

A Living Wage for New York's Workers

Last week, I submitted testimony to a hearing of the City Council's Committee on Contracts on behalf of the Fair Wages for New Yorkers Act, a living wage bill that would help keep hard working individuals and families out of the grip of poverty.

It is reasonable to expect that full-time workers should earn wages that do not keep them trapped in poverty. However, this is precisely what happens for the hundreds of thousands of those who work in low-wage jobs in New York City. Periodic increases in the federal and state minimum wage, which currently stands at \$7.25 per hour, have not kept pace with the cost of living. Someone working 35 hours per week for 50 weeks at minimum wage earns roughly \$13,000 a year. For a family of two with one breadwinner, those earnings place that family below the federal poverty line of about \$14,700 per year.

The City Council has proposed legislation which would require developers receiving public financial assistance of \$100,000 or more, including tax abatements and land transfers, to ensure that jobs created as a result of their projects pay at least \$10 per hour to workers with employee benefits or \$11.50 an hour to workers without benefits. Employees eligible for a living wage would include those employed by contractors or properties on the site of such developments.

The \$100,000 minimum assistance level for the living wage requirement to be applicable has produced criticism that this law would hurt small businesses. Such a level of assistance would typically be provided to medium and large-scale developers, who also tend to partner with contractors and other companies of similar scale. Small businesses with less than \$1 million in revenues, nonprofits, and employers on projects that are composed primarily of affordable housing would be exempted from the wage mandate.

In addition, the proposed living wage legislation is not breaking new ground. New York City already has in place a living wage law which mandates a wage of at least \$10 per hour for specific classes of employees in companies that have contracts with the city. Furthermore, more than 45 cities across the country have implemented living wage laws, including Los Angeles, Pittsburgh, and San Francisco, Cleveland, and Philadelphia.

Living Wage Study

A carefully conducted analysis prepared last November for the Center for American Progress examined 20 years worth of economic data for 15 cities that enacted living wage laws and 16 cities without living wage laws. The study determined that requiring developers who receive city subsidies to ensure that jobs created offered living wages had no negative impact on employment.

The study addressed two of the most common criticisms leveled by opponents against a living wage: (1) that it will scare away potential developers as well as businesses in general, and (2) fewer jobs will be created than otherwise would have been in the absence of a living wage law. In Los Angeles, the living wage law has not stopped developers from queuing up for projects involving, for example, the Staples Center or big box retail outlets such as Costco.

In addition, the study findings showed that not only does a living wage have no significant negative impact on employment in areas which have mandated it for subsidized developers, but it also doesn't scare away companies in general due to fears of having to offer employees higher wages. In the case of San Francisco, a living wage mandate for airport workers did not have an impact on overall employment levels.

Mayor Bloomberg has consistently opposed a living wage law. To buttress his arguments, the city spent \$1 million for a report that contends that a living wage law would result in the loss of thousands of jobs, especially low-skilled jobs. The report was put out by an organization whose consultant economists have been critical of living wage and minimum wage laws in the past and have worked against raising the minimum wage. This is an example of people making \$500 an hour – or whatever outsized fee their consultants were paid - determining that others should not make \$10 an hour.

Low-Income Hardships

My organization, the Community Service Society, in its annual survey of New Yorkers, “The Unheard Third,” revealed that among full-time working poor New Yorkers, workers making less than \$18,530 for a family of three, 30 percent fell behind in rent or mortgage payment in the past year, 20 percent could not afford to fill a prescription, and 15 percent had not gotten medical care because of a lack of money or insurance.

Couple this with the finding from a second report produced by my organization which showed that a majority of low-wage workers do not have on-the-job benefits such as paid sick leave, and it is evident that the city should require wages as well as benefits be improved for workers on projects which are made possible by the support of New York City taxpayer dollars.

In addition, without fair wages, costs for basics like food and health care can easily get passed along to taxpayers when low-wage workers are forced to seek public benefits such as food stamps or Medicaid coverage for their children. The result can be a “double-dip” to taxpayer dollars, first in the form of developer subsidies, second in the form of public assistance to workers paid insufficient wages by subsidized developers.

Other cities have shown that living wage legislation has created good jobs for low-income workers without slowing economic growth. It’s time for us to require fair wage guarantees for jobs created at developments getting public subsidies. The Council should pass the Fair Wages for New Yorkers Act.

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.

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