemployment rates* **						
All	5.3	5.4	4.5	0.1	-0.9	-0.8
White	4.5	4.7	3.9	0.2	-0.8	-0.6
Black	11.4	10.5	9	-0.9	-1.5	-2.4
Hispanic	8	8.9	6.9	0.9	-2	-1.1
Young (18-35), minority, HS educated						
Black	15.9	16.3	12.8	0.4	-3.5	-3.1
Hispanic	8.3	9.9	7.9	1.6	-2	-0.4
Real minimum wage* (1998	$4.39	$4.53	$5.15	0.5	9	1.9
Consumer price index*	124	156.9	162.4	3.4	2.3	3.2

* Annualized percent changes.
** These columns reflect seasonally adjusted data for the first six months of 1998.
*** Percentage-point changes.
Source: *State of Working America 1998-99* (forthcoming).

This pattern of growth indicates a narrowing of the wage gap between the top and the bottom of the wage scale, an uncharacteristic pattern given inequality's persistent increase over the past two decades. The gap between the top and the middle, however, continues to expand for men.

The other panels in the table show the primary factors responsible for the recent growth spurt of real wages: falling unemployment, the increase in the inflation-adjusted value of the minimum wage, and an unexpected decline in the growth of inflation.

The role of low unemployment
The overall unemployment rate was 4.5% in the first half of 1998, down almost a full percentage point since 1996. Moreover, this 0.9-point decline overall was accompanied by larger declines among groups of workers who are traditionally further down the hiring queue. For example, the unemployment rate for African Americans and Hispanics fell by 1.5 and 2.0 points over this recent period. Looking at a particularly disadvantaged group — young (18-35), minority high school graduates — reveals an even larger decline of 3.5 percentage points for young blacks. Of course, even with these large declines, unemployment rates for young minority workers are still many times higher than the overall rate (e.g., the unemployment rate for young African Americans with a high school degree was more than three times that of whites in each of the years shown). Nevertheless, these recent improvements provide clear evidence that persistently tight labor markets have greatly increased the employment opportunities of the least well-off.

The role of a higher minimum wage
The Congress mandated two $0.90 increases in the federal minimum wage in the 1990s, the first of which was implemented in 1990/91, the second in 1996/97. By 1996 inflation had eroded much of the value of the first increase, but the second increase, which raised the real value of the minimum wage 9% per year over the 1996-98 period, clearly helped to lift wages at the lower end of the wage scale.

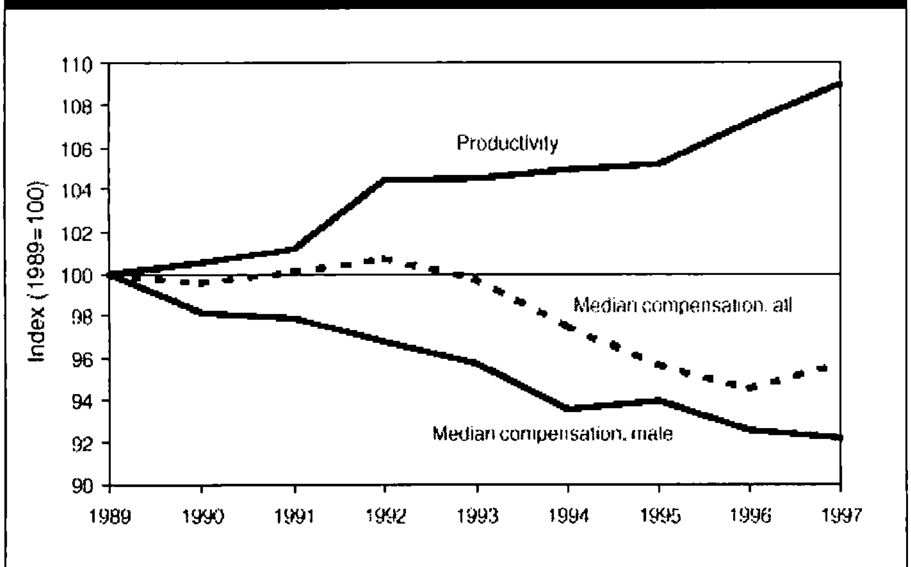
The role of lower inflation
Inflation, as measured by the annualized growth rate of the consumer price index, grew by 3.4% per year in the 1989-96 period but slowed to 2.3% in 1996-98. This unexpected deceleration in inflation means that wage increases given by employers simply to offset anticipated higher inflation have translated into real wage increases. Thus, some of the wage growth over the past year and a half is a result of inflation temporarily growing more slowly than expected. As inflationary expectations begin to conform more closely to the actual path of price growth, real wage growth is likely to slow down.

These recent wage and employment trends are a welcome reversal of the long-term trend toward rising inequality despite overall economic growth. This long-term problem has led numerous analysts to view low unemployment levels as well as increases in the minimum wage as desirable policies that could be implemented without adversely affecting the economy or hurting the workers they are meant to help. As the data in the table show, low unemployment has not led to runaway inflation, nor has the increase in the minimum wage hurt the job prospects of low-wage workers.

But will these positive trends continue? Unfortunately, the fundamental problems that have kept working families from realizing their share of the benefits of economic growth and that have led to widespread wage erosion for most of the past two decades have not been corrected. They have simply been temporarily suppressed by low unemployment and, for low-wage workers, a federally mandated wage increase.

Because of the long-term erosion of the institutions that have historically protected workers from the vicissitudes of market forces, along with the increased adversity of such forces, the typical American worker has less bargaining power than ever before. At the moment, tight labor market are substituting for these eroded protections, but business cycles inevitably come to an end. When unemployment begins to rise, the gains documented above will almost certainly prove to be short lived.

Hourly productivity and compensation growth in the 1990s



Source: *State of Working America 1998-99* (forthcoming).

The bigger picture of the 1989-98 business cycle
Our examination of the past few years provides important insights into the short-term condition of the economy and underscores the importance of low unemployment. But to accurately assess the economy, it is best to examine an entire business cycle (in this case 1989-98) and compare it to trends in other cycles.

From this perspective, the typical worker has lost ground since 1989, the last business cycle peak, and the typical male worker is still well behind his pre-recession wage level. The final column in the table shows the annualized percent change in wages over the 1989-98 period. Despite the growth since 1996, the wage of the median male has fallen 0.5% per year since 1989, representing a decline of $0.59 per hour. Clearly, most of the damage was done in the 1989-96 period, when the median male wage fell 1.1% annually. Strong growth in the recent period has helped low-wage male workers regain much of the ground lost over the 1989-96 period; their wage in the first half of 1998 was only slightly below that of 1989.

The wage of the median female worker, which rose consistently over the 1980s, fell 0.2% per year from 1989 to 1996. The increase over the last 18 months, however, led to a 0.3% annual growth rate over the full period. A similar pattern prevailed for low-wage female workers.

At the top of the wage scale, the wage of the 90th percentile worker grew more quickly for both men and women over the full 1989-98 period than it did for other groups. Thus, despite the equalizing pattern of wage growth in the very recent past, wage inequality has continued to grow for both men and women, as workers at the top of the wage scale have pulled away from both those in the middle and at the bottom.

Adding fringe benefits to these wage data does not brighten the picture. Although the compensation (wages plus benefits) of the median worker is not directly available, assigning the average benefit package to the median worker in proportional terms (which certainly overstates the typical worker's benefits) reveals that the typical worker actually lost more in terms of compensation than in terms of wages. For example, the inflation-adjusted decline in the median wage for all workers was 3.2% from 1989 to 1997; the fall in median compensation was 4.2% (the most recent data of this type are for 1997).

It is also important to put recent wage gains into the context of the overall growth of the economy. As the accompanying figure shows, productivity grew 9% from 1989 to 1997, while the compensation of the typical worker, and particularly that of the median male worker, actually fell (these data are available only through 1997). Thus, the pay of the typical worker has lagged far behind the capacity of the economy to pay more.

Conclusion
The wage trends of the 1990s, despite dramatic improvements in recent months, have still left many workers behind their pre-recession levels. In this regard, getting back to the level of 1989 serves as a minimal benchmark, but even this measure of success sets a low standard given the higher productivity of the 1990s economy. Certainly the median worker has played a nontrivial role in the 9% increase in productivity over the 1990s, and one might expect his or her compensation to reflect that growth. By this measure, the economy's performance falls short.

Danielle Gao provided research assistance for this paper.

The Economic Policy Institute wishes to thank The John D. and Catherine T. MacArthur Foundation, the Charles Stewart Mott Foundation, and the Rockefeller Foundation for their support of this publication.

June 11, 1999

MEMORANDUM FOR: DAVID BEIER (OVP)
BARBARA CHOW (OMB)
JOHN FRASER (DOL)
CAROLINE FREDRICKSON (WH)
SUSAN GREEN (DOL)
CARL HAACKE (NEC)
BRODERICK JOHNSON (WH)
BRIAN KENNEDY (NEC)
LARRY MATLACK (OMB)
JOE MINARIK (OMB)
GERI PALAST (DOL)
BILL SAMUEL (DOL)
KAREN TRAMONTANO (WH)

FROM: BILL DAUSTER

RE: LIVING WAGE

Here are some background materials on living wage campaigns for our meeting Thursday, June 17, to which I have invited Stephen Kest of ACORN and Chris Owens of the AFL-CIO.

Attachments

ACORN

June 10, 1999

Bill Dauster
Deputy Assistant to the President for Economic Policy
National Economic Council
The White House
OEOB Room 235
Washington DC 20502

Dear Bill:

Enclosed is some background information on living wage campaigns, prepared by ACORN's National Living Wage Resource Center. As the material indicates, at this point 33 local jurisdictions have passed living wage ordinances, and eight states have passed across-the-board increases in the state minimum wage. (Additional information is available at our web site: www.acorn.org.)

This is an extremely popular issue; as Bob Kuttner put it in a syndicated column last year,

> The living wage campaign, which dates only to 1993, is the most interesting (and underreported) grassroots enterprise to emerge since the civil rights movement. Promoted by a loose coalition of community, religious and labor groups, often spearheaded by ACORN (the Association of Community Organizations for Reform Now), it signals a resurgence of local activism around pocketbook issues.

We believe that the Administration should support and promote the living wage movement, which is consistent with and complements your current support for an increase in the federal minimum wage. Indeed, local living wage campaigns provide a ready-made base of membership organizations that can be (and in 1996 were) activated to support federal minimum wage legislation.

When we meet next Thursday we would like to discuss some proposals on how the Administration could increase the visibility of these campaigns. One suggestion we would like to pursue is that the President or Vice President participate in an event celebrating a local living wage victory. In several cities we can identify low-wage workers who have received or who will soon receive significant pay increases due to a local living wage ordinance. We could assemble local union, church, community, and public official supporters of the campaign, along with affected workers, and demonstrate the broad-based support that these measures enjoy.

Please contact me if you need any additional information. I can be reached at our Brooklyn office (718-246-7900, ext. 201) or by e-mail at skest@acorn.org. Thanks for your help in this matter, and for pulling together next week's meeting. I look forward to seeing you Thursday.

Sincerely,

Steven Kest
Executive Director

Association of Community Organizations for Reform Now
National Office: 739 8th Street S.E., Washington, D.C. 20003 • 202-547-2500 FAX 202-546-2483

The Fight for Jobs and Living Wages

A National Summary of ACORN/Labor Living Wage Campaigns

March 1999

Association of Community Organizations for Reform Now (ACORN)
739 Eighth St. SE, Washington, D.C. 20003 • 202-547-2500 • 202-546-2483

Summary of ACORN/Labor Living Wage Campaigns

March 1999

City or State	Type of Campaign	Mechanism	Description of Measure	Timeline	Sample Labor Endorsers
Chicago, IL	corporate accountability	legislative	Requires city contractors and subcontractors to pay employees at least $7.60 an hour.	Ordinance passed in July '98 after two and a half year high profile campaign. Mayor and council opposition overcome by political pressure to pass living wage bill before voting to raise their own salaries. Coalition working with city on implementation.	SEIU Local 880,1,7,25,46,73,236 and Joint Council, AFGE Local 1395, AFSCME Council 31, ATU Local 308, Chicago Fed. of Labor, UE Dist. Cncl 11, IBEW Local 134&1031, Teamsters Local 705,726, 738&743, UAW Reg. 4, UFCW Local 881&100A, UNITE, USWA Local 110
Cook County,IL	corporate accountability	legislative	Requires county contractors of any size to pay employees working under such contracts at least $7.60 an hour.	Pushed by the Chicago Jobs and Living Wage Campaign, the County Board of Supervisors voted in this policy in September, on the heels of successful passage in Chicago.	See Chicago, principally SEIU Local 880
Boston, MA	corporate accountability	legislative	Original bill required public contractors and subsidized businesses to pay a living wage of $8.23/hr. Amended version covers contractors, encourages commmunity hiring and establishes a community advisory board with ACORN, labor and local business reps.	Ordinance passed city council 11-1 in summer of '97. Strong community-labor coalition credited. Fight to put into effect in '98 led to amended version; Coaltion involved in implementation process and expanded to state min. wage and EITC campaign.	Mass. AFL-CIO, Greater Boston Labor Council, SEIU 285&509, UNITE, IBEW 2222, Teamsters 25,122, 379&504
Oakland, CA	corporate accountability	legislative	Requires public contractors and subsidized businesses to pay a living wage of $8.00/hour ($9.25 if no health benefits), provide 12 compensated and 10 unpaid days off per year.	Ordinance passed city council 9-0 March 24. Strong community/labor coalition plans to move new campaigns in Bay Area.	Alameda County Central Labor Council, HERE Local 2850, National Lawyers' Guild, SEIU Locals 250, 535, 790 &1877, Teamsters Local 70, UFCW Local 870

Summary of ACORN/Labor Living Wage Campaigns

March 1999

City or State	Type of Campaign	Mechanism	Description of Measure	Timeline	Sample Labor Endorsers
Denver, CO	corporate accountablility	legislative	Require public contractors and subsidized businesses to pay a living wage of $7.91/hour, require reporting requirements and citizens advisory board.	Coalition over 40 orgs. and churches strong. 5 of 12 city councilors in support. Council task force to consider. Mayor remains opposed. Campaign to build political pressure continues.	Initiative supporters included: Denver Area Labor Federation, GCIU Local 440, SEIU Local 105, CWA Quad 7, AFSCME Regional Council 76, Pipefitters
Philadelphia, PA	corporate accountability	legislative	Would require public contractors and subsidized businesses to pay a living wage of $7.90/hour and hire from the community.	Community-labor coalition now over 40 groups strong; Council hearings around ordinance in May and November; Coalition continues to build public pressure and council support for ordinance through research, press, voter guide, etc.	Greater Philly AFL-CIO, PA State Labor Fed., SEIU Locals 668&36, AFSCME District Council 47 Exec. Bd. and Locals 1723 &2187; AFSCME DC 33 Exec. Council and Locals 394, 408, 427, 1637 &1971, UFCW 1776, APWU
St. Louis, MO	corporate accountability	legislative (then initiative if need be)	Would require public contractors and subsidized businesses to pay a living wage and health benefits, hire from the community, report on jobs and wages, create a community advisory board on business assistance.	Corporate accountability campaign coalition already at over 20 orgs. Aldermanic meetings started. Have already targeted high profile subsidy recipients for jobs, living wage.	96 initiative supporters included: Teamsters Joint Council 13, SEIU Local 50&96, AFSCME Local 410, Elevator Constructors Local 3, CWA MO Pol. Cmte, UNITE Central States Reg, Iron Workers 396, IBEW Local 1, American Postal Workers Union Springfield Local.
Albuquerque, NM	corporate accountability	legislative	Would require subsidized businesses to pay a living wage of $7.91/hr. or $9.16 if no health benefits are provided.	Coalition meeting with city officials; planning to introduce this year. Organizing temp workers covered by proposal.	Bernalillo County Central Labor Council, Operating Enigineers Local 953, AFSCME Local 624, Machinists Local 1635
Minneapolis/ St. Paul, MN	corporate accountability	legislative	ACORN's unsuccessful 1995 living wage initiative leads to joint Twin Cities task force recommendations for city council living wage resolutions.	Living Wage Task Force recommendations led to resolutions in both cities including $8.70/hr. living wage (110% of poverty) for some subsidzed employers, pro-labor language, local hiring requirements.	Involved in process: St. Paul Trades and Labor Assembly, AFSCME Councils 6 & 14, HERE Local 17, UFCW Local 789, Minnesota Building Trades

Summary of ACORN/Labor Living Wage Campaigns

March 1999

City or State	Type of Campaign	Mechanism	Description of Measure	Timeline	Sample Labor Endorsers
New Orleans, LA	minimum wage	initiative	Would set city-wide minimum wage at $1.00 above federal minimum wage.	Twice gathered over 25,000 signatures for initiative. Campaign scuttled by new state legislation banning local wage-raising efforts. Preparing lawsuit to challenge constitutionality of state law. Economist and living wage expert Bob Pollin to testify.	SEIU Local 100, Greater New Orleans AFL-CIO
Little Rock, AR	corporate accountability	legislative	Would require city contractors and subsidized businesses to pay a living wage and hire from the community.	Campaign kicked off in September; two labor and community-endorsed candidates won on living wage platform; Plan to introduce in council in 1999.	Arkansas Central Labor Council, SEIU Local 100
Detroit, MI	corporate accountability	initiative	Requires city contractors and subsidized businesses to pay a living wage of at least $8.23 an hour ($10.29 if no health benefits are offered) and encourages local hiring by these businesses.	Measure passed with 81% of the vote on November 3, 1998.	Greater Detroit Metro AFL-CIO and 83 endorsing organizations.
Dallas, TX	corporate accountability	legislative	Would require city contractors and subsidized businesses to pay a living wage and hire from the community.	Campaign in initial stages; Building campaign coalition and steering committee.	SEIU Local 100

Living Wage Successes:
A Compilation of Living Wage Policies on the Books

Prepared by ACORN
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May, 1999

*Listed below, in reverse chronological order, are examples of local living wage laws tying wage and/or benefits requirements to government contract eligibility or other government financial assistance.**

- **Somerville, MA (1999)** -- In May, the Somerville Board of Aldermen unanimously passed an ordinance requiring that a living wage be paid to full and part time direct employees of the City of Somerville, as well as employees of firms carrying out service contracts with the city for at least $50,000 (this threshold will decrease to $30,000 in 2 years and again to encompass all contracts valued at $10,000 or more two years after that). The living wage is set at no less than $8.35 an hour, the poverty line for a family of four (based on 40 hours a week for 50 weeks), adjusted annually in accordance with the poverty guidelines (Somerville Living Wage Committee, local labor, Massachusetts AFL-CIO).

- **Miami-Dade County, FL (1999)** -- In May, the Board of County Commissioners of Miami-Dade County voted unanimously to enact a living wage ordinance requiring that the County itself, certain of its service contractors, and airport licensees (for ground service personnel) pay employees a living wage of no less than $8.56 an hour if employer-paid health benefits are offered, or $9.81 without health benefits. The ordinance covers the following categories of county service contracts worth at least $100,000: food preparation and/or distribution; security services; routine maintenance services such as custodial, cleaning, refuse removal, repair, refinishing, and recycling; clerical or other non-supervisory office work, whether temporary or permanent; transportation and parking services including airport and seaport services; printing and reproduction services; and, landscaping, lawn, and/or agricultural services. The ordinance establishes a Living Wage Commission to enhance compliance and review the effectiveness of the law (South Florida AFL-CIO, Human Services Coalition of Dade County, Florida Legal Services).

- **Cambridge, MA (1999)** -- In May, the Cambridge City Council adopted an ordinance requiring a living wage of at least $10.00 an hour be paid to employees of the City of Cambridge, as well as to employees of companies or non-profits that enter into service contracts or subcontracts with the city worth at least $10,000 and to employees of firms that benefit from at least $10,000 in city subsidies in a year (as well as their tenants and leaseholders). The wage

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* These summaries are not specific as to some important features such as exemptions, reporting requirements, and enforcement provisions, which vary significantly among ordinances. For more specific information, contact ACORN or the organizations listed as responsible for each victory. In addition, this list does not include existing or proposed state-wide legislation to impose wage, job creation benefit or disclosure requirements on firms doing business with the states. Such measures do exist and are being explored, proposed or expanded in states such as Connecticut, Minnesota, New York, and Montana. *Please report any omissions to Jen Kern at ACORN.*

level is to be adjusted yearly in accordance with the area Consumer Price Index. The ordinance directs the city agencies to report annually on subsidies and establishes a Community Advisory Board to review and recommend action on waiver requests. (Eviction Free Zone, Carpenters Local 40, National Lawyers Guild).

- **Hayward, CA (1999)** -- In April, the Hayward City Council approved the Hayward Living Wage Ordinance which provided that a living wage be paid to direct employees of the City of Hayward, as well as employees of certain firms contracting with the city for at least $25,000. The living wage is set at no less than $8.00 an hour if health benefits are paid to the employees, or $9.25 per hour if no such benefits are paid. The wage will be upwardly adjusted annually in accordance with the area cost of living calculation. The contracted service categories covered under the policy are: automotive repair and maintenance, facility and building maintenance, janitorial and custodial, landscaping, laundry services, temporary personnel, pest control, security services, and social service agencies. The ordinance entitles covered workers to a minimum of 12 paid days off and 5 uncompensated days off per year. The ordinance also allows for the terms of a collective bargaining agreement to provide that said agreement may supersede the requirements of the living wage ordinance upon mutual agreement by both parties (Alameda County Central Labor Council, Hayward Democratic Club).

- **Madison, WI (1999)** -- In March, the Madison City Council passed an ordinance that requires employers holding city service contracts (and their subcontractors) worth at least $5,000 and firms receiving $100,000 or more in financial assistance (and their contractors) from the city to pay employees on city funded projects a living wage of at least $7.91 an hour. The wage will be upwardly adjusted in two steps to 110% of the federal poverty guidelines for a family of four by January 1, 2001 and continuing thereafter. City of Madison employees are also covered. The ordinance also allows that the terms of a collective bargaining agreement may supersede the requirements of the living wage ordinance (Progressive Dane/New Party, South Central Federation of Labor).

- **Dane County, WI (1999)** -- In March, the Dane County Board of Supervisors passed an ordinance requiring that a living wage be paid to county employees, employees of county service contractors, subcontractors, and beneficiaries of economic development assistance of $5,000 or more from the county. The living wage is established at the federal poverty level for a family of four, currently $8.03 an hour. By July 1, 1999 a Living Wage Review Council will make recommendations on possible adjustments for employers that do not provide health insurance (Progressive Dane/New Party, South Central Federation of Labor, Developmental Disabilites Coalition).

- **Hudson County, NJ (1999)** -- In January, the Hudson County Board of Freeholders unanimously adopted an ordinance requiring County service contractors employing security, food service, and janitorial workers to pay all employees working at least 20 hours per week on County contracts at an hourly rate of pay of 150% of the federal minimum wage, currently $7.73 an hour. Contractors must also provide health benefits and one week paid vacation to these employees.

- **San Jose, CA (1998)** -- In November, the San Jose City Council voted to require companies holding city service contracts worth at least $20,000 to pay those employed on such contracts a wage of at least $9.50 an hour with health benefits, or $10.75 if the company does not provide benefits. In addition, the ordinance requires companies seeking these service contracts to provide assurances of good labor relations and requires certain companies awarded a new contract by the city to offer jobs to the employees of the city's former contractor. Employees of companies receiving direct financial grants from the city valued at $100,000 or more in a year are also covered. The contracted service categories covered under the policy are: automotive repair and maintenance, food service, janitorial, landscaping, laundry, office/clerical, parking lot management, pest control, property maintenance, recreation, security shuttle services, street sweeping, and towing (South Bay AFL-CIO/Working Partnerships USA with ACORN and other groups).

- **Detroit, MI (1998)** -- At the ballot box on November 3, Detroit voters overwhelmingly approved a living wage measure that requires city service contractors or recipients of city financial assistance worth $50,000 or more to pay employees a wage equivalent to the federal poverty line for a family of four, currently $8.35 an hour (the ordinance calculates the work year at 40 hrs./50 weeks a year), or 125% of the poverty line, $10.44 an hour, if no health benefits are provided. The ordinance also requires companies to attempt to hire Detroit residents to fill any new jobs created as a result of the contract or assistance granted by the city (Metropolitan Detroit AFL-CIO with ACORN and other groups).

- **Multnomah County, OR (1998)** -- In October, the Multnomah County Board of Commissioners passed a living wage policy that requires county janitorial and security services contractors to pay their employees a combined wage and benefit package of $9.00 per hour (adjusted annually by the Consumer Price Index). The County's action will also apply to food service contracts when those are rebid in 2000. In addition, the resolution includes a retention provision requiring new janitorial contractors to first interview employees of the previous contractor before hiring new workers. Language in the ordinance commits living wage advocates and County officials to a joint lobbying effort aimed at increasing state funding sources that would enable the County to extend the current living wage policy to social service contract workers (Jobs with Justice, Oregon Public Employees Union Local 503, New Party).

- **Boston, MA (1997, amended 1998)** -- In September of 1998, the Boston City Council approved an amended version of an earlier, more comprehensive living wage ordinance. In its current form, the ordinance requires companies getting city service contracts worth at least $100,000 (or subcontracts of at least $25,000) to pay their employees a wage at least $8.23 an hour, equal to the poverty level for a family of four upon date of passage (assuming 40 hrs/50 wks. a yr.), indexed annually on July 1 to whichever is higher of the adjusted poverty guidelines or 110% of the state minimum wage. The measure also includes community hiring provisions for both contractors and recipients of subsidies or other financial assistance, requires covered companies to report on jobs created and wages paid, and creates a Living Wage Advisory Committee to oversee the implementation of the ordinance (ACORN, Greater Boston Labor Council and the Massachusetts AFL-CIO led the 40-member Boston Jobs and Living Wage Coalition).

- **Pasadena, CA (1998)** -- On September 14, the Pasadena City Council adopted a living wage ordinance which requires city service contractors (with contracts worth at least $25,000) to pay employees $7.25 per hour, $8.50 if health benefits are not provided. In August, the Coalition succeeded in getting the City to make a permanent budget adjustment to provide the same wage and benefits package to City employees. Coalition set to work on expanding coverage to recipients of economic development and other city subsidies (Pasadena Living Wage Coalition, including Clergy and Laity United for Economic Justice).

- **Cook County, IL (1998)** -- In September, the Cook County Board of Commissioners passed an ordinance that requires County contractors of any size to pay employees working under such contracts at least $7.60 an hour (Commissioners Stroger, Maldonado, and Daley; Chicago Jobs and Living Wage Coalition led by ACORN, SEIU Local 880).

- **Chicago, IL (1998)** -- In July, the Chicago City Council voted 49-0 to require for-profit city contractors and subcontractors to pay their workers at least $7.60 an hour in the following categories: home and health care workers, security guards, parking attendants, day laborers, cashiers, elevator operators, custodial workers and clerical workers (Chicago Jobs and

Living Wage Coalition led by ACORN, SEIU Local 880, New Party, Chicago Coalition for the Homeless).

- **San Antonio, TX (1998)** -- In July, the San Antonio City Council passed an ordinance adopting guidelines and criteria pertaining to tax abatements that includes a requirement for beneficiaries to pay at least 70% of employees in new jobs created at least $9.27 per hour (non-durable goods manufacturing and service companies; and $10.13/hr for durable goods manufacturing). The guidelines deem retail industry facilities ineligible for tax abatements. In addition, businesses may be eligible for more tax abatement if they fill 25% of new jobs created with economically disadvantaged individuals (COPS/Metro Alliance, San Antonio Central Labor Council).

- **Portland, OR (1996, amended 1998)** -- June 1996 City Council ordinance required city contractors employing janitors, parking lot attendants, temporary clerical services and security workers to pay their employees $6.75/hour starting July 1, 1996, $7.00/hour in 1997. April 1998 amendment requires a new wage floor of $7.50 an hour beginning July 1, 1998 and $8.00/hour beginning July, 1999 through the year 2000. In addition, the amendment requires that such service contractors offer basic medical benefits to their employees performing work for the City (Jobs with Justice).

- **Oakland, CA (1998)** -- In March, the Oakland City Council unanimously approved an ordinance requiring companies or non-profits that enter into service contracts with the city worth at least $25,000 or and firms that benefit from at least $100,000 in city subsidies in a year (as well as their tenants and leaseholders) to pay workers a minimum of $9.25 an hour or $8.00 if the firm provides health benefits. The wage level is to be adjusted by April 1 each year in accordance with the Bay Region Consumer Price Index, bringing the current wage requirements to $8.35 and $9.60 an hour. The ordinance entitles covered workers to 12 paid days off per year. The ordinance also allows for the terms of a collective bargaining agreement to provide that said agreement may supersede the requirements of the living wage ordinance (Oakland Jobs and Living Wage Campaign led by ACORN and the Alameda County Central Labor Council, including HERE, SEIU, UFCW, etc.).

- **Durham, NC (1998)** -- In January, 1998 the Durham City Council passed an ordinance requiring City service contractors to pay their employees working on city projects an hourly wage at least equal to the minimum hourly wage rate paid to Durham City employees, currently $7.55 an hour.

- **Duluth, MN (1997)** -- In July, 1997, the City Council passed a living wage ordinance requiring recipients of city economic development assistance of $25,000 or more to pay at least 90% of employees on the assisted project at least $7.25 an hour. ($6.50 with health benefits). (Coalition led by AFSCME Council 96).

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

- **New Haven, CT (1997)** -- In April, 1997, the Board of Aldermen passed living wage ordinance requiring city service contractors to pay their employees a wage at least equivalent to the poverty line for a family of four. The wage will be phased up to 120% of poverty over 5 years beginning July '97. The ordinance also requires such contractors to give first consideration to referrals from community based hiring halls to fill vacant service positions. (Labor/community/church coalition led by HERE Locals 34, 35, 217).

- **Los Angeles, CA (1997)** -- On March 18, 1997, City Council overwhelmingly approved a living wage ordinance requiring recipients of public service contracts worth $25,000 or more as well as any business benefiting from a subsidy of at least $1,000,000 in one year or $100,000 on a continuing annual basis to pay their employees a living wage. The wage -- indexed yearly to the rise in cost of living-- is set at $7.25 an hour plus family health benefits, or $8.50 without. The wage is to be adjusted annually to correspond with adjustments to retirement benefits paid to members of the City Employees Retirement System, bringing the current wage requirements up to $7.39 and $8.64 an hour. Affected workers are entitled to 12 paid days off a year. The ordinance also allows that a collective bargaining agreement may supersede the requirements of the living wage ordinance (Los Angeles Living Wage Coalition).

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

- **St. Paul, MN (1997) --** In January 1997, city council unanimously passed a directive requiring recipients of $100,000 or more of city economic development assistance in one year to pay employees a living wage, defined as 110% of the federal poverty level for a family of four, currently about $8.83 an hour (100% of poverty line required for companies who provide health insurance; currently $8.03). At least 60% of new jobs created as a result of such assistance must go to St. Paul residents (As above, based on recommendations of the Living Wage Task Force, including ACORN, New Party, and labor unions).

- **New York City, NY (1996)** -- September 1996 City Council ordinance requires that employees of city contractors for security, temporary, cleaning and food services be paid the applicable prevailing wage for the industry to be determined by the City Comptroller (Industrial Areas Foundation, Councilmember Albanese).

- **Jersey City, NJ (1996)** -- June 1996 City Council ordinance requires that city contractors employing clerical, food service, janitorial workers, or security guards pay these workers $7.50/hour and provide health benefits and vacation (Interfaith Community Organization/IAF).

- **Santa Clara County, CA (1995)** -- County Board of Supervisors law requires manufacturing firms applying for tax abatements to disclose how many jobs they will create, what wages and benefits they will pay, and what other subsidies they are seeking. Businesses benefiting from abatements must also pay a minimum wage of $10/hr. and provide health insurance or a suitable alternative to all permanent employees. The measure gives the county money-back guarantee protection if goals are not met (South Bay AFL-CIO Labor Council, California Budget Project, Working Partnership USA).

- **Baltimore, MD (1994) --** In December 1994 the Baltimore City Council passed a bill requiring companies that have service contracts with the city of Baltimore to pay workers

$6.10/hr. The bill included steps to increase the wage to its current level of $7.70/hr. over a four year period (BUILD/Solidarity Support Committee, AFSCME).

- **San Jose, CA (1991)** -- Prevailing wage ordinance requires city contractors to pay union-scale wages and requires the city to evaluate health benefits, workplace grievance procedures, workplace health and safety standards, and labor standard compliance records of companies bidding for city contracts.

- **Gary, IN (1991)** -- Ordinance requires recipients of any tax abatement to pay prevailing wage and provide complete health care package to employees working over 25 hours a week. Also includes public disclosure provisions (Calumet Project for Industrial Jobs).

- **Des Moines, IA (1988, amended 1996)** -- In 1988 City Council set a $7.00/hr. minimum compensation policy for City-funded urban renewal and loan projects. In 1996, this policy was amended to require such city funded projects to set a goal of a $9.00/hr. average wage, including benefits (Councilmember George Flagg).

And the movement continues. . .

Growing coalitions of community, labor and religious organizations continue to organize campaigns to tie higher wages, benefits, and other worker protections to public contracts, tax breaks and other subsidies in cities and counties all over the country. Such campaigns are now underway in places such as Philadelphia, Albuquerque, St. Louis, Denver, Cleveland, Pittsburgh, Buffalo, San Francisco, Marin County, CA, Missoula, MT, Manhattan, KS, Montgomery County, MD, Alexandria , VA, Austin, TX, South Bend, IN, and are being explored in dozens of additional cities, counties and states.

Summary of Research on Living Wage Ordinances

Prepared by ACORN
February, 1999

Living wage ordinances are relatively new and therefore have not yet been the focus of much research. However, some recent studies evaluating or predicting the economic effects of living wage ordinances are instructive. On the whole, these analyses effectively debunk the arguments of living wage opponents that such ordinances lead to cost increases and/or unemployment:

Baltimore's Living Wage Law: An Analysis of the Economic Costs of Baltimore City Ordinance 442, October 1996.

In October 1996, the Preamble Center for Public Policy, a Washington-based independent research and education organization, conducted a study on the effect of Baltimore's living wage ordinance. The 1994 ordinance mandated a minimum hourly wage of $6.10 for anyone working on a city service contract, with an increase to $6.60 on July 1, 1996. The wage is indexed to $7.70 by 1999.

The study found:

- The real cost of city contracts actually *decreased* since the ordinance went into effect.

- Business investment in the city increased substantially in the year following the ordinance.

- Companies interviewed that held contracts before and after passage of the ordinance did not report reducing staff levels in response to the higher wage requirement. Some contractors praised the ordinance for "leveling the playing field" by relieving pressure on employers to squeeze labor costs in order to win low-bid contracts.

- The cost to taxpayers of compliance with the ordinance has been minimal, with the City allocating about 17 cents per person annually for this purpose.

The authors note that while the study effectively disproves the predicted negative effects of the ordinance, their analysis includes no assessment of the potentially significant *benefits* of the living wage ordinance including substantially higher incomes for low wage workers and their families, higher quality of life, and cost savings as a result of decreased demand on federal, state and local government assistance programs.

The Effects of the Living Wage in Baltimore, February 1999.

This study, commissioned by the Economic Policy Institute in Washington, D.C. and carried out by researchers at The Johns Hopkins University, this study updates and largely confirms the earlier findings of the Preamble study (above). Benefiting from an additional year of data since the 1996 study, the EPI study examines the impact of the 1994 living wage ordinance on the City budget, comparing contract data from before the ordinance was passed to data from living wage-covered contracts as of August 1997. In addition, using payroll data and interviews, the new study surveys the impact on workers covered by the ordinance.

In short, the researchers conclude that the living wage ordinance has had direct positive impact on a relatively modest number of workers in Baltimore without significant financial cost to the city. The study's findings also suggest that the City may be failing to sufficiently implement the ordinance:

- For contracts that could be directly compared before and after the law went into effect, the real aggregate cost to the city for these contracts actually declined slightly, when adjusted for inflation, despite the increase in wage rates.

- Cost changes varied considerably by contract type, with the largest percentage increase in the labor-intensive janitorial sector. However, other contracts with concentrations of low wage workers (i.e. bus aides) did not produce proportional contract cost increases.

- The number of workers directly affected by the ordinance is estimated to be around 1,500. Since some part time workers "share" living wage jobs, the number could be substantially higher.

- Payroll evidence suggests that higher wages and hours improve the stability of the workforce.

- Non-compliance with the living wage ordinance with respect to both wage rates and payroll reporting is a significant problem that limits the benefits of the ordinance to an unknown degree.

- While praising the ordinance highly, the majority of living wage workers interviewed work only part time and report a need for full time work to raise themselves above poverty. Workers indicate a greatly enhanced sense of recognition for work, which may in turn be linked to increased job commitment, reduced turnover, and increased productivity.

Economic Analysis of the Los Angeles Living Wage Ordinance, October 1996 (study).

The Living Wage: Building a Fair Economy by Robert Pollin and Stephanie Luce: New Press, 1998 (book, includes above study)

In 1996, a research team at the University of California-Riverside lead by Professor Robert Pollin of the Department of Economics, was commissioned by the Los Angeles City Council to conduct an extensive study to estimate the economic impact of the proposed Los Angeles Living Wage Ordinance. The Ordinance was passed unanimously by the Council in March of 1997.

- The study reviews experiences with federal and state minimum wage laws as well as existing living wage and prevailing wage regulations and concludes that these measures did not result in either unemployment or significant cost to their respective cities.

- The study calculates the total cost of the proposed wage increase to affected firm as a percentage of their total output (production of goods and services) and concludes that the ordinance could be implemented while causing no net increase in the City budget, no employment loss and no loss of city services to the residents of Los Angeles.

- The study also quantifies potential benefits of such an ordinance, including a 50.4% reduction in the amount of government subsidies received by affected workers and their families, as well as growth in spending, homeownership, and small business markets for at least three areas of the city.

- Researchers document case studies of successful "high road" employers and predict that the ordinance has the potential to encourage "high road" competition among businesses, characterized by decent wages, increased productivity, reduced turnover, and increased efficiency.

Among the researchers' other findings are:

- The living wage ordinance will not increase unemployment among less-skilled workers in Los Angeles

- The living wage ordinance does not place small business at any disadvantage

- The ordinance will not discourage businesses from either locating in Los Angeles or doing business with the city itself.

In their 1998 book, *The Living Wage: Building a Fair Economy*, Pollin and Luce present a revised version of the original L.A. study, as well as propose to answer the same impact questions given the alternative (hypothetical) coverage scenarios of a minimum wage increase and an ordinance covering just service contracts (like Baltimore) .

The authors also provide a useful review of the available economic research on the effects of comparable wage interventions -- minimum wage and prevailing wage laws -- noting the positive affects of both.

In addition, they discuss evidence of the failure of the prevailing "business subsidy model" of economic development to produce living wage jobs and effectively reduce poverty, giving specific city examples and proposing alternative sustainable development policies predicated on the creation of living wage jobs.

Living Wage Campaigns: A Small Step in the Right Direction, February, 1998.

Labor economist Jared Bernstein of the Economic Policy Institute issued a paper examining the growing phenomenon of living wage campaigns as a strategy to raise the wages of low-wage workers. The paper provides a context of stagnating wages at the bottom of the wage scale and increasing income inequality. It also reviews both the research on the impact of living wage ordinances and the more substantial economic evidence on the impact of past minimum wage increases.

Bernstein concludes that living wage ordinances as they are currently being proposed clearly raise the earnings of covered workers while not lowering their employment opportunities. He further notes that by counteracting trends that have a negative distributional consequences for low wage workers -- such as privatization and increased use of tax abatements -- living wage policies take the place of some of the eroded bargaining power that has been lost to low wage workers.

[Dr. Bernstein is a labor economist who specializes in the analysis of wage and income inequality, with an emphasis on low-wage labor markets and poverty. Between 1995 and 1996, he held the post of deputy chief economist at the U.S. Department of Labor.]

Living Wage Ordinances: A Closer Look

Prepared by ACORN
April, 1999

Over the last five years, over 29 local jurisdictions have passed what have commonly come to be known as "Living Wage Ordinances". These measures are all similar in that they require certain employers who do business with the city or county[1] to pay their employees a "living wage". These ordinances are a result of organized community-labor coalitions who have successfully argued that public tax dollars should not be used to subsidize poverty wages.

Despite their similarities, living wage ordinances differ in significant ways, such as how broadly they apply, the wage levels they impose, and whether or not they include other components such as health benefits, vacation days, local hiring, public disclosure requirements, or labor-friendly language.

The following summary attempts only to clarify some of the differences in scope of coverage between existing ordinances by grouping them in distinct categories.[2]

City Contracts -- The Baltimore Model (1994)

Perhaps the best known and one of the oldest living wage ordinances was passed in Baltimore in 1994.[3] The ordinance:

- Covers only city service contractors and their subcontractors
- Defines a living wage as $6.10 an hour at passage, phased up over four years to $7.70 in 1999:
- Compliance monitored by the Wage Commission of the Board of Estimates, including requiring payroll records, also made available to public.
- Sanctions for non-compliance include forfeited payment for services, fines, back pay to workers, debarment from future contracts.

Subsequent ordinances in **Milwaukee (1995), New York (1996), Portland (1996 and 1998), Jersey City (1996), New Haven (1997), Milwaukee County (1997), Durham, NC (1998), Chicago, IL (1998), Cook County, IL (1998), Pasadena, CA (1998), Multnomah County, OR (1998), San Jose, CA (1998), Hudson County, NJ (1999) and Hayward, CA (1999)** also cover city or county service contractors. Each of these ordinances, with the exception of Milwaukee (city), Pasadena and Cook County, further narrows living wage coverage to certain contractors concentrated in typically low wage industries such as janitorial, clerical, food services, parking attendants, security, temporary work. The Los Angeles and Durham ordinances apply only to service contractors performing work that could or would otherwise have been provided by city employees.

The wage levels required by these ordinances range from $6.25 to $10.75 an hour.[4] Most are "indexed" to increase over time with the cost of living.

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[1] And - in the case of Milwaukee, WI - the local school district.
[2] This is not a complete list of living wage ordinances on the books. Others considered precursors: Des Moines, IA (1988, amended 1996), San Jose, CA and Gary, IN (both 1991), Santa Clara County, CA (1995).
[3] Earlier ordinances in San Jose, CA and Gary, IN (1991) require tax abatement recipients to pay prevailing wage. The Gary measure also requires health benefits and includes public disclosure provisions.
[4] New York City's ordinance requires service contractors to pay the industry's *prevailing wage* as determined by the city's Comptroller.

Subsidies and Tax Abatements-- Minneapolis and St. Paul (1997)

In January and March of 1997, resolutions passed city councils in the Twin Cities requiring companies benefiting from $100,000 or more in city economic development assistance in a year to pay employees at least 110% of the poverty level for a family of four, currently $8.70 an hour. Both resolutions stipulate that 60% of new jobs created should be filled by city residents.[5] Although these resolutions do not immediately cover city contractors, Minneapolis contains language to phase in living wage for contractors over four years and to immediately prohibit any new privatization of city services that results in lower workers' wages.

In July, the city council of **Duluth, MN (1997)** followed suit, passing an ordinance that requires recipients of city economic development assistance of $25,000 or more to pay at least 90% of their employees at least $7.25 an hour, $6.50 with health benefits. Subsequently, the city council in **San Antonio, TX (1998)** approved an ordinance requiring beneficiaries of tax abatements to pay at least 70% of employees in any new jobs a living wgae of $9.27 an hour (non-durable goods and services) or $10.13 an hour (durable goods manufacturing).

Contracts and Subsidies -- Los Angeles (1997), Oakland (1998), Detroit (1998), Dane Couny, WI (1999), Madison, WI (1999)

In March of 1997, the Los Angeles city council passed the first living wage ordinance to cover both city service contractors and subsidy recipients in some form. In March of 1998, the Oakland City Council passed a similar measure and in November, Detroit voters approved an ordinance with similar coverage. Most recenly, both Dane County and Madison, WI passed such comprehensive measures. All of these also include some non-profit coverage. The Oakland provisions follow as the best example:

- Covers city service contractors who receive public contracts of at least $25,000 and have at least 5 employees, as well as their subcontractors.
- Covers employers with 5 or more employees who receive at least $100,000 in city financial assistance in a one year period, as well as their subcontractors and leaseholders.
- Sets a living wage at $8.00 per hour, $9.25 if no health benefits are provided, indexed to the yearly adjustment in the Consumer Price Index.
- Provides affected workers with twelve compensated days and ten unpaid days off per year.
- Encourages unionization by allowing collective bargaining agreements to supersede requirements.
- Requires covered employers to make regular reports to city on hiring, wages, and benefits.
- Is accompanied by strong implementing regulations for administration, compliance monitoring and enforcement.
- In case of violation, workers may sue for back pay and benefits; the City may terminate contracts, recover the value of the contract or assistance awarded, disbar the employer from future contracts or financial assistance, collect fines, require back pay to employees and pursue other legal remedies.

Contracts, Subsidies, and Community Hiring -- Boston (1997-98)

On August 12, 1997, Boston's mayor signed into law the most comprehensive living wage ordinance to date. The ordinance was weakened before it was set to be implemented in 1998, but still includes the following provisions:

- City service contractors with at least 25 employees who receive public contracts valued at $100,000 or more (as well as substantial subcontractors) must pay a living wage that would at least bring a family of four to the poverty level (given 50 full time weeks a year), currently $8.23 an hour, indexed to the cost of living.

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[5] While St. Paul's resolution requires this hiring, Minneapolis states such as a "goal".

- These contractors as well as employers who benefit from $100,000 or more in city financial assistance (loans, grants, tax abatements, other subsidies) must work with community-based hiring halls or city job centers to provide Boston residents with opportunities for jobs created by public dollars.
- Creates a Citizens Assistance Advisory Committee to review the effectiveness of the ordinance at creating and retaining living wage jobs and securing access to jobs for low income residents in Boston.
- Covers non-profits with more than100 employees.
- Requires that covered contractors report on workforce profiles including job titles, residency, wage levels and projections for hiring, training, and promotion.
- Designated city department shall monitor compliance, including requiring payroll records, investigating claims of violation, and calling compliance hearings.
- Sanctions for violations include termination of assistance, debarment from future business with the city, fines, back pay, and complaints filed with federal agencies.

Living Wage Ordinances
"stats at a glance"*

Compiled by ACORN, 5/99

• Thirty two ordinance on the books, counting "pre-cursors" such as Des Moines (1988, amended 1996) and Gary, IN (1991). 29 ordinances have passed since Baltimore in 1994 (largely considered to be the first victory in the modern living wage movement).

• City ordinances = 24
County ordinances = 7 (Santa Clara, Milwaukee, Cook, Multnomah, Hudson, Dane, Miami-Dade)
School board = 1 (Milwaukee)

• Wage ranges from $6.25 (Milwaukee County) to $10.75/hour (San Jose, assuming employer doesn't pay health benefits, otherwise $9.50/hour)
[Note: $9.00 in Des Moines stated as a "goal" and includes substantial exemptions; $10.00 an hour in Santa Clara County covers only manufacturers that get tax abatements]

• Seventeen ordinances cover only city or county service contractors
• Seven cover only some form of economic development subsidy (Minneapolis, St. Paul, Duluth, Gary, Santa Clara County, Des Moines, San Antonio)
• Eight cover both (L.A., Boston, Oakland, Detroit, San Jose (sort of), Dane County, Madison, Cambridge)
• Several also cover direct city or county employees in addition to contracts and/or subsidy recipient coverage (Cambridge, Somerville, Miami-Dade Co., etc)

• Ten ordinances specifically limit coverage to *certain* service contracts (Miami-Dade Co., Hayward, Hudson County, San Jose, Chicago, Multnomah County, New York, Jersey City, Portland, Milwaukee County)
[Note: Job categories covered generally: janitorial, food service, security, parking lot attendants, clerical workers. Hayward and San Jose include more; Chicago includes home health care workers]

• Seven ordinances include some "jobs" language -- e.g. job creation goals, targeted community hiring (Detroit, San Antonio, Minneapolis, St. Paul, Boston, New Haven, and Santa Clara County)

• Two require covered firms to work with community hiring halls to fill jobs created with contract/subsidy (Boston, New Haven)

• Sixteen ordinances require (or encourage) some form of health benefits (Hayward, Hudson County, San Jose, Detroit, Multnomah County, Pasadena, Oakland, Los Angeles, St. Paul, Minneapolis, Gary, Santa Clara County, Des Moines, Jersey City, Duluth, and Portland, as amended in 1998)

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* This compilation attempts only to provide a thumbnail sketch of some of the technical points of the living wage measures on the books. It does not catalog many important aspects of the ordinances, such as monitoring, enforcement and sanctions. While the information was gathered carefully, we cannot guarantee complete accuracy. Feel free to flag mistakes and report any omissions to Jen Kern at ACORN; 202-547-2500.

[Note: In some ordinances, the health benefit requirement is simply stated as such (Santa Clara County, Gary, IN). Other ordinances require a wage at a higher percentage of the poverty calculation for firms that don't provide health benefits (Twin Cities); other ordinances just tack on an extra dollar-plus per hour (San Jose, Oakland, L.A., Hayward, Duluth, etc.)]

• Nine ordinances cover some non-profits (Somerville, Cambridge, Hayward, Madison, Dane County, Detroit, Oakland, Boston, L.A.)
[Notes: L.A. -- if non-profit executive director makes more than eight times lowest paid worker; Boston -- if non-profit has over 100 employees; Hayward, Madison, Dane County, Oakland and Detroit -- cover all (within established dollar and employee number thresholds) except certain training and educational programs]

• Five include vacation benefits (Hayward, Hudson County, Jersey City, Los Angeles, Oakland)

• Six ordinances include specific labor language (San Jose -- worker retention and good labor relations; Minneapolis -- preference given to firms with broadly defined "responsible labor relations"; Hayward, Madison, L.A. and Oakland -- collective bargaining supersession clause; many also prohibit retaliatation against employees inquiring about coverage or making claims of non-compliance with the ordinance)

• Some ordinances set dollar-value and/or employee-minimum thresholds for coverage of service contractors:
Madison, Dane County and Milwaukee (city): $5,000
Cambridge -- $10,000
San Jose: $20,000
Hayward: $25,000
Detroit: $50,000
Somerville: $50,000 (goes down to $10,000 over four years)
Los Angeles: at least $25,000 and at least 5 employees
Miami-Dade -- $100,000
Boston: at least $100,000 and 25 employees for a for-profit firm, 100/non-profit.
Oakland: at least $25,000 and 5 employees

• Most ordinances define subsidy thresholds:
Cambridge -- $10,000
Dane County -- $5,000
Duluth -- $25,000/year
Detroit -- $50,000
Madison -- $100,000
L.A. -- $1,000,000 in a year or $100,000 on a "continuing basis"
Boston -- $100,000 in a year
Oakland -- $100,000 in a year
St. Paul -- $100,000/year
Minneapolis -- $100,000/year

The Living-Wage Wars

Increasingly, governments are requiring contractors to raise their workers' pay. Businesses are responding with rearguard resistance.

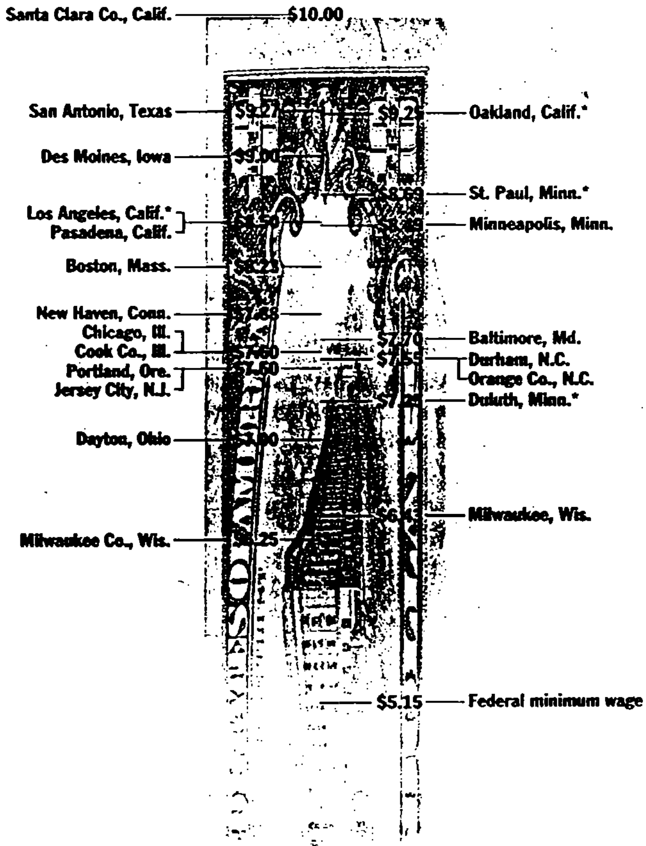
Just over a year ago, the prospects for passing a "living wage" law in Chicago appeared dead. Mayor Richard M. Daley opposed the idea, and most of the city's aldermen agreed with him. The plan, which would have required city contractors to pay their employees at least $7.60 an hour, was bad for business, they said. When it came to a vote, they killed the living wage proposal overwhelmingly, 31 to 17.

As things turned out, however, that wasn't the final word. In the ensuing months, a grassroots coalition of boosters for the working poor rallied thousands of supporters and conducted petition drives in low-income districts whose aldermen had voted down the living-wage measure. Altogether, more than 50 organizations—including the local service employees union, an association of community groups known nationally as ACORN, churches, the Chicago Coalition for the Homeless, and a group of political reformers known as the New Party—had jumped on the living-wage bandwagon since the issue first emerged there three years earlier.

While their long-running effort was based on the notion of economic justice and the moral argument that governments should not be funding poverty-level jobs, it was shrewd politics that ultimately carried them to victory. This past summer, when lawmakers proposed giving themselves a pay raise, living-wage supporters linked the two issues. It would be political suicide, they reasoned, for aldermen to raise their own pay while denying a raise for the working poor. The tactic worked, and when it came to a vote again this July, the living wage prevailed—unanimously.

The dramatic turnaround in Chicago reflects the resilience of a nationwide living-wage movement that is gathering more and more steam. Since 1994, when Baltimore

BY CHRISTOPHER SWOPE



STRETCHING PAYCHECKS

Hourly rate in localities with a living-wage requirement, as of October 1998

Note: New York City has a "prevailing-wage" law that sets varying hourly rates for different service-sector jobs.

* Indicates a lower wage applies for employees who receive health benefits

Sources: ACORN and Employment Policies Institute became the first municipality to adopt a living-wage law, nearly two dozen others from Boston to Los Angeles have followed suit. At the same time, the magnitude of the measures is increasing: In mid-November, the San Jose city council passed the nation's highest living-wage rate: $10.75 an hour (or $9.50 with benefits).

At the core of these campaigns is the idea that the federal minimum wage of $5.15 an hour (around $10,700 a year for a full-time employee) still leaves many working families in poverty. The "living" wage, as the name suggests, is meant to be a higher rate that would raise their standard of living. In truth, however, the term is something of a misnomer; the higher rate that most localities have set—typically between $7.50 and $8.50—barely brings a family up to the poverty line.

In most living-wage cities, the higher wage requirement applies only to vendors who contract with the city. Workers who get the pay hike are usually low-paid service employees—janitors, cashiers or security guards, for example. As employees of government contractors, living-wage supporters point out, these workers are only one step removed from the relative comforts of civil service. Yet they are relegated to the ranks of the working poor.

The living-wage movement has another dimension in cities such as Oakland, San Antonio and Minneapolis, which target businesses that benefit from tax abatements, subsidies or other forms of economic development assistance. Although subsidies are often touted as necessary to lure jobs, living-wage supporters say there is no guarantee that those jobs pay well. "Economic development dollars are being used poorly," says Jen Kern, a national organizer at ACORN, which is spearheading most of the living-wage campaigns. "We should expect a return on that money. Low-wage jobs will always be there. Why are we paying for more of them?"

Not surprisingly, the business community disagrees. Vendors view the living wage as yet another unwelcome cost of doing business with government. Some—especially those in labor-intensive businesses—say the added expense could be enough to drive them away. Others say they'll stay, but will either have to lay off workers or pass along their higher labor costs in the form of higher bids. And luring a company with a tax abatement while simultaneously raising its labor costs strikes opponents as an incongruous and misguided economic development strategy. In Boston, that requirement stood to put long-sought development in neighborhood business districts at risk. "It's difficult to attract developers to these areas, even with financial support from the city," says Sam Tyler, president of the pro-business Boston Municipal Research Bureau. "Boston has one of the highest tax rates in Massachusetts. We don't need any more disincentives."

While business interests, such as local chambers of commerce, clearly oppose living-wage ordinances, they have shown real difficulty marshaling their forces to actively fight against enactment in various cities. This seems particularly surprising coming on the heels of major triumphs only a few years ago, when grassroots activists were trying to pass broad minimum-wage laws on the local level. In both Houston and Denver, where proposals for a $6.50 citywide minimum wage made it onto the ballot, business counter-attacked with fistfuls of cash and a media campaign. The initiatives were crushed by a 3-to-1 margin in each of the two cities.

Veterans of the campaigns, such as ACORN organizer Brian Kettenring, learned a key lesson. "Politically, the business community will raise more money and fight more on a minimum wage than on a living wage," he says. "We don't have the strength yet to win a minimum wage on a local level in a lot of places."

So higher-pay proponents have adopted something of a divide-and-conquer strategy. Because the living-wage proposals are so narrowly targeted, not all businesses are in the same boat. Their limited scope affects only those companies that contract with the government or receive subsidies. Opposition, therefore, is diluted. And even in a large city like Chicago, the pay of only 3,000 or so workers stands to be raised—hardly enough to warrant the intervention of big guns such as the National Federation of Independent Business.

Another problem for business is the sheer complexity of the proposals. In a system where contractors often subcontract, and even the subcontractors contract out, it is anything but clear exactly who would have to pay the higher rate. Some don't realize that a proposed ordinance targets them until after it has been enacted. "It would be difficult to know you're covered without reading the fine print," says John Doyle, spokesman for the Employment Policies Institute, an opposition think tank. "They don't realize it until after the fact, when they get a letter from some city wage commission saying that they have to pay the higher rate."

That would explain the more spirited fight that business is putting up against implementation of these laws. In Boston, for example, it was only after the living wage passed last August that business mounted a serious counterattack—managing to delay the law and investigate its impact. Business leaders were particularly upset with the law's open-book reporting requirements, which they feared could be exploited by their competitors or by living-wage supporters themselves. After negotiations this summer, both sides agreed to a revised law that dropped the reporting requirements. The rewrite also ditched the living-wage requirement for companies that get tax abatements and the like, but kept the mandate for city contractors.

Likewise, business and its allies are gumming up implementation of Los Angeles' year-old living-wage law. At L.A.'s two airports, airlines are refusing to pay the $8.50 living wage to about 3,000 baggage handlers, wheelchair runners and security officers. Although they hold leases with the city, the airlines argue, the jobs are contracted out. The airlines won backing from Mayor Richard Riordan, who opposes the living-wage policy and whose administration has been less than diligent about enforcing the law. A study conducted recently found fewer than 10 percent of L.A.'s contractors in compliance with the law.

Rearguard resistance may in fact be business' best strategy, suggests Robert Pollin, a University of Massachusetts economics professor and co-author of a new book entitled *The Living Wage*. They may be content to let supporters claim what is still a limited victory, and then get to work in further minimizing it. "They're saying, 'We'll hang around, and when the more complicated part of implementing this comes along, we can hire lawyers to re-interpret the law.' "

Even if implementation had gone smoothly in L.A., the living wage was only expected to apply to about 8,000 workers in a city of more than 3.5 million people. Supporters, of course, are quick to point out that the pay raises do have a very real impact on individual lives. But given their narrow focus, these laws aren't a panacea for the problem of the working poor.

Yet by all accounts, the living-wage battle has been a tremendous success for the groups behind it. Of perhaps wider significance, however, is the issue's role as an organizing tool. The simple message—that working people should not live in poverty—has an appeal that is a magnet for all kinds of groups looking to energize their members. In city after city, labor unions, community organizations, religious groups and others are forming coalitions and rallying under the living-wage banner.

ACORN hopes they'll become permanent fixtures of its grassroots efforts, ready to move on other issues such as low-income housing or bank lending. "There's more to these living-wage campaigns than policy," says ACORN's Kern. "We're about raising issues, building alliances and having strength in numbers. In Boston, the mayor's office wouldn't return our calls last year, and now we're in regular meetings."

For labor, the living wage is acting as a catalyst for union organizing. By rallying home-care workers for the living-wage effort in Chicago, for example, the Service Employees International Union Local 880 discovered new home-care companies that it has now set out to organize. In Los Angeles, unions jumped on the controversy over the airport workers to launch an organizing drive. And for the public employee unions involved in some cities, the living wage is becoming a tool to battle privatization. By increasing the private sector's labor costs, the living wage can level the playing field. Gerald McEntee, president of the American Federation of State, County and Municipal Employees, says, "We fight for these people, to bring up their wages, benefits and health care, first because it's good for them, but also so they're not in direct competition with folks in the public sector."

The living-wage movement, however, is more than various groups acting out of self-interest. Although their immediate focus is the microcosm of government subsidies and contracting, supporters clearly have the big picture in mind. They see the living wage as a step, if a small one, toward narrowing the gap between the rich and poor. And they hope that some businesses that pay the minimum wage will follow the example of government and its contractors and give their workers a raise.

That may be a quixotic dream. But then again, it might not. After four years of championing on this issue, living wage activists have embedded the phrase "living wage" into both the public consciousness and the political lexicon. Increasingly, Americans are coming to understand the difference between a minimum-wage job and a living-wage job—and are expressing their desire for more of the latter. "The term 'living wage' is a new way of conceptualizing an old idea—that people must make enough to live on," says Kettenring. "This political organizing around the term has given it currency. It is a label that people can relate to." G

Setting a Living Wage Level

Some questions to consider:

- How should your figure compare to the average wage of the greatest segment of low wages potentially affected by the proposal?
- What "definition" of a living wage is rhetorically most defensible/useful?
- Cost of living in area (see below)
- What makes sense given the constituency of your coalition organizations (members of community orgs, unions)
- Can you also win indexing of the wage? (if not, argue to set it higher)
- What's winnable?

Some numbers to consider:

1."Poverty Line" figures
Hourly wages based on the "1999 Poverty Guidelines" provided by the U.S. Department of Health and Human Services for a family of four = $16, 700 and $13,880 for a family of three. (Can do different family sizes here too, as well as different percentages of the poverty level):

Family of four
- $8.03 -- 52 weeks at 40 hours
- $8.35 -- 50 weeks at 40 hours
- $9.18 -- 52 weeks at 35 hours
- $9.54 -- 50 weeks at 35 hours

Family of three
- $6.67 -- 52 weeks at 40 hours
- $6.94 -- 50 weeks at 40 hours (given unpaid time off)
- $7.63 -- 52 weeks at 35 hours (given "full time" is often less than 40 hrs)
- $7.93 -- 50 weeks at 35 hours (given both possibilities)

2. Food Stamp eligibility
In order to qualify for food stamps, the federal government sets two thresholds. First, your gross income cannot exceed 130% of the poverty line. Second, your net monthly income cannot exceed 100% of the poverty line.

Family of 4 (130% of $16,700 = $21,710)
- $10.44 -- 52 weeks at 40 hours
- $10.86 -- 50 weeks at 40 hours
- $11.93 -- 52 weeks at 35 hours
- $12.40 -- 50 weeks at 35 hours

Family of 3 (130% of 13,880= $18,044)
- $8.67 -- 52 wks at 40 hrs
- $9.02 -- 50 wks at 40 hrs
- $9.92 -- 52 wks at 35 hrs
- $10.31 -- 50 wks at 35 hrs

Some studies to consider:

There are now countless examples of "Cost of Living", "Minimum Standard of Need", or "Self-Sufficiency Standards" study methodologies that take advantage geographically specific data on expenditures (food, housing, health care, transportation, child care. misc.) to calculate a truer "living wage" for different family sizes in different cities and states. These figures are, obviously, higher than the poverty line -- ranging from around $8.00 an hour for a single person with a child to as much as $15+ an hour for two workers and two kids; higher in more expensive cities and depending on the methodology.

Some living wage campaigns have chosen to base their ordinance's living wage on these figures. Other campaigns are using these higher "real cost of living" figures to make a point about the insufficiency of lower wages, while at the same time making their ordinance's own (lower) "living wage" figure look modest in comparison.

Sample studies:

• Wide Opportunities for Women (WOW) has developed a Self Sufficiency Standard that is being used in several cities, states, and a number of community organizations. For further information about the Standard, to obtain report copies, or to learn about how to have WOW develop the Standard for your community, contact WOW at 202-638-3143, 815 Fifteenth Street, NW, Suite 916, Washington, D.C. 20005

• ACORN has also developed a Basic Needs Budget methodology for three different family sizes (based substantially on that used by Patricia Funk, Ph.D. in her study cost of family support in Nebraska in 1994, updated in 1997) and has produced reports in several cities. Several living wage coalitions have used this basis and developed their own cost of living studies. ACORN studies available: ACORN, 739 8th St., SE, Washington, D.C. 20003; 202-547-2500.

• National Priorities Project developed statewide "living wage" figures for their December 1998 study entitled: *Working Harder, Earning Less: The Story of Job Growth in America* available by calling: 413-584-9556.

• "The Cost of Living in Minnesota" by the JOBS NOW coalition on the minimum cost of basic needs for Minnesota families in 1997. Reports available: JOBS NOW Coalition, 46 East Fourth Street, 818 Minnesota Building, St. Paul, MN 55101-1101; 651-290-0240; jobsnow@mtn.org.

• Increasingly, city and county social service agencies are conducting similar studies.

Prepared by ACORN, 1999
202-547-2500

Elements of a Living Wage Ordinance
(Outline of Questions to Grapple With)

I. "The Basics"

1. Wage level

2. Scope of coverage

    - Direct city and/or county employees?
    - City or county contractors and/or subcontractors?
    - Recipients of city or county economic development assistance/subsidies ?
    - Contractors of economic development assistance recipients?
    - Tenants or leaseholders of economic development assistance recipients?

3. Covered workers

    - All workers employed by covered employer?
    - Just workers employed on contract or assisted project?
    - All employees working within the city or county limits?
    - How much of their time must be spent on project before they're covered?

4. Thresholds for coverage

    - By dollar value of contract or subsidy?
    - By number of employees?
    - Are there different thresholds for different types of assistance?

5. Monitoring/Disclosure, Enforcement, and Sanctions

6. Duration of coverage

II. Possible "Add-ons"

- Indexing the wage
- Health benefits
- Job creation requirements -- maximum cost per job (e.g. must create X jobs for every $10,000)
- Community hiring
- Vacation days and/or sick leave
- Union-friendly language/organizing handles (retention, collective bargaining supersession, labor peace considerations, etc.)
- Community oversight board
- Up-front reporting and regular disclosure of wage and hiring info

III. Possible exemptions (to consider ... or to beware of!)

- Construction or other work covered by prevailing wage laws
- Contracts for goods, as opposed to service contracts
- "Hardship" waivers
- Non-profits (CEO to lowest paid worker ratio cutoff, phase-ins, employee thresholds)
- Loans
- Redevelopment authorities, airport and port authorities, etc.
- Summer youth jobs programs
- Part time and temporary workers
- Welfare-to-work trainees or "workfare" workers
- New businesses
- New employees

§ Society should be independently organized outside the government—a simple idea with complicated and controversial implications. One major site of organization is work. Labor laws need to be strengthened, not to deepen divisions between a minority of relatively privileged workers in traditional industries and everyone else but to facilitate unionization everywhere, particularly in the expanding area of temporary work. We must resist the entrenchment of stark divisions between insiders—relatively privileged, organized workers with jobs in the capital- and knowledge-rich sectors of the economy—and outsiders with unstable, dead-end jobs in the capital- and knowledge-poor sectors.

To advance such a program, we must encourage the master practice of democratic experimentalism: motivated, sustained and cumulative tinkering with the institutional arrangements of the government and the economy, relying on a more engaged and informed citizenry rather than on a more enlightened technocratic elite. The gradual emergence of a lasting, transracial progressive majority in American politics is both the condition and the consequence of such democratizing changes. Ultimately, this project will move us not toward the humanization of the inevitable, but toward the alternative to an unnecessary and unacceptable fate. ■

SUCCESSFUL CAMPAIGNS SHOW THE VALUE OF STRONG ORGANIZING AT THE LOCAL LEVEL.

Living Wage, Live Action

ROBERT POLLIN

This past summer, security workers at LAX airport in Los Angeles began their first-ever union organizing drive. They were motivated, labor activists say, by the city's foot-dragging in implementing a living-wage ordinance that had passed the previous year and guaranteed a minimum of $7.25 an hour (rising with inflation every July 1), plus health benefits and twelve paid days off. Workers unaccustomed to challenging income and power inequities suddenly felt emboldened by the experience of that earlier drive, which, like similar efforts taking off elsewhere in the country, began with the simple premise that no one who works for a living should have to struggle in poverty.

KAREN CALDICOTT

As of 1997, 7.3 million American families were officially poor, and in 66 percent of them at least one person had a job. At the current minimum wage of $5.15 an hour, someone who works full time for fifty weeks earns only $10,300 a year—below the national poverty threshold for a family of two. A "traditional" family of four with one wage-earner falls nearly 40 percent below the line. True, this family is eligible to receive an earned-income tax credit, food stamps and Medicaid, but the need for such programs to support a full-time worker's household only underscores the fact that $5.15 an hour is not close to being a living wage.

In opposition to this state of affairs the living-wage movement was initiated four years ago by unions, community groups and religious organizations. It has succeeded in passing living-wage ordinances—higher minimum-wage standards for workers affected by the measures—in seventeen cities. Now organizing campaigns are pressing forward in twenty-four other municipalities.

There are a number of lessons from these campaigns, not least that even in an expansion, real wages will not rise without strong, creative organizing efforts. The real value of the minimum wage is 30 percent below what it was in 1968, even though the economy is 50 percent more productive than it was thirty years ago, and even after the seven-year "Clinton boom." Now it looks as if we're coming to the end of that boom. Given the September 22 defeat of Senator Kennedy's bill to raise the minimum wage by a dollar over two years, it's clear that, in a weakening economy, workers can win higher wages and better conditions only if they fight effectively.

The living-wage movement has been strategically astute since its inception. It has emerged primarily at the level of municipal politics because organizers correctly assessed that their efforts have a greater chance of success when they attempt to change municipal laws rather than those of states or the federal government, where business has a great capacity to use its money and lobbying clout. Various local campaigns are gaining strength through building national connections. This past May, the first National Living Wage Campaign Training Conference, sponsored by labor groups and ACORN, drew organizers from thirty-four cities to discuss strategy and consider ways to coordinate their work. But a local focus is still central to building grassroots support.

Organizing at the municipal level is also the most effective tactic for fighting the trend toward outsourcing—contracting out government services to private firms. Because private contractors pay lower wages and offer fewer benefits, outsourcing saves cities money by driving down the living standards of workers. In Chicago the outsourcing of public sector jobs from 1989 to 1995 meant income losses of between 25 and 49 percent for watchmen, elevator operators, cashiers, parking attendants, security guards and custodians whose jobs were privatized. Forcing private firms with city contracts to pay living wages at least weakens the incentive for cities to achieve budget cuts on the backs of their workers.

The first living-wage victory was in Baltimore in 1994. The ordinance there stipulated that firms holding service contracts with

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Robert Pollin is a professor of economics and co-director of the Political Economy Research Institute at the University of Massachusetts. He is co-author, with Stephanie Luce, of The Living Wage: Building a Fair Economy *(New Press). This article is part of the continuing Haywood Burns series on Community Activist Journalism.*

the city pay a minimum of $6.10 an hour, rising to $7.70 as of July 1998 and after that moving in step with inflation. A single mother working full time at $7.70 an hour would thus be able to live with her child above the poverty line. However, a family of one jobholder, one homemaker and two children would still be in poverty. The Baltimore "living wage," in other words, is not much of a living, though in light of the precipitous fall in the real value of the national minimum wage, it was a major breakthrough.

Within four years of the Baltimore ordinance, living-wage laws passed in New York, Los Angeles, Chicago, Boston, Milwaukee, Jersey City, Durham, Portland, Oregon, and eight other cities. Municipalities with ongoing campaigns include Philadelphia, New Orleans, Albuquerque, Knoxville and Santa Cruz. Proposals vary, but the basic idea is the same almost everywhere: If private firms want city contracts, they must pay their workers substantially better than the subpoverty wage of the national minimum.

Living-wage laws targeting city contractors will, however, affect only a small proportion of low-wage workers. Some organizers have thus taken a more ambitious approach, pushing for laws that would apply to all workers in a municipality, regardless of who their employer is, just as national or statewide minimum-wage laws apply to virtually all workers within a geographic area. Recently, organizers in Denver and Houston advanced these more ambitious proposals but were soundly defeated at the polls. At least in part, they lost because of their ambitious scope, which invited an even more determined opposition. So how are living-wage organizers and supporters to assess the range of possibilities before them? And how are they to answer their critics?

Will Living-Wage Laws Backfire?

Opponents of *minimum-wage* laws—of which the municipal living-wage ordinances are one variant—have long argued that such laws actually hurt their intended beneficiaries, pricing unskilled workers out of the job market and so causing unemployment among the poor [see Pollin, "Barely Minimum," April 6]. Against municipal living-wage laws in particular, opponents make two other arguments: that these will place severe strains on the already overstretched budgets of cities, perhaps forcing painful cuts in other benefits to low-income families; and that they will discourage firms from locating in municipalities, thus increasing unemployment and poverty in these areas.

Blustering politicians are usually the most visible mouthpieces for such views. In Los Angeles, then–deputy mayor for economic development Gary Mendoza said a living-wage law there would mean "entire industries could be wiped out or move overseas." Such fulminations can be easily dismissed. But can we be confident that the critics are completely wrong?

The answer depends, first, on the specifics of any given ordinance. The LA law, for example, affects employees of three types of private businesses: those holding city service contracts of more than $25,000, such as accounting or janitorial companies; concessionaires on city property, such as LAX; and firms receiving city subsidies of more than $1 million. This law, applying as it does only to city contractors and subsidy recipients, resembles those passed in Baltimore, Boston, Portland and Chicago.

My colleague Stephanie Luce and I have estimated that, at the outside, this ordinance will raise the pay of 7,600 full- and part-time workers in LA. Over a year, the income of a full-time living-wage worker will rise by $3,600. These increases will be spread among the roughly 1,000 firms that are obligated to comply with the law, making the cost per firm about $24,000. But since these 1,000 firms produce about $4.4 billion in goods and services in a year, the extra $24 million in their combined wage bill amounts to only about 0.5 percent of their annual budgets.

The health benefits to workers and the paid days off provided under the ordinance will together amount to another $28 million. A final likely, though not mandated, effect of the law is pressure for wage increases for workers in the affected firms who now earn more than the $7.25 minimum. This ripple effect of wage increases is likely to pertain to workers earning perhaps as much as $9.25 once their lower-paid co-workers get a raise.

When we add these additional costs to the basic mandated wage increases, the sum still comes to only about 1.5 percent of the total annual budget of the average affected firm. Indeed, for about 85 percent of the firms involved, the total annual increase in costs will be less than 1 percent of their budgets.

City Budgets Won't Go Bust

Most companies faced with a cost increase of 1 percent or less would be willing to absorb the cost if it were the only condition on which they could keep winning city contracts. Some may refuse to absorb these increases, but competitors seeking the same contracts would likely step into the breach. This means that, through intelligent bargaining, a city government can purchase essentially the same quality of services from most private firms after the passage of a living-wage ordinance with virtually no impact on its budget.

For the roughly 15 percent of firms that will experience cost increases over 1 percent, a city should expect to absorb some of these increased costs if it wants to maintain at least a stable level of services. Here too the impact should be negligible. If, for example, LA's city government allowed companies to pass on all increases above 3 percent of their total budgets, the new costs to the city would amount to less than 0.5 percent of its $3.4 billion budget.

Will firms simply exit the city rather than face the higher costs? In fact, there is nothing in the Los Angeles ordinance or its equivalents elsewhere that encourages relocation. That's because these ordinances apply to *all* firms with city contracts, regardless of where they are located. The same rules for city contracting, including adherence to the living-wage ordinance, apply to companies whether they are in LA, an adjacent city like Santa Monica, or anywhere inside or outside the United States.

Moreover, consider that many companies already pay their workers higher minimums and still compete successfully. They do so because they have much lower turnover and absenteeism and higher morale. A living-wage ordinance encourages more companies to operate along this high efficiency/high morale path, thereby diminishing the cost increases they face.

Considering all these factors, it is not hard to understand the striking result that emerged in both Baltimore and LA after their initial year of experience with living-wage ordinances. In both cities, the law on the books had no significant impact on contracts. To understand this, Mark Weisbrot and Michelle Sforza of the Preamble Center for Public Policy interviewed business owners in

Baltimore affected by the ordinance. These owners were actually positive about how the living-wage law affected bidding, since it "levels the playing field." One bus company manager said, "We feel more able to compete against businesses who were drastically reducing wages in order to put in a low bid."

All these estimates of the impact of living-wage laws do, however, make one strong assumption: that the affected city contractors will abide by the law. This will not happen automatically. In LA the mayor's office vehemently opposed the ordinance, and has sought to exempt as many contractors as possible. This and experiences elsewhere make it clear that living-wage supporters cannot assume their job is done once a law has been passed.

Would a Citywide Living-Wage Law Work?

The very features that make the LA proposal and its equivalents so manageable are also their limitations. Getting raises for 7,000 low-wage workers in a city is a major accomplishment. But 2.4 million other low-wage workers in the LA area are still not covered by the ordinance. What would be the impact of a more sweeping municipalitywide law, such as those that were proposed but defeated in Denver and Houston and the one that is now getting off the ground in New York? Peter Phillips, an organizer in Sonoma County, California, told me at a recent conference that this sort of proposal was the only one that made sense for his area. With either proposal, he argued, the organizers would have to launch an ambitious educational campaign. But only a few hundred workers would get raises through a contractors-only proposal, while several thousand would benefit through the municipalitywide approach.

In LA a countywide minimum wage of $7.25 would bring raises to some 2.4 million workers. At the same time, the impact per firm, on average, would not be significantly different from that of the contractors-only law now in place in the city. In terms of creating incentives for firms to relocate, however, a countywide ordinance could be substantially different. This is because, under such a proposal, affected firms could avoid paying higher wages by moving outside the municipal boundaries. The question, therefore, is: How many firms would actually leave rather than pay a living wage, and what would be the effect of their departure?

In fact, even here, fears of a mass exodus are unfounded. Most companies facing significant cost increases under a countywide ordinance would not relocate. A high proportion of these are restaurants, hotels or retail outlets, and are tied to their existing locations. Indeed, only one type of firm would have a strong incentive to relocate. These are manufacturers that are not tied to their locations and that employ a high percentage of low-wage workers. Some of these may choose simply to raise wages rather than incur the costs of relocation. But even if we assume that *all* such manufacturers did relocate just outside the county limits, the main loss for the Los Angeles County government would be the loss of tax revenues. Stephanie Luce and I estimate that the number of firms likely to leave would generate a loss in county tax revenue of between $50 million and $60 million. This is no small amount, but it is still less than 1 percent of the total wage increases that workers would enjoy with a $7.25 minimum wage. The county would likely experience some additional losses, such as a decline in property values due to firms leaving their existing locations.

But all those costs would also total less than an additional 1 percent of the wage increases received by workers. Meanwhile, the workers would have more money to spend, would pay more in taxes and would rely less on government subsidies. The negative effects would be more severe if firms moved completely outside the region, since workers would also have to move to keep their jobs. But here again, nothing in a municipalitywide living wage would encourage firms to leave the region altogether, as opposed to getting themselves just beyond the county line.

Why Not a National Living Wage?

The viability of the living-wage proposals, whether applied to government contractors alone or to all companies in a region, invites consideration of an even more ambitious proposal: a national living wage of $7.25. If that sounds outlandish, it is only because the presumptions of greed have so dominated US economic policy discussions for a generation. After all, in today's dollars, the minimum wage was $7.37 thirty years ago when the economy was 50 percent less productive. If the minimum wage had just kept pace with productivity over the intervening years, it would today be $11.07. If nothing else were to change in the economy, bringing all workers up to at least $7.25 would require only small adjustments in income distribution. Just to illustrate the degree of redistribution necessary, the wage increases needed to bring all minimum-wage workers up to $7.25 would be equal to a reduction of only 6.6 percent in the incomes of the richest 20 percent of households, from roughly $106,600 to $100,000.

However, even this small sacrifice by the well-off could be avoided if the economy's rate of growth increased. But to think seriously about accelerating growth means confronting the commitment of Wall Street and the Federal Reserve to an economy whose real growth is slow, even while financial markets are allowed to expand at dizzying—and ultimately destabilizing—rates.

As the nineties boom economy appears to be ending, it is important to be clear on just how weak—from the standpoint of real productive growth as opposed to speculative financial excess—this expansion has been. On average, national income grew only 2 percent between 1990 and 1997. This is in contrast to an average income growth rate of 4.4 percent in the sixties and an average of 3 percent in the seventies and eighties, widely considered to be decades of poor economic performance. What if the growth rate rose to an average of only 3 percent over the next ten years? In that situation, all workers earning less than $7.25 could be raised to this new minimum and there would still be an additional $3,000 per year to distribute equally to all other workers, on top of what they would otherwise receive were the economy growing at 2 percent.

This growth solution is obviously much more complicated than this simple illustration can convey. For one thing, a new financial regulatory structure is clearly needed to channel funds away from stock run-ups and into productive activity. But even if new regulations could dampen speculative excesses, rapid growth still presents problems from the standpoint of business. Workers gain confidence because of the better wages and greater job security that result from a faster-growing economy, and this can lead to further demands for full employment, higher wages and improved working conditions. Businesses want to prevent workers from gaining this bargaining strength, and the job of national policymakers is to articulate the self-interested position of business for slow growth, as if it were the only sensible policy for everyone.

Such thinking was cogently expressed before Congress in July 1997 by Federal Reserve chairman Alan Greenspan. Testifying that the economy's performance in 1997 was "extraordinary" and "exceptional," he noted that a major factor contributing to this outstanding performance was "a heightened sense of job insecurity and, as a consequence, subdued wage gains."

Thus, for Greenspan, the "economy" is doing well when workers can't get raises. Could it be more clear that the real barriers to achieving a national minimum wage of $7.25 are not economic but political? But how can political power be mobilized in support of economic justice? Here we return to the central importance of the living-wage movement. Organizers are clear that their agenda includes more than passing local ordinances, even while the ordinances themselves represent major victories. Tammy Johnson, until recently with Progressive Milwaukee, an affiliate of the New Party, says that because of living-wage campaigns, "the phrase 'living-wage job' is in the vocabulary in a way it wasn't two or three years ago. When jobs are being created, people will ask, 'Is it a livable wage job?'" The director of the LA Living Wage Coalition, Madeline Janis-Aparicio, says the goal of the campaign has been, first, "to directly affect the lives of workers who are getting a raise." But she also sees the campaign as "a tool for union organizing, for confronting the problem of wage inequality and for expressing a certain level of dignified treatment of workers." That such a campaign can spark further demands on the part of workers is illustrated by the LAX union organizing drive.

The living-wage proposals gaining ground will directly contribute only modestly toward eliminating poverty. But their importance far exceeds their immediate measurable impact. As more cities gain experience with these laws over the next few years, their limitations as well as strengths will become evident. The process of political and economic education will then provide a platform from which to launch more ambitious egalitarian wage and employment programs and to deepen the movement for economic justice in this country. ■

For further information, here is a partial list of contacts:
ACORN, *Jen Kern, (202) 547-2500*
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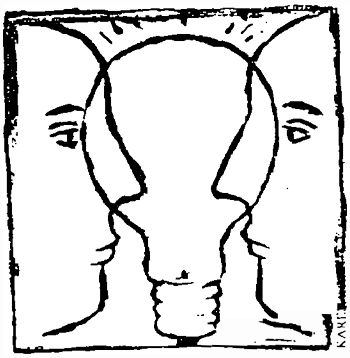
Cleveland SEIU Local 47, *Willie Howard, (216) 621-0995*
Metropolitan Detroit AFL-CIO, *Joyce Lartigue, (313) 896-2600*
Duluth Coalition for a Living Wage, *Erik Peterson, (218) 722-0577*
LA Living Wage Coalition, *Madeline Janis-Aparicio, (213) 486-9880*
Campaign for a Sustainable Milwaukee, *Bill Dempsey, (414) 444-0525*
Progressive Minnesota, *Jennifer Smith (651) 641-6199*
New Haven Living Wage Campaign, *Andrea Cole, (203) 624-5161*
Oakland Living Wage Campaign, *Jim DuPont, (510) 893-3181*
Portland Jobs With Justice, *Nancy Haque, (503) 236-5573*

A RANK-AND-FILE POLL FINDS STRONG CONSENSUS ON PROBLEMS, LESS ON SOLUTIONS.

Notes for a Progressive Agenda

DAVID DYSSEGAARD KALLICK

Most political strategists assume the road to victory is through the middle. What if, instead of fishing for supporters in the center, progressives began by getting our own house in order? What if we decided to hash out our differences, get clear about our priorities and move into the broader public debate from an impassioned and coherent base (think Christian Coalition)?



In order to learn more about who the members of progressive organizations are and what could galvanize them, the New World Foundation commissioned a poll of members of nine progressive organizations. The poll, conducted by the respected firm Zogby International, was jointly released on November 5 by the New World Foundation, the Preamble Center and *The Nation*.

Not even the most poll-driven politician would craft a message around a single survey. Still, the 113-question poll of more than 1,800 people "is a much-needed beginning to open a window into what a program might look like if we led with our membership," says Colin Greer, president of the New World Foundation. And if the experience of the pollsters making these phone calls is any guide, the members are hungry for engagement in this kind of conversation and pleased to feel their views count. Except on issues directly related to the group's purpose (environment for environmentalists, labor for labor organizations) there was little divergence in either beliefs or demographics among the poll respondents, who were drawn from a variety of grassroots and national organizations that agreed to cooperate with the poll. They were: the Center for Health, Environment and Justice; the Hunger Action Network of New York State; Jobs With Justice; the Labor Party; the National Network for Immigrant Rights; the Natural Resources Defense Council; the World Federalist Association; and the subscription lists of *The Progressive Populist* and the *Utne Reader*. Here are some of the major findings:

David Dyssegaard Kallick was staff consultant to the New World Foundation and is a senior fellow of the Preamble Center. A full report of the poll results can be found at www.preamble.org.

The Washington Post

WEDNESDAY, AUGUST 20, 1997

Robert Kuttner

The 'Living Wage' Movement

Boston Mayor Tom Menino has just approved the most far-reaching "living wage" law yet enacted. Effective 1998, Boston will require any private company that does business with the city to pay its workers at least $7.49 an hour.

This is more than $2 above the federal minimum wage; it is the hourly pay rate that yields an annual income equal to the federal poverty line for a family of four. Firms are covered if the city awards them contracts, grants, loans, tax breaks or other financial benefits worth at least $100,000.

Los Angeles enacted similar legislation last March by a unanimous vote of its city council. Variations are already on the books in New York, Milwaukee, Baltimore, New Haven, San Jose, Minneapolis, St. Paul, Portland (Ore.) and several smaller cities.

The living wage campaign, which dates only to 1993, is the most interesting (and underreported) grass-roots enterprise to emerge since the civil rights movement. Promoted by a loose coalition of community, religious and labor groups, often spearheaded by ACORN (the Association of Community Organizations for Reform Now), it signals a resurgence of local activism around pocketbook issues.

The basic theme is that, in a nation as rich as America, anyone who works full time should not have to live in poverty. In one city after another, ordinarily powerful business groups have been blindsided by a surprisingly strong organizing drive that puts local elected officials on the spot. Who could be against paying workers a living wage?

Business, not surprisingly, insists that such initiatives are bad for the business climate. Seemingly, a living-wage law enacted one city at a time would be economic suicide: Companies confronted with such ordinances would just relocate, and the city with the higher wage standards would lose jobs.

However, these laws are astutely crafted to require that city contractors, wherever they are located, must meet city wage standards. Business can run, but it can't hide.

The Boston ordinance has been legitimately criticized for disclosure requirements that fail to protect confidential business information. This could create a competitive disadvantage for Boston if it caused firms to locate elsewhere. But that provision will likely be fine-tuned; the basic living-wage concept remains sound.

Opponents also say higher wage costs eliminate jobs. But similar arguments were made against the rise in the federal minimum wage. In fact, the good economic times have more than offset the slightly higher wage costs; better pay is frequently associated with lower turnover and with productivity gains. Business continues to create jobs at an impressive clip.

Since John Sweeney took over as president of the AFL-CIO, the national labor movement has embraced the living wage campaign. Local drives are now underway in several other cities, including Albuquerque, Denver, Philadelphia and St. Louis.

The living wage campaign, like the Teamsters' effort to curtail the shift to part-time jobs, helps spotlight the split-level character of the current economic boom. Despite a relatively low overall unemployment rate, millions of jobs don't pay what used to be called a family wage.

This trend can be challenged on multiple fronts. A higher federal minimum, as proposed by Sen. Edward Kennedy, would make a living wage national policy; an expanded earned income tax credit can reward work by increasing take-home pay; and unions can escalate the campaign against a two-tier work force.

Living-wage legislation at the city level not only raises earnings of low-wage workers; it also discourages privatizations intended mainly to cut pay scales. If even private contract workers must be paid nearly $7.49 an hour, cities have less temptation to contract work out.

In this era of diminished expectations and hollow politics, the living wage campaigns are a heartening reminder that economic distress can rekindle grass-roots political energy. In this case, the movement is an overdue reunion of unions and community activists.

The gross inequality of the 1990s is a national disgrace. At one extreme, some may think it shameful that Bill Gates makes more money before lunch than most people make in a lifetime.

But the bigger disgrace is that amid glittering affluence, millions of Americans report punctually to work, perform conscientiously—and still don't take home enough money to escape poverty. If remedying that disgrace is truly bad for business, the flaw is not in the remedy but in the system.

■

Correction: My column of Aug. erroneously reported that part-time UPS workers do not get health benefits. In fact, part-timers who work at least 60 hours a month do get benefits. I regret the error.

Robert Kuttner is co-editor of the American Prospect.

Chicago Tribune
Thursday, May 9, 1996

Wage warriors

Labor unions, religious groups and community organizations push for standard of $15,000 a year.

By Melita Marie Garza
Tribune Staff Writer

As the national debate over the minimum wage continues to generate political heat, another movement that could force some employers to almost double the salaries of their workers is developing in several major U.S. cities.

The living wage campaign, led by an unlikely coalition of labor unions, religious groups and community-based organizations, has brought together working-class Americans to flex their political muscle.

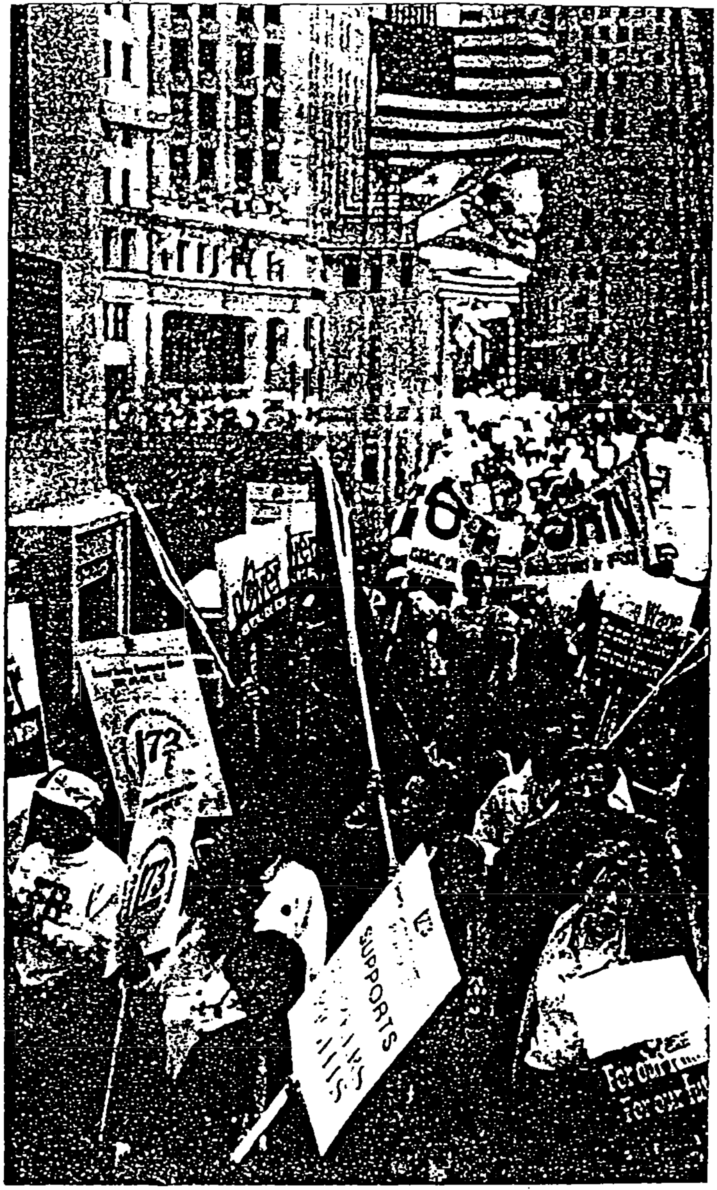
The effort is underway in 30 cities but has been especially visible in Chicago, where weekly rallies, demonstrations and town hall meetings have attracted hundreds of supporters in recent months.

On Thursday, an ordinance is expected to be introduced in the City Council that would require businesses that receive city contracts or subsidies to pay their workers at least $7.57 an hour, or $15,000 a year—the federal poverty level for a family of four. Many such jobs currently pay the minimum wage of $4.25 an hour.

Without the support of Mayor Richard Daley, who has questions about the budget implications of such a requirement, the legislation likely will not go far. But organizers of the local campaign, led by ACORN, the Association of Community Organizations for Reform Now, say 36 aldermen have indicated they are receptive to the concept.

"The City of Chicago has an obligation to ensure that when it spends

See Wage, Page 2



Some 500 demonstrators (above) who support passage of a proposed city Living Wage Ordinance joined a May Day march through downtown Chicago with other members of union locals and religious and community groups. Among those who would benefit from such an ordinance is Leon Doughty (left photo, center), a city contract worker in the Special Services Department at O'Hare International Airport. His pay would jump to $7.57 an hour from $4.25, the minimum wage.

Wage

CONTINUED FROM PAGE 1

money, it spends it wisely," said Ald. Ricardo Munoz (22nd), who will jointly sponsor the ordinance with Ald. Toni Preckwinkle (4th). "In this case, it means supporting a living wage."

Thus far, Baltimore and Milwaukee are the only cities that have passed living wage laws. The Minnesota legislature approved a similar statewide law this year that was vetoed by Gov. Arne Carlson.

The proposed Chicago ordinance would apply to firms that receive at least $50,000 in city subsidies and employ at least 25 employees, with the exception of those that employ construction workers, virtually all of whom already earn above living-wage pay. It would also affect companies with at least 10 employees that hold city contracts valued at a minimum of $5,000.

In all, the ordinance would affect more than 1,000 businesses and some 10,000 workers. It also would require firms to attempt to fill vacant jobs with unemployed and underemployed Chicago residents and to recruit first in the neighborhood where the business is located.

As it has elsewhere, the proposed ordinance is opposed by such business interests as the Chicagoland Chamber of Commerce and the Illinois Restaurant Association. The reasoning is similar to that of opponents on the national level to efforts to increase the minimum wage to $5.15 an hour: that forcing companies to pay higher wages would be devastating to small businesses that already are on financially shaky ground.

According to Colleen McShane, executive director of the restaurant association, the national organization documented a loss of 500,000 jobs in 1992 and 1993 following the last minimum wage hike in 1991.

"The living wage, like the minimum wage, would be counterproductive," said McShane. "If wages go up, there will be layoffs."

The Chicago-based Heartland Alliance has calculated that increasing wages to $7.57 an hour from $4.25 will cost businesses about $200 more a month per worker. However, a worker earning $7.57 an hour contributes an average of $101 a month in taxes, while a minimum wage worker qualifies for a monthly tax credit, they point out.

Daley—as well as several aldermen, including Finance Committee Chairman Ed Burke (14th)—has expressed concern that living wages will increase the cost of some city contracts.

"Where is the money going to come from?" Daley said last month before a meeting with ACORN.

On Wednesday, he pointed out that many city contractors are already required to pay the prevailing wage—an amount at least comparable to what unionized workers earn doing the same job in the private sector, generally more than $7.57 an hour.

Living wage laws, like the minimum wage hike proposal, are aimed at raising the pay base for the working poor. The main difference is that minimum wage laws affect 95 percent of all workers, while living wage laws affect primarily government contract workers, such as Leon Doughty of Chicago.

Doughty, 65, works for Andy Frain Services Inc., a city contractor that provides passenger security and services at the United Airlines terminal at O'Hare International Airport.

Doughty is a retired Chicago Head Start coordinator who needed to take the job with Frain seven months ago to help pay the rent on the apartment he shares with his wife. He never expected to be doing this kind of work at retirement age.

"We are just getting by," said Doughty.

Organized labor, which has lost membership and bargaining power in recent years, has led many of the ongoing demonstrations in support of living wage laws in various cities.

The grass-roots movements have picked up local steam because of the widespread sentiment that the shape of the economy has had a devastating effect on the working class. And, political savvy organizers, such as ACORN, have taken advantage of an election year to boost their local agenda to state and national levels.

Ted Thomas, a postal worker from the Englewood neighborhood, sees the issue as one of economic parity.

"Living wage workers pay more taxes than minimum wage workers. Living wage workers spend more in their communities," said Thomas, president of the ACORN board. "It's time we quit promoting welfare and give people an incentive to work."

Carl Tannenbaum, chief economist for LaSalle National Bank, said most businesses probably could afford the proposed 21 percent increase in the minimum wage.

But regarding a living wage law, he said: "Asking businesses to absorb 2 bucks more than that—a 78 percent increase—might be too much to ask."

Staff writer Jacquelyn Heard contributed to this article.

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City Labor Wins Living Wage Battle

By William Gordon
Staff Writer

After a press conference on the 28th of July and a rally on the 29th were held in City Hall by the Association of Community Organizations for Reform Now, Service Employee International Union Local 880, the Chicago Coalition for the Homeless, and the New Party, the city's aldermen decided to pass the living wage ordinance, along with increases in the salaries of public officials, including aldermen and the mayor.

Last year a similar ordinance was proposed, but was rejected by a vote of 31 to 17. Since then the ordinance has been stuck in committee, going through changes that would make it more politically viable. After the rally, the ordinance sponsored by Ald. John Buchanan (10), Ald. Toni Preckwinkle (4th), and Ald. Ricardo Muñoz (22nd) passed easily — 49-0 (there are 50 wards in the city).

At the press conference on July 28, the organizations present had a simple plea: Increase the wages of the people of Chicago before increasing the wages of the politicians who serve them. Ald. Buchanan agreed, saying, "The people of Chicago should get a living wage, and get that first. Then let's consider a wage increase [for the aldermen]."

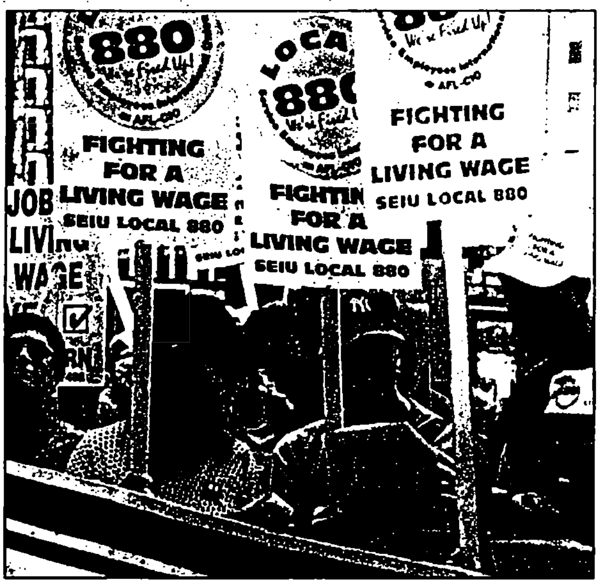
The ordinance requires city contractors and sub-contractors to pay their workers the minimum of $7.60 an hour, beginning with contracts awarded after Jan. 1, 1999. The federal minimum wage is $5.15 an hour.

This was a very convenient time to pass the ordinance, according to Ald. Dorothy Tillman (3rd). She has been fighting to pass this ordinance since its development, but acknowledges that the politics involved helped pass this controversial piece of legislation. "Elected officials always use circumstances to leverage. At least it was leveraged for the people," Tillman said.

At the same time the aldermen were considering an increase in their wages, from $75,000 a year to $85,000, they were also preparing to go on vacation. Also, the organizations fighting for this change pointed out loud and clear at the press conference on the 28th that if they didn't win this year, they would make this an issue in 1999—an election year.

Now that the ordinance has been passed, most of those involved are satisfied, except the Chicagoland Chamber of Commerce. According to the director of government relations, Mark Pufundt, this ordinance hinders the city's ability "to attract and expand businesses and corporate investment."

"Employers must have the right to negotiate wage rates and benefits with current or potential employees within the federally established law," said Pufundt.



Members of SEIU, Local 880, along with other organizations, pressured city aldermen to pass the Living Wage ordinance before the aldermen voted to increase their own salaries.

The Chamber views low wages as an opportunity for people to enter into a company and develop marketable workplace skills. Now they believe that employers will actually decrease their labor force, because of the increase in spending on wages, decreasing the amount of jobs available.

The earlier ordinance was hindered by the issues raised by the Chamber, and also by its inability to convince some aldermen that it would be the most beneficial legislation for all involved. Ald. Bernard Hansen (44) linked his earlier refusal to vote for a living wage to the penalties present in the ordinance. He wouldn't comment on any particular penalties, but repeatedly said, "They had penalties that I felt were unreasonable."

The recent passing of the current ordinance shouldn't be linked to the absence of harsh penalties, said Keith Kelleher of the SEIU, Local 880. Since the rejection of the previous ordinance, his organization and its affiliates focused advocacy efforts in the wards of the aldermen who voted against it. "We targeted the 31 wards for retribution at the polls," he said. "We passed out fliers in the same wards where they voted against it, moved referendums in the wards, and the aldermen felt a lot of heat. They vastly underestimated public support for the ordinance."

In the current ordinance there are restrictions to protect small businesses that may have been hurt by the previous legislation. The new ordinance only applies to for-profit businesses with over 25 employees that have contracts with the city.

It is hoped that this will set an example for businesses throughout the city to increase their minimum wage. "It sets a policy example in the city of Chicago that people should be required to pay a living wage, otherwise we have to pay for food and shelter [for the working poor]," said John Donahue of the Chicago Coalition for the Homeless. This is one of many issues his organization fights for, to, in his words, "find real solutions to homelessness."

"Corporations have made more money over the past 20 years by depressing the wages," said Donahue. "They are making overwhelming profit using minimum wage as slave labor."

In the July 16-31, 1997 issue of *StreetWise* it is pointed out that the proposed $7.60 an hour would raise thousands of families to the poverty level. With a minimum wage, families only net $811 a month, whereas a living wage brings in about $1,188.90 a month. The living wage ordinance is based on the cost of supporting a family of four. The expenses of which was estimated at about $1,450 a month by the original supporters.

Living wage supporters go further to point out that it costs taxpayers less to support a living wage family, since a household on minimum wage receives about $637 in aid, food stamps and Medicaid, and $83.64 in federal tax returns. The living wage family receives almost $300 less in aid, and pays more than $100 dollars in federal taxes.

Chicago is now the third largest city in the country to pass a living wage, but organizations like the SEIU Local 880, ACORN, and the New Party still have work to do in the city. Now their efforts are directed to ensure the proper implementation of the ordinance and expand the benefits. According to Kelleher, it now benefits only two to three thousand people, covering only ten job descriptions. "This is just the first stop, round one," he said.

CENTRAL AND EAST COUNTY

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Working hard for a living wage

■ Oakland activists lead push to increase minimum pay for companies doing business with the city

By Jessica Guynn
TIMES STAFF WRITER

OAKLAND — In an East Oakland neighborhood, rich only in welfare recipients and the working poor, is the campaign headquarters of ACORN — the Association of Community Organizations for Reform Now, the national grassroots organization of low- and moderate-income families that is leading the fight for a "living wage."

Even in the fading daylight, it is clear the makeshift office and the neighborhood that surrounds it have seen better days. The smell of urban decay is everywhere in the cavernous hall. Wrought iron chandeliers hang from tall ceilings, but the bulbs have burned out. Cracked and peeling walls are patched with political posters. The hollow expanse is littered with an old couch here, a sagging armchair there, and a handful of desks where staff members busily work the phones.

On the far wall, a sign says bluntly, "No common wealth."

And that is ACORN's point.

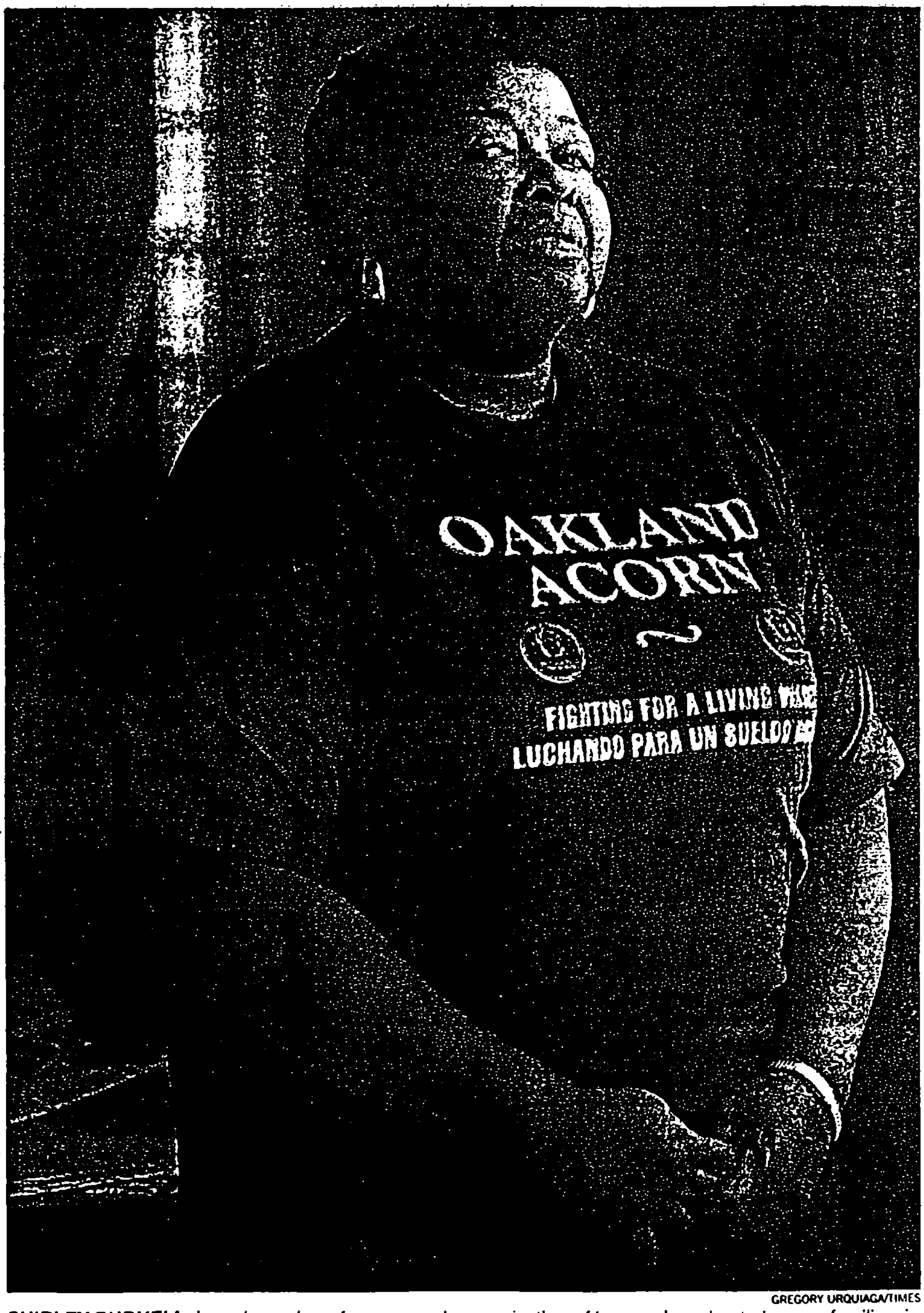
In this dilapidated neighborhood forgotten in the shadow of the wealthy Oakland hills, the gap between rich and poor continues to widen, undaunted by the region's near-record prosperity.

ACORN and its 1,300 Oakland members have drawn the battle line here, at the poverty line. And, if the organization's efforts around the country to improve the standard of living for the working poor are any indication, this is where a key battle waged against poverty in the East Bay may be won.

In Oakland, living-wage activists are campaigning to boost wages in city contracts granted to businesses that either have a service contract worth at least $25,000 or receive $100,000 in financial assistance. The proposed ordinance would require employers to pay at least $8 an hour — the federal poverty wage level for a family of four — in addition to health benefits. Companies that do not offer health benefits would be required to pay workers $9.25 an hour.

A year in the making, Oakland's

See WAGES, Page C2



GREGORY URQUIAGA/TIMES

SHIRLEY BURNELL, board member of a grassroots organization of low- and moderate-income families, is campaigning for a living wage in Oakland.

Business

Activists fight for wage law in Oakland / C1

Wages

FROM PAGE C1

living-wage ordinance, championed by mayoral candidate Ignacio De La Fuente, was unanimously adopted by the Oakland City Council's community and economic development committee last week. If it gains final passage at a March 24 vote of the full city council, it will go into effect July 1 and become the strongest legislation of its kind enacted in the country.

"It is not a panacea; it doesn't affect millions of workers," said Jen Kern, an ACORN researcher in Washington, D.C. "It's a way to raise the issue and open up debate."

The proposed city legislation faces strong opposition from business owners and Oakland Metropolitan Chamber of Commerce officials, who say it would eliminate jobs, increase the cost of doing business and send a message to corporate America that Oakland is unfriendly to business at a time when the city is attempting to revive the local economy.

"The city and the chamber ultimately want the same thing, a prosperous and economically vital community," said Barbara Leslie, the chamber's public policy manager. "Our means to that end are just different."

Living-wage activists counter that using taxpayer money as leverage to raise wages for the working poor is good for workers and for business. The ordinance, they say, would ease demands on overburdened public assistance programs, funnel more money into the local economy and discourage privatization, which lowers pay scales. Moreover, the Bay Area's current economic boom would offset higher wage costs, activists said.

"Our community needs this ordinance," said Shirley Burnell, a West Oakland board member who believes low-paying jobs that offer no benefits have eroded living conditions for thousands of workers in the East Bay. "People can't make it on $5.75 an hour."

The campaign for a living wage, founded in 1993 by a coalition of community activists, religious groups and labor unions, is one of the most powerful grassroots movements to emerge on the national political scene since the civil rights movement.

Its rallying cry is politically powerful: In the world's richest nation, American workers should not have to live in poverty. "A lot of families aren't getting by, our communities are becoming polarized based on income," said John Dalrymple, secretary-treasurer of the Contra Costa Labor Council, which has begun to explore the possibility of a living-wage campaign. "When we don't address the income gap, it creates lot of social dysfunction."

Tapping into a growing sense of community despair, the living-wage grassroots movement has gathered momentum. This year, nearly two dozen municipal government officials are considering or adopting proposals that would force government contractors to pay higher wages to thousands of workers or forfeit government contracts, Kern said.

Los Angeles, Baltimore and Boston are among the major cities that already have adopted living-wage ordinances. ACORN officials will conduct their first national training conference in May to teach strategies on mounting a successful living-wage campaign.

Supporters of the "Oakland Jobs and Living Wage Campaign" pledge that Oakland is just the first city they will target in the Bay Area, home to one of the greatest concentrations of wealth in the country. Owen Marron, executive secretary of the Alameda County Labor Council, said the local living-wage movement will call on officials in all 13 of Alameda County's cities to support a living-wage ordinance. Community activists have embarked on similar efforts in San Francisco, San Mateo and Santa Cruz. In San Jose, ACORN hopes to strengthen an existing prevailing wage ordinance.

"The whole idea is not to spend taxpayer dollars to subsidize poverty-wage jobs," Kern said. "In cities like Oakland, we have a lot to bargain with, great locations and good work forces. If a business person passes up a lucrative city contract in Oakland because of a living-wage ordinance, that person is a fool."

San Francisco Chronicle

NORTHERN CALIFORNIA'S LARGEST NEWSPAPER

THURSDAY, APRIL 9, 1998

'Living Wage' Gives Hope to Poor

By Arthalia Ray

IF YOU LISTEN closely, you can hear a truth whispered in the Bay Area and around the country. It is beginning to be heard even above the din of self-congratulations on our national economic upswing. The truth is: Working people are still poor.

Even as the entire American economic pie grows, the slices reserved for America's lowest wage workers are getting thinner. In the Bay Area and elsewhere, working citizens struggle to support families on wages below the poverty line. Despite the 1996 increase, the minimum wage buys far less now than it did in the 1960s. Over the same 30-year period, corporate profits and CEO salaries have dramatically increased. For example, in 1976 the pay ratio between top managers and the average worker was 41:1; now that ratio exceeds 200:1.

Today, an impressive grassroots movement — led by labor unions, the community group ACORN, and religious leaders — has arisen to fight wage stagnation and the growing income gap. In California and across the country, well-organized coalitions are pushing city councils to enact living wage ordinances that raise wages and promote corporate accountability — putting an end to taxpayer subsidies to businesses that pay poverty wages and force their workers to rely on public social services to meet their basic needs.

On March 10, in a room packed with 200 community supporters, Oakland City Council's Economic Development Committee took a first step in improving the lives of working families by unanimously approving a living wage ordinance. The full City Council unanimously adopted the bill April 7; the law takes effect July 1.

The Oakland effort, like similar campaigns nationwide, calls for businesses receiving substantial financial benefits from the city to pay employees a wage sufficient to keep a family of four above the poverty line — $8.00 plus benefits or $9.25 without benefits. The argument is simple: We must target our limited public resources to businesses that are committed to creating living wage jobs — not poverty wage jobs that drain our limited city services.

Not surprisingly, living wage campaigns have come under withering attack from business interests that insist that any proposal to increase the wages of even the lowest paid workers will lead to economic stagnation. Time and again, these dire predictions prove wrong. Witness the last increase in the federal minimum wage — it boosted the earnings of America's lowest wage earners without hindering the country's economic growth and low unemployment.

Consider further that there are now over a dozen living wage ordinances on the books with no evidence of harm done. Many contractors — from janitorial services to bus companies — noted that the living wage "levels the playing field" and relieves pressure on employers to squeeze labor costs in order to win city service contracts. Still others noted a marked change in worker morale and productivity brought about by the higher wage. A new study by researchers at Johns Hopkins University, set for release next month, expands and confirms these findings.

Economists estimating the impact of the 1996 Los Angeles living wage ordinance predicted an increase in local spending, homeownership, and entrepreneurship in low income and minority neighborhoods. Jobs that allow working families to be economically self-sufficient promote public savings by decreasing demand for public assistance. Unlike low-wage jobs, living-wage jobs create consumers of goods and services, who in turn create more business opportunity and an engine for job growth in our cities.

Oakland — and the country — stands at a crossroads. One road leads to corporate giveaways at the expense of working people. The other holds the promise of economic prosperity shared by all. That promise is starting to being fulfilled as the living wage movement grows across the country. Against the backdrop of a booming economy, the working poor are building a movement for our fair share — and we are starting to be heard.

Arthalia Ray is a board member of California ACORN, the Association of Community Organizations for Reform Now. For more information on ACORN, the Website is see www.acorn.org/community or call (510) 436-5690.

San Francisco Chronicle
NORTHERN CALIFORNIA'S LARGEST NEWSPAPER
FRIDAY, APRIL 9, 1999

WORKPLACE

CHRIS STEWART / The Chronicle

San Francisco Department of Social Services security guard Hilda Wade would benefit if a living-wage ordinance were passed.

Living-Wage Wildfire

Cities ponder laws to raise workers' pay

By *Ilana DeBare*
CHRONICLE STAFF WRITER

The road to a higher U.S. minimum wage could lead through San Francisco.

And through San Jose, Hayward, Los Angeles, Detroit, Baltimore and even Duluth, Minn.

San Francisco may soon be the latest of about two dozen U.S. cities to pass "living wage" laws, which typically require firms doing business with local government to pay higher-than-minimum wages.

These laws — including San Francisco's proposal — tend to be limited in scope and apply only to a relatively small number of workers.

But they're part of a large, growing campaign that could end up sparking a national debate about economic inequality and raising the U.S. minimum wage.

It's a campaign in which — for a change — organized labor and its liberal allies are outsmarting and outmaneuvering their business opponents.

"It's a model case of changing social policy through an issue with widespread appeal: After all, who would say they're for a wage that you *can't* live on?" said Harley Shaiken, a UC Berkeley professor who studies the labor movement.

"Labor has been very focused and very effective in these campaigns, while much of business hasn't been real focused," Shaiken added. "This campaign has been a marked success for labor, while business has

► PAY: *Page B2 Col. 3*

San Francisco Chronicle
NORTHERN CALIFORNIA'S LARGEST NEWSPAPER

FRIDAY, APRIL 9, 1999

WORKPLACE

Living-Wage Laws

▶ PAY
From Page B1

just been reacting."

San Francisco city officials are analyzing a living-wage proposal that would require firms with city contracts to pay hourly wages of $14.50, or $13 if the company provides health benefits. The Board of Supervisors could vote on the proposal or a modified version of it as early as May or June.

Supporters say the law is a matter of simple fairness. They note that it takes far more than the state minimum wage of $5.75 to survive in a high-cost region like the Bay Area.

"Anyone who works full time in a city-supported job should receive enough money to support their family and make it through the month without turning to charity," said Ken Jacobs, a spokesman for San Francisco's Coalition for a Living Wage.

Opponents – including many small firms with city contracts – say hiking wages as high as $14 could drive them out of business or force them to lay people off.

"If wages are raised to $14, a small number of people will get that $14, but it will also expand the welfare rolls since companies won't pay that much money for unskilled people," said John Doyle, spokesman for the libertarian Employment Policies Institute in Washington, D.C.

Nationally, the living-wage movement has mushroomed during the past year. Within the Bay Area, the cities of Oakland, San Jose and Hayward all passed laws within the past 12 months.

But the movement first started in Baltimore in 1994. Religious groups there noticed that more and more of the people showing up at their soup kitchens were actually working full time, at wages too low to survive.

The religious leaders formed an alliance with labor unions and community activists that became a model for other cities where living-wage laws have passed.

"Everyone thinks of this segment as grouped together, but really, they hadn't worked together before the living-wage movement," said Jen Kern, director of the living-wage resource center at ACORN, a nationwide community group that is very involved in promoting living-wage laws.

What led labor and anti-poverty activists to embark on a series of local wage campaigns?

One big reason is that unions and their allies had been stymied at trying to win significant hikes in the federal minimum wage.

Despite increases in 1996 and 1997, today's U.S. minimum wage of $5.15 has 20 percent less buying power than it did two decades ago. (If the 1979 minimum wage of $2.90 had kept up with inflation, it would today amount to $6.92.)

Living-wage advocates figured they might have more success working locally than contending with the Republican majority in Congress.

And in fact, opposition to living-wage laws has been relatively weak on the local level.

That's partly because local business communities are divided on the issue: Companies with city contracts see living-wage laws as a serious pocketbook issue but those without city contracts haven't seen much reason to get involved.

"Most businesspeople in San Francisco, San José or Boston can say, 'I have no dealings with the city. It's not my problem,'" said Doyle. "There really has been no concerted (business) effort to oppose it, although people are now starting to wake up to the issue."

Doyle's organization – which is funded largely by employers – fears that the spread of local living-wage laws will provide ammunition for a campaign to raise state and federal minimum wage levels.

"Take Wisconsin, where the city of Madison recently passed a living-wage law for various groups of workers," Doyle said. "Now the Wisconsin state Senate president has written an op-ed piece saying that a minimum wage of $7.25 should apply to all workers."

"The phrase is seeping into the political vernacular and changing the dynamics of political discussion," Doyle added.

Supporters of living-wage laws acknowledge their goals stretch far beyond the local ordinances they're busy promoting.

They hope that, as the 2000 election season approaches, they can pressure Congress into passing another, larger minimum wage increase.

And they hope to put issues of economic inequality at the center of the country's political debate.

"These living-wage ordinances tend to be very narrow and affect just a tiny pocket of poor working families," said Robert Pollin, a University of Massachusetts econo[mist] and author of the 1998 book "T[he] Living Wage."

"But you have to start somewhere," Pollin continued. "An[d the] movement has given voice to p[eo]ple's sense that if someone is g[oing] to go to work, they should at le[ast] earn a living wage. Just the term ['liv]ing wage' is part of the policy c[ul]ture now, in a way it wasn't a year two ago. . . . The debate in Congress is now being driven by these lo[cal] living-wage ordinances."

LIVING-WAGE ORDINANCES IN THE UNITED STATES

City	Hourly Wage Requiremen[t]
Baltimore	$7.7[0]
Boston	8.2[?]
Chicago	7.6[0]
Cook County, Ill.	7.6[0]
Dane County, Wis.	8.0[?]
Des Moines	9.0[0]
Detroit	8.35/10.43
Duluth, Minn.	6.50/7.25
Durham, N.C.	8.2[?]
Gary, Ind.	Prevailing industry wag[e]
Hayward	8.00/9.25
Hudson County, N.J.	7.7
Jersey City	7.50 plus $2,000/year toward benefi[ts]
Los Angeles	7.39/8.64
Madison, Wis.	7.9
Milwaukee	6.0
Minneapolis	8.4
Multnomah County, Ore.	9.0
New Haven, Conn.	8.0
New York	Prevailing industry wa[ge]
Oakland	8.00/9.2[5]
Pasadena	7.25/8.5[0]
Portland, Ore.	7.7
San Antonio, Texas	9.2
San Jose	9.50/10.7[5]
Santa Clara County	10.[?]
St. Paul, Minn.	8.[?]
U.S. Minimum Wage	[illegible]
California Minimum Wage	[illegible]

*Cities with two-tier wage levels require companies that don't provide health benefits to pay a higher wage.

Note: Several of these standards are based on the federal poverty level, so they wi[ll] rise if the poverty level is revised upwards. Most apply to firms that hold local government service contracts, while a few apply to firms that receive local tax breaks.

Sources: San Francisco Coalition for a Living Wage; Association of Community Organizations f[or] Reform Now. See www.livingwagecampaign.org.

The Miami Herald
www.herald.con.
TUESDAY, MAY 11, 1999

OPINION

JOHN S. KNIGHT (1894-1981) The Miami Herald JAMES L. KNIGHT (1909-1991)
EDITORIAL PAGES EDITOR ■ DOUGLAS C CLIFTON EXECUTIVE EDITOR ■ LARRY OLMSTEAD MANAGING EDITOR ■ MARTHA MUSGROVE

ADOPT THE LIVING WAGE

IN MIAMI-DADE COUNTY

The positive effects outweigh extra costs.

Now and then, government should be in the business of engineering social change. Promoting a "living wage" for Miami-Dade County and its contractors is one of those issues — and today is the time.

It's worth noting that three of the four sponsors of the living-wage ordinance on the Miami-Dade County Commission agenda are steadfast opponents of tax and fee hikes to meet budget demands. So it's a pleasant surprise to see Commissioners Natacha Millan, Javier Souto and Miguel Diaz de la Portilla promoting this proposed hourly wage base for the county and its contractors. The fourth sponsor is Commissioner Dorrin Rolle.

Together, they are asking colleagues to require the county to pay all employees a salary that's at least 10 percent above the 1997 national poverty level for a family of four. That would be a guaranteed hourly rate of $8.56. In addition, the living-wage ordinance would require the county and all contractors to provide health-care insurance at the rate of $1.25 an hour or else add the equivalent of that onto employees' wage.

Granted, this will increase county expenses, something that these commissioners must remember when setting tax rates. But good social policy doesn't come cheap, and this one is worth the price. Other county policies long have promoted rules — minority-set-aside programs and other contracting requirements, for instance — whose intent is to improve the lives of Miami-Dade residents. So will this one.

The ordinance has been fashioned in a manner sensitive to budget restrictions and the commission's own acknowledged reluctance to increase taxes. The living wage would be phased in over three years, at least. If the ordinance is adopted, it wouldn't be implemented for six months, affecting only new contracts made from then on. Forewarned, county numbers crunchers can adapt annual budgets to the higher wage requirements.

A Florida International University study estimates — with all available data — that it will "most likely" cost the county $4.3 million in the first year of implementation, and $360,000 the second and third years. The county's estimates run higher, up to $16.5 million. The real price of this good-faith effort to bring more equity to residents likely falls somewhere in between.

What would the county get for its money? Well, in other metropolitan areas that have adopted the living wage, notably Baltimore, early results show a more-stable work force. That means less money to recruit and endlessly train new workers.

The community benefits from the multiplier effect. Higher wages mean people spend more money in the local economy. More people can qualify for home loans, which builds families and neighborhoods. Finally, a wage that includes health-care coverage or money to buy it means fewer people end up getting indigent health-care on the public's tab. But more important is fairness: Nobody should work for the public and remain in poverty because of it.

The Boston Globe

TUESDAY, MAY 13, 1997

Opinion

Robert A. Jordan

Boston needs the 'living wage'

THERE'S THE MINIMUM WAGE, THE prevailing wage, and now the living wage – the newest member of the wage family.

Although the current federal minimum wage of $4.75 will go up to $5.15 Sept. 1, and the current state minimum wage is $5.25 an hour, these wages would not be high enough to bring workers' wages to even the federal poverty line.

The "living wage," however, has a floor of $7.49 an hour, which would equal the federal poverty level for a full-time employee supporting a family of four.

A coalition of labor, religious, and community groups are spearheading a strong campaign to bring the living wage to Boston. The coalition will lead a rally today at 5:30 p.m. at City Hall, followed by a 6 p.m. hearing on an ordinance to make the living wage a reality.

This proposed ordinance would apply to any company with more than 25 employees that receives from the City of Boston a loan, a major subsidy, or a tax break of more than $100,000.

It would also apply to a company that receives a city contract of more than $10,000. Subcontractors and leaseholders would be excluded. As drafted, the ordinance would require such firms to make an effort to do community-based hiring for nonconstruction jobs.

As supporters point out, the ordinance's goal is to utilize taxpayers' money to create decent jobs for Boston residents. By doing so, supporters further argue, the ordinance would also save taxpayers' money. The living wage would reduce the need for city money to subsidize day care, housing, and other city services.

The state's prevailing wage law, enacted in 1916, requires contractors to pay wages that reflect community standards for all publicly funded construction projects.

The living wage, in effect, is the prevailing wage for nonconstruction city projects.

Some critics argue the ordinance goes too far because it includes service organizations and nonprofit agencies. But it would be limited to such groups tha[t re]ceive very large amounts of funding from the city.

For these nonprofits, some supporters suggest th[e] city provide any extra funds these organizations ne[ed to] pay the living wage. The provision would help to gai[n] more support for this bill.

Under the bill, the City Council could approve exemptions to the ordinance. The law would also have some teeth. There would be fines for noncompliance and wage restitution. And the city could also suspend contract payments to firms violating the law, as well as [bar] the company from future eligibility for city contracts.

Boston would not be the first city to enact a living wage law. Baltimore passed a similar law that start[ed] wages at $6.10 and would increase to $7.25 an hour.

Los Angeles recently passed a contract and subsi[dy] living wage ordinance for companies that receive contracts for more than $100,000. Under this ordinance, workers would be paid $7.25/hour with subsidies, or $8.50/hour without subsidies.

Other cities including New York, Minneapolis, Milwaukee, and Portland passed similar ordinances.

Opponents also argue the bill would lead to higher bids on contracts, which would cost the city more. But the evidence in other cities suggests otherwise.

In Baltimore, a study done a year after the city enacted its ordinance found that the bids did not come [in] any higher when adjusted for inflation.

For owners and executives of large companies who oppose such a bill, proponents suggest these executives compare their own "living wages" to the proposed $7.[49] an hour living wage.

Although the proposed law has strong backers, it does not yet have the endorsement of all Boston City Council members.

Supporters hope to gain the backing of Boston Mayor Thomas M. Menino. His opposition is a bit puzzling [to] even his own supporters, since he reportedly backed both the minimum and prevailing wage laws.

Earning a decent living from a wage with a $7.49/hour minimum is the prevailing theme behind [the] ordinance, and that is reason enough why it should [pass].

Robert A. Jordan is a Globe columnist.

The Oakland Tribune

FRIEND OF THE PEOPLE IT SERVES

Sunday

MARCH 22, 1998

EDITORIALS

Oakland should adopt Living Wage Ordinance

THE Oakland City Council seems to be on the road toward approving the Bay Area's first living wage ordinance. The Oakland Jobs and Living Wage Ordinance raises the minimum wage for workers at companies that do business with the city. While we have some concerns the ordinance could be interpreted as anti-business, on balance, we believe it is good for the city.

We support the Oakland Jobs and Living Wage Ordinance and urge the City Council to approve it.

The ordinance, drafted by Councilmember Ignacio De La Fuente's office after months of study, was recently approved by the council's community and economic development committee.

It increases the minimum wage to $8 an hour for workers with health benefits, and $9.25 an hour for workers who don't have benefits. Companies that have a service contract of $25,000 or more or receive $100,000 in financial assistance, city subsidies or tax breaks would be covered by the ordinance. The law is not retroactive.

In one version, the ordinance would have required the companies to give workers 20 paid days off a year and guarantee 16 hours of work a week. In response to concerns of the business community, the number of paid days off was reduced to 12 and the guarantee of work hours was dropped.

Representatives of the Chamber of Commerce wanted small businesses exempted from the ordinance; we think such an exemption would make the law more attractive.

Some critics, including Audrey Rice Oliver, Oakland mayoral candidate, warn it will scare business away from the city.

We understand the concerns, however, we don't think the ordinance as it is written would have that effect. It only covers businesses with city contracts. It's those contracts that attract the businesses; a living wage is simply one of the conditions of the contract. Analysts estimate the ordinance will effect only about 20 to 50 companies, primarily those that provide security guards, parking lot attendants and temporary workers. Built into the ordinance is a provision to reevaluate it in one year. A benefit to the city, especially in the case of security guards, would be that by offering higher pay, stricter qualifications could be required.

On balance, we think it will be good for the city's economy. As supporters point out, a higher minimum wage puts more money in the pockets of lower-paid workers who will therefore have more money to spend at city businesses. It puts into practice the belief that a living wage, as opposed to the growing disparity between rich and poor, creates a stronger economy. Supporters call it a strategy for economic development.

Furthermore, the studies of cities that have living wage ordinances indicate they have neither had a negative impact on the economy nor led to increased costs to taxpayers through higher priced city contracts.

We support the Oakland Jobs and Living Wage Ordinance. A move toward greater equity in wages is a step toward a stronger economy.