

Two Great Council Bills to Support Workers

At the Community Service Society, we emphasize work as a way out of poverty, but not at poverty wages. The minimum wage in New York is \$7.25 an hour. That's about \$15,000 for someone working a 40-hour week for 52 weeks. How many of us could live in this city on \$15,000 a year? How could a family survive on those wages?

Living in New York City is expensive. The rents alone often account for more than half of the household income for many families, especially those in the low-wage sector. In an attempt to raise wages above poverty levels, there has been a national effort recently to require businesses receiving public subsidies to pay their workers a "living wage."

Income Inequality

Calls for a living wage took off as the federal minimum wage was stuck at poverty levels for decades. From 1973 to 2007, the minimum wage fell 22 percent in real dollars. During this time, corporate profits increased by more than 50 percent, underlining the extent to which income inequality has become a hallmark of 21st century America.

In New York City, two bills that would lift up low-wage workers are now before the Council, the Fair Wages for New Yorkers Act supported by the Living Wage NYC Coalition of unions, nonprofits, and clergy, and the Good Jobs Bill supported by Local 32BJ of the Service Employees International Union. The Fair Wages bill would mandate a wage of \$10 an hour plus benefits or \$11.50 an hour without benefits for work on projects getting city subsidies. The level of wages is indexed to inflation. Even this bill would provide less than \$21,000 a year to a full time worker, hardly a windfall. For building service workers, for whom the standard wage in most large buildings is more than \$20 an hour, the Good Jobs bill would guarantee prevailing wages at city subsidized developments.

Why should New Yorkers work for substandard or poverty wages on projects where developers are getting public subsidies and tax breaks from us the taxpayers? And why should city government be in the business of subsidizing poverty level jobs? The city's response to living wage legislation was to commission a highly suspicious \$1 million study to determine its impact on the city's economy. It is being conducted by an organization whose economists are known to oppose living wage and minimum wage laws.

Results of national study

We already know the impact of a living wage on the economies of large urban centers. More than 45 cities, including San Francisco, Cleveland, Minneapolis, and Philadelphia, have versions of living wage provisions. Recently, the Center for American Progress conducted a study of 15 cities across the country that have instituted living wage laws. The study compared the economic situation of these cities with a control group of 16 cities without living wage laws.

It found that the 15 cities implementing living wage laws had the same levels of employment growth overall as the comparable group of control cities. The study also found that these laws do not harm low-wage workers. Employment in the low-wage industries most likely affected by the living wage laws was unaffected. The evidence demonstrates that raising job standards does not reduce the number of jobs in a city. This means that job growth does not have to come at the expense of job quality.

Considering the level of poverty in New York City – according to the Census Bureau more than one in five New Yorkers lives below the federal poverty level – you would think that the Mayor Bloomberg might like to see an increase in wages for low-income workers. This would help the city by putting more money into the local economy and helping to keep people off the welfare rolls. It would even slightly increase the amount of taxes collected by the city.

The city spends about \$2 billion of taxpayer money annually to subsidize development. But the jobs created with these subsidies often pay poverty wages and no benefits. Low-wage workers have already borne the brunt of the recession. They should not have to live in poverty.

The latest tally shows 36 City Council members in favor of passing the Good Jobs bill and 29 members in favor of passing the Fair Wages for New Yorkers Act. Mayor Bloomberg maintains that he is opposed to what he calls government mandated wages. It would take 34 votes to override a mayoral veto. If that's what it takes, then so be it. Council members should stand up for their low-income constituents.

David R. Jones is president and CEO of the Community Service Society (CSS), the leading voice on behalf of low-income New Yorkers for over 165 years. The views expressed in this column are solely those of the writer. The Urban Agenda is available on CSS's website: www.cssny.org.

From the New York Amsterdam News
February 3 – February 9, 2011