

New Report Finds that Living Wage Laws Promote Smart Economic Development at Lower Than Expected Costs

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Since 1994, more than one hundred local governments across the country have enacted living wage laws requiring businesses receiving city contracts or tax breaks to pay their workers decent wages and health benefits. Lawmakers and voters considering living wage laws seek guidance on the effects these requirements have on costs of city contracts and on economic development. In a new Brennan Center report, [Living Wage Laws & Communities: Smarter Economic Development, Lower Than Expected Costs](#), cities across the country share their own experiences with living wage laws in recent years. Revealing that living wage requirements increased city contract costs only modestly and did not prevent cities from attracting new economic development, these experiences provide useful guidance to communities and researchers assessing living wage proposals. To

examine the effects of living wage laws on local governments, Brennan Center researcher Andrew Elmore interviewed officials and administrators from twenty cities and counties that had enacted and implemented living wage laws by 2001. The first examination of living wage policies to report the actual experiences of a group of localities, the report's key findings include:

- For all cities and counties, contract costs increased by less than 0.1% of the overall local budget in the years after a living wage law was adopted.
- Living wage requirements encouraged some local governments to institute competitive bidding for contracts, reportedly yielding savings for the cities.
- In localities that extended living wage requirements to contracts for human services, such as home healthcare or child care, cost increases were slightly larger — ranging from 0.3% to 2.79% of local human services budgets — although still quite moderate overall.
- Local officials reported that living wage requirements that applied to business subsidy programs rarely limited their ability to attract desirable employers and increased public support for their economic development programs.

“The living wage law improved the lives of contracted employees in the city with little impact on the overall budget,” said Judith Blackwell of the San Francisco Office of Contract Administration, one of the city officials interviewed for the report. “Fiscally, it was a non-event.”

“The new report,” said Nathan Newman, a Brennan Center attorney, “should help put to rest the fears that living wage laws will hurt city budgets or undermine economic development programs.”

Living wage laws require employers receiving city contracts or city business subsidies to pay full-time workers a wage sufficient to support

themselves and their families at a subsistence level — typically from \$8.50 to \$12.00 per hour ? and to provide health benefits.

The Brennan Center provides legal, policy and technical assistance to living wage campaigns and other state and local policy reform initiatives in communities across the nation. For more information or to arrange an interview, please contact Amanda Cooper at the Brennan Center in New York at 212.998.6736. Additional information on the Living Wage movement can be found on the Center's [project](#) page.