

# Soaring Poverty at the Philadelphia International Airport

How Low Wage Airport Jobs Keep  
Philadelphia #1 For Poverty





On the cover:

**Onetha McKnight,**

**Wheelchair Attendant**

I have been a wheelchair attendant for six years at the airport. I have never received a raise. I started at \$7 per hour and still make \$7 per hour. I receive tips but tips are not guaranteed. There are days when I have only received \$1 in tips.

I find it difficult to make ends meet on the poverty wages. I have a son and five grandchildren. I help out with my grandchildren. There's not always enough left at the end of the month to pay my bills. At this time I don't have any health insurance and I have asthma and high blood pressure. My company offers health care but there's no way I can afford it. For about three months now I have been without my medication. I have had accelerated heartbeats and headaches.

# Foreword



Urban League of  
Philadelphia

We are pleased to provide this foreword to the National Employment Law Project's *Soaring Poverty at the Philadelphia International Airport* report, as its findings are closely linked with the work of the Urban League. Since its inception in 1910, the National Urban League (NUL) has been focused on supporting the economic empowerment of African Americans, and throughout its history, NUL has employed various strategies to address the economic disparities within the African American community. Through its programs in entrepreneurship, financial counseling and education, and workforce development, the National Urban League and its 90+ affiliates across the country have sought to level the playing field in the hopes of creating not only a strong African American community, but a strong nation as a whole.

In 2010, NUL's Centennial Celebration started with a bold nationwide call to action focused on four aspirational goals for America in education, employment, housing and health care – the cornerstones of a good quality of life. These goals are to ensure that:

- Every American child is ready for college, work and life.
- Every American has access to jobs with a living wage and good benefits.
- Every American lives in safe, decent, affordable and energy-efficient housing on fair terms.
- Every American has access to quality and affordable health care solutions.

NUL continues to work towards each of these goals through an initiative launched at its centennial now known as I AM EMPOWERED, the message of hope and individual empowerment is galvanizing millions of people via social media to commit to help achieve these goals by 2025. Also, NUL recently announced its historic "Jobs Rebuild America: Educate, Employ, Empower" initiative – a solutions-based comprehensive approach to the nation's employment and

education crisis that brings together federal government, business and nonprofit resources to create economic opportunity in 50 communities across the country through the Urban League affiliate network, including Philadelphia.

The Urban League of Philadelphia's roots in job placement date back to 1944 when the Armstrong Association (ULP's predecessor organization) placed the first African American white collar employee at The Bell Telephone Company. More important than the placement was that this clerical position was a door that opened to opportunities for advancement and benefits. Today, ULP continues to focus on connecting individuals with viable job opportunities through our Career Center. Ideally, these job opportunities provide competitive compensation, adequate benefits within a healthy work environment, thereby putting people on the path to financial independence. Not only does this work create positive outcomes for the individuals whom we touch directly, but also it is the first step in creating a cycle of economic empowerment. By putting individuals on this path to financial self reliance, they are better

able to support their families, sustain financial self sufficiency and become contributors to the local and regional economy. This becomes a win/win for the individual and for the communities in which they live and work.

As we write this today, ULP is preparing to host the Annual National Urban League conference in July 2013. The conference will bring 6,000–8,000 visitors to the city of Philadelphia, many of whom will enter the city through the Philadelphia International Airport. Airports are critical to the economic development of any city, county or state. They create jobs at all levels from maintenance workers and airline personnel, to technical positions relying on STEM (science, technology, engineering & math) skills. Given that PHL is preparing to undergo an extensive upgrade, the conversation around economics has many impacts and consequences. In addition to the direct impact to the businesses and employees operating out of the airport, the airport is an economic driver that creates a ripple effect in the economic growth and viability of the city and region.

There is irony in the fact that as the National Urban League will be gathering to take a 50 year retrospective look at education and economics in America through our conference theme – “Redeem the Dream: Jobs Rebuild America,” many of the airport workers who will come into contact with our visitors from all over the nation are subject to low

non-family sustaining wages and poor working conditions. The March on Washington 50 years ago was a march for “Jobs and Freedom” for African Americans. Philadelphia airports workers, 85 percent of whom are African American, have the jobs but not the living wage or the potential for future earnings. One in five full-time airport workers report that they or their families have gone hungry in the past year because they could not afford to buy enough food.

The Urban League of Philadelphia believes firmly in ensuring access to a fair playing field, whether through contracting opportunities for minority small businesses, through employment at all levels of the hiring spectrum, or through more diversity on corporate boards. For all workers, it is critical that living wages and good benefits reflect a sound quality of life that all Americans seek to enjoy.

We applaud NELP for this valuable report that outlines how other cities have taken steps to create comprehensive policies that lift workers out of poverty and maintain 21st century, competitive airports. With more individuals falling below the poverty level in Philadelphia, addressing the issue of low wages is critical to rebuilding a strong economy. No person today should have to choose whether to put food on the table for their family or pay the rent. Living wages are just the right thing for any employer to do and any employee to expect.





# Contents

- 9 Executive Summary
- 15 Introduction: Middle-Class Jobs Grounded at the Philadelphia International Airport
  - 16 The Airline Industry: Strategically Shedding Customer Service and Service Workers
  - 18 Airline Subcontracting: Shifting Employment Relationships and Responsibility for Job Quality
  - 18 Airport Contractors: Low Bids Lead to Low Wages and Low Quality
    - 18 Too Tight Margins Result in High Turnover, Low Legal Compliance and Low Morale
    - 19 Lack of Oversight and Poor Working Conditions Raise Safety Concerns
- 20 Hard Work Doesn't Pay: PHL Survey Findings
  - 21 Who are the contracted workers at PHL?
  - 23 Low Wages, Few Benefits
  - 24 Economic Hardship and Reliance on Safety Net Programs
  - 25 Employees Report Cut Corners on Wages, Training and Health and Safety Protections
  - 27 Employer Hostility to Worker Complaints
- 29 Low-Bid Contracting: Bad for Workers, Bad for Philadelphia
  - 29 Philadelphia Communities Need High-Quality Jobs
  - 30 Airline Passenger Service Workers Live in Communities Overburdened with
    - Poverty and Unemployment
    - 30 Workers Live Primarily in Black or African American Neighborhoods
    - 31 Airport Workers and Their Neighbors Struggle to Make Ends Meet
- 32 A Roadmap for Reform: Using Standards to Promote Goods Jobs & Services
  - 33 Policy Recommendations
  - 34 Measurable Benefits from Higher Standards
- 35 Endnotes





# Executive Summary

Every day, more than 600 airplanes take off from the Philadelphia International Airport (PHL) carrying passengers and cargo to more than 120 cities.<sup>1</sup> PHL generates more than \$14.4 billion in spending for the regional economy and supports over 141,000 jobs.<sup>2</sup> Many of those who work at the airport aren't actually employed by PHL or by the airlines.<sup>3</sup> Jobs that were once directly performed by airline employees have been contracted out to private contractors who pay low wages and don't provide affordable benefits. Full-time airport workers are simply not making enough to make ends meet. More than one in five workers or their families reported going hungry last year because they couldn't afford to buy enough food.

From January through March of 2013, the National Employment Law Project and SEIU Local 32BJ jointly administered a representative, in-depth survey of 200 contracted workers at the Philadelphia International Airport. Workers surveyed were employed by one of four contractors: PrimeFlight, Prospect, Aviation Safeguards and McGinn, servicing many different airlines. They perform vital services, including wheelchair assistance, baggage handling, skycap services, security and cabin cleaning.

## Key Survey Findings

**I. Contracted airport workers are overwhelmingly black or African American. They are paid very low wages and receive few meaningful benefits.**

- Most families reported earning less than \$16,000 a year.
- 86 percent of surveyed workers are black or African American.

**\$7.85**

Mean hourly wage for all surveyed workers, including tips

**\$2,640**

Hourly wage for the CEO of US Airways based on a 40-hour work week

### Benefits Reported by Surveyed Workers

No paid vacation days	64%
No paid sick days	97%
No health insurance	65%
Came to work at this job while sick	80%

## 2. Poor working conditions mean contracted airport workers suffer severe economic hardships and have to rely on public assistance programs.

- Nearly 75 percent of surveyed workers reported trouble paying their bills.
- Almost a third missed work because they couldn't afford transportation costs to and from PHL.
- More than one in five workers or their families went hungry last year because they couldn't afford to buy enough food.

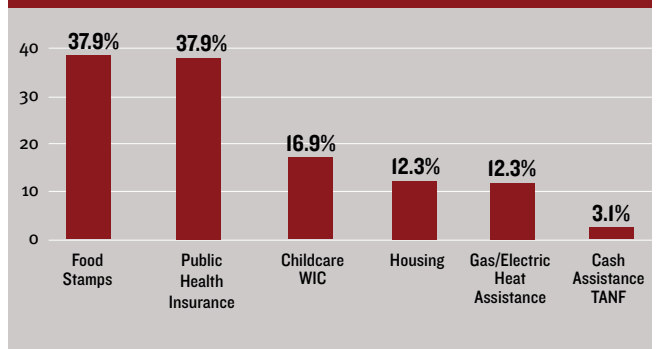
## 3. Airport workers live in communities with high rates of unemployment and poverty.

- While the national unemployment rate is 7.6 percent, unemployment is 15 percent in the communities where many PHL workers live.<sup>4</sup> Similarly, the national poverty rate of 11.6 percent is dwarfed by the 27 percent rate in the top PHL worker neighborhoods.<sup>5</sup>

## 4. Workers reported potential wage and hour and health and safety violations.

- Forty-four percent of surveyed workers reported not being paid fully, or at all, for time they worked before and/or after their shift in the last year.

Use of Public Assistance Programs Reported by Surveyed Workers



- Nearly 29 percent reported not being paid time-and-a-half, or not being paid at all, for overtime worked in the last year.
- Over 37 percent reported that they were instructed by their manager or supervisor to report tips they did not receive.
- Of those workers who work with equipment or surfaces contaminated with bodily fluids, only about 14 percent reported receiving training on how to protect themselves and others from exposure.

## The Airline Industry is Thriving

**The airline industry is making profits and paying CEOs exorbitant salaries. It can afford to raise standards at PHL.**

- This spring the airline industry enjoyed record profits for the first quarter of the year and analysts predict that 2013 as a whole will be a positive one.<sup>6</sup> Many industry experts believe that airlines can be profitable “even during future periods of uncertainty.”<sup>7</sup> Delta’s profit surged 18 percent in 2012, despite the negative impacts from Hurricane Sandy,<sup>8</sup> and in the midst of bankruptcy, American still remained profitable last year.<sup>9</sup>
- In 2012, US Airways reported its highest annual profit in company history.<sup>10</sup> Southwest closed out 2012 with its 40th consecutive year of profitability, bringing in over \$420 million in profits.<sup>11</sup> Record-setting revenues for US Airways resulted in a 44 percent increase in compensation for its CEO in 2012, such that he now earns \$2,640 an hour.<sup>12</sup>

**“Philadelphia International Airport is the economic engine for all of southeastern Pennsylvania.”  
– Philadelphia Mayor Michael Nutter**



### T-Max Teah

#### Cabin Cleaner

I work the overnight shift cleaning planes and make \$7.50 per hour. I live with my mom who also works, but we still have trouble with the bills. I’m trying to put myself through school, and \$7.50 just isn’t enough to keep up with car insurance, tuition, the phone bill, heat and everything else. It feels like it barely covers half.

## Policy Recommendations

**Philadelphia’s City Council and the mayor should ensure that the low-bid contracting system at PHL does not perpetuate poverty in Philadelphia and undermine workforce stability and security at the airport. The city should:**

**1. Establish uniform airport contracting procedures and protocols.** The city should streamline and strengthen its contracting protocols and policies, and apply the stronger standards to all service contractors and subcontractors at PHL, whether hired directly by the city or indirectly by the airlines. Drawing on successful best practices used at other airports, these standards should include worker retention and labor peace safeguards, together with standard procedures for vetting contractors and establishing minimum qualifications around responsible business practices and fiscal capacity.

**2. Increase wages and benefits for airport workers.** Airport workers should not be living in poverty. At a minimum, Philadelphia’s 21st Century Minimum Wage Standard – which requires payment of a very modest \$10.88 per hour (150 percent of the state or federal minimum wage) – should be applied to all service workers at the airport, including wheelchair attendants, sky-caps, aircraft cleaners, and baggage handlers. The standard should also be implemented to guarantee health benefits as well as wages.

Indeed, Philadelphia’s current 21st Century Living Wage Standard, properly applied, should already reach most subcontracted jobs at PHL. But the mayor’s office has refused to enforce it in that fashion, fueling a race to the bottom at PHL through this de facto exemption of most airport workers from these public protections.<sup>13</sup>

Other major airports like LAX, SFO, Miami, San Jose, Oakland, St. Louis and Hartford have guaranteed living

wages and health benefits for airport workers for many years. Contrary to objections by the city that it is not appropriate to set minimum standards for the airlines’ subcontracted workers, at least half of these other airports have done just that for many years.

Cities that have enacted policies to upgrade working conditions for airport workers have found that it has stabilized the airport workforce and improved service. They have found that ensuring that employees are well compensated can stabilize the critical airport workforce, reducing staff turnover, improving security and delivering better results for passengers.

Most of these airports require living wages that are a good deal higher than the modest \$10.88 per hour required under Philadelphia 21st Century Minimum Wage Standard. As the table below illustrates, even at \$10.88, PHL’s workers would still earn less than the annual federal poverty limits for a family of four – and less than 0.5 percent of what a typical airline CEO takes home each year.

### Earnings Comparison

Annual Salary based on Mean Surveyed Airport Workers’ Wage	\$16,328
Annual Salary based on Philadelphia’s 21st Century Living Wage Law	\$22,630
Federal Poverty Guidelines for a Family of Four, 2013	\$23,550

This year marks the 50th anniversary of Dr. King’s March on Washington, in which hundreds of thousands of people gathered to demand a new America. One of the demands was a national *minimum wage* that would “give all Americans a decent standard of living.” Organizers pointed to government surveys that showed that anything less than \$2 an hour would fail to accomplish this. After adjusting for inflation, Dr. King’s demand of \$2 would be \$15.20 in 2013 dollars, or \$31, 616 annually for a full-time worker. This wage would provide the first

## Living Wage and Workforce Policies at U.S. Airports

Airport	Year Adopted	Living Wage If Benefits Are Provided (2013 Rate)	Living Wage If No Benefits Are Provided (2013 Rate)	Includes Worker Retention Policy <sup>14</sup>	Includes Labor Peace Policy <sup>15</sup>
Los Angeles <sup>16</sup>	1997; 1998; 2009	\$10.70	\$15.37	×	×
Miami <sup>17</sup>	1999	\$12.06	\$13.82		×
San Francisco <sup>18</sup>	2000	\$12.43 for concession/retail workers; \$12.93 for most service workers	In most cases no option not to provide benefits	×	×
Hartford <sup>19</sup>	2000; 2009	prevailing wage	Prevailing wage + 30% benefits supplement (translating to \$10.73 or higher)		
Oakland <sup>20</sup>	2002	\$11.70	\$13.45	×	
St. Louis <sup>21</sup>	2002	\$12.21	\$15.92		
San Jose <sup>22</sup>	2010	\$12.94	\$14.19	×	×
Syracuse <sup>23</sup>	2012	\$12.43	\$14.68		



Tiffany Maxwell,  
Wheelchair Coordinator

steps toward the decent standard of living Dr. King had envisioned.<sup>24</sup>

**3. Provide training and ongoing learning opportunities.** Contracted airport workers, from security personnel to passenger service workers, should receive initial and ongoing training consistent with their positions and responsibilities. Together with living wages, benefits, worker retention and labor peace, training plays a central role in the model workforce policies that airports like SFO have used effectively to improve workforce performance and security.



# Introduction:

## Middle-Class Jobs Grounded at the Philadelphia International Airport

Every day, more than 600 airplanes take off from the Philadelphia International Airport (PHL) carrying passengers and cargo to more than 120 cities.<sup>25</sup> The airport operates on revenues collected from a variety of fees and charges, including more than \$181 million in concession and retail leases, \$60 million in landing fees, \$86 million in airport leases, \$34 million in parking fees and \$62 million in passenger landing fees.<sup>26</sup> Known as “the economic engine that drives the Delaware Valley,”<sup>27</sup> PHL generates more than \$14.4 billion in spending for the regional economy each year and supports more than 141,000 jobs.<sup>28</sup> In 2011, local representatives of the Women’s Transportation Seminar named PHL “Employer of the Year.”<sup>29</sup>

However, many of those who work at the airport aren’t actually employed by PHL or the airlines.<sup>30</sup> And the economic benefits that flow from jobs generated by PHL are uneven, with many of the frontline workers on whom the airport depends earning low wages and struggling to get by. Many hold jobs that were once directly performed by airline employees but which have been contracted out to private contractors that pay poorly and don’t provide affordable benefits. While it may come as a surprise to some, airlines operating at PHL have subcontracted myriad services to contractors that bid for the work. “I don’t think many passengers realize that when they’re in an airport and there’s some sort of a problem, and they walk up to a ticket counter and they’re talking to someone who’s wearing the uniform of an airline employee, that in many cases they’re not [talking to] an airline employee,” explained former airlines operations manager and journalist William McGee, when being interviewed by NPR about his book *Attention All Passengers*.<sup>31</sup>

Many of the most essential duties of running airlines and airports are performed by subcontracted workers. Private contractors often handle security, maintenance, wheelchair services for passengers with disabilities, baggage handling, aircraft security searches and cabin cleaning. Across the nation, cities have responded to

this growth in contracting out – both of municipal and airport services – by adopting local laws designed to create a wage floor for workers performing city-contracted work. Like more than 120 cities across the country<sup>32</sup> – including cities or authorities operating a fair number of airports – Philadelphia adopted the city’s 21st Century Living Wage Standard to promote better wages and earned sick days for employees of businesses operating under contracts, leases or concession agreements with the city, including subcontractors of such businesses.<sup>33</sup> Properly applied, this measure should already reach most subcontracted jobs at PHL. But the mayor’s office has refused to enforce it in that fashion, fueling a race to the bottom at PHL through this de facto exemption of most airport workers from these public protections.<sup>34</sup>

Fundamental shifts in the air travel business and a failure to properly implement the 21st Century Living Wage Standard at PHL have resulted in many airport workers being placed at the mercy of unscrupulous contractors that create low-road jobs. Passengers – who ultimately provide the revenue that supports PHL’s operations either through fees on their tickets or directly through their purchases of goods and services at the airport – are unknowingly financing these low-wage jobs that strand Philadelphia families in poverty.

This report examines the changes in employment structure that have left these workers subject to private contractors' low-bid business priorities and how these poor quality jobs hurt customer service, lower worker morale, strain the public safety net and diminish the quality of life in some of Philadelphia's poorest communities. We then review policy solutions that other cities have used to improve job quality at their airports while reducing workforce turnover and improving customer service for passengers at very modest cost. Other airports have successfully transformed airport jobs into quality jobs; doing the same at PHL could help thousands of Philadelphians rise to the middle class.

## The Airline Industry: Strategically Shedding Customer Service and Service Workers

This spring the airline industry enjoyed record profits for the first quarter of the year and analysts predict that 2013 as a whole will be a positive one.<sup>35</sup> Industry experts believe that airlines can be profitable "even during future periods of uncertainty."<sup>36</sup> Delta's profit surged 18 percent in 2012, despite the negative impacts from Hurricane Sandy,<sup>37</sup> and in the midst of bankruptcy, American still remained profitable last year.<sup>38</sup> In 2012, US Airways reported its highest annual profit in company history.<sup>39</sup> Southwest closed out 2012 with its 40th consecutive year of profitability, bringing in over \$420 million in profits.<sup>40</sup>

The FAA Aerospace Forecast for 2013-2033 predicts steady U.S. carrier passenger growth over the next 20 years and states that there is "cautious optimism that the industry has been transformed from that of a boom-to-bust cycle to one of sustainable profits." Moreover the FAA predicts that "aviation will continue to grow over the long run."<sup>41</sup>

In reality, Chapter 11 bankruptcies, mergers and consolidations of airlines are not necessarily indicative of a weak industry. Instead, such reorganization has become part of the industry's business cycle. Since airline deregulation in the late 1970s, there have been over 160 bankruptcy filings, which have become a ready means for airlines to free themselves of commitments they once made to their employees.<sup>42</sup> The trend of cost-cutting through airline bankruptcies began with Frank Lorenzo, the former head of Continental Airlines, who in 1983 filed bankruptcy to escape the airline's union contracts, laying off all of its employees and replacing them with a nonunion workforce.<sup>43</sup>

More recently, US Airways and United Airlines filed for bankruptcy protection in 2002, as did Delta and Northwest in 2005.<sup>44</sup> United emerged from its bankruptcy proceedings in 2006 with labor costs down by more than \$3 billion annually after two steep pay cuts and the elimination of defined-benefit pensions.<sup>45</sup> Delta and Northwest consolidated after declaring bankruptcy, once Northwest had received cost-saving concessions in contract negotiations and relief from impending pension fund payments, and emerged as a profitable airline.<sup>46</sup> And while airlines use bankruptcy to cut workers' pay and shed jobs, executives continue to receive multi-million dollar compensation packages. Record-setting revenues for US Airways resulted in a 44 percent increase in compensation for its CEO in 2012, such that he now earns \$2,640 an hour.<sup>47</sup> As a result, CEO Doug Parker is paid more each day than most PHL contracted workers earn in an entire year. (See Table 1 for details.)

While the airline industry is a volatile one – affected by fuel prices, terrorist threats and recessions that impact families' discretionary spending decisions – it is also one that has long enjoyed the largesse of the American people. In the aftermath of 9/11, airlines



**Table 1. 2012 Executive Compensation for Leading U.S. Airlines**

Airline	Total 2012 Executive Compensation	2012 CEO Compensation	Average 2012 CEO Compensation "per hour"
American	\$6,795,795	\$1,749,163	\$841
Southwest	\$13,559,133	\$4,031,359	\$1,938
US Airways	\$17,033,984	\$5,491,616	\$2,640
United/Continental	\$21,815,231	\$9,626,872	\$4,628
Delta	\$34,368,23	\$12,575,572	\$6,046

(Source: 10-K Annual Report Filings and I4A Proxy Filings, available at [www.sec.gov](http://www.sec.gov). "Per hour" calculations assume a standard FTE rate of 2080 hours annually.)

received federal grants, loan guarantees, insurance premiums and pension fund bailouts totaling nearly \$8 billion.<sup>48</sup> The federal government has also provided financial support to PHL (and thus indirectly to the airlines that use the facility), including \$466 million toward an airport expansion,<sup>49</sup> and several grants as part of the American Recovery and Reinvestment Act for infrastructure improvements and for a new baggage handling system.<sup>50</sup> PHL also enjoys a significant advantage over most businesses

looking to make capital improvements in that it has access to tax-exempt debt, courtesy of numerous municipal bonds issued by the City of Philadelphia. Additionally, according to *The Philadelphia Inquirer*, operating at PHL is about 60 percent less expensive than flying out of nearby JFK.<sup>51</sup> Moreover, on top of this variety of direct subsidies, PHL's workforce model is propped up by a hidden subsidy from the taxpayers in the form of the safety net supports that low-wage contracted-out airport workers depend upon.

## Airline Subcontracting: Shifting Employment Relationships and Responsibility for Job Quality

In 1978, Congress deregulated the airline industry, drastically changing the way the industry operates at PHL and across the country. Prior to deregulation, the federal government determined the price of tickets and the routes commercial carriers could fly. After deregulation, ticket prices dropped and competition soared. Increased competition created incentives for airlines to cut costs. Travelers are familiar with the accompanying reduction in quality of service and passenger experience. Airlines keep shrinking the size of seats to place more people onto planes, and the rate at which passengers with tickets are denied seats because planes are full is on the rise.<sup>52</sup> Hot meals have become almost unknown in coach service. Airlines are charging fees on things like bags, food and even legroom.<sup>53</sup> US Airways is in the vanguard when it comes to imposing fees; it charges \$25 to book by phone, \$15 for each checked bag and \$5 for a seating request, even if it's a case of two people trying to sit next to each other.<sup>54</sup> According to the U.S. Department of Transportation, in 2012 baggage-fee charges by U.S. airlines totaled more than \$3.4 billion, with US Airways near the top of the list at \$516 million.<sup>55</sup>

At the same time, airlines have found significant cost savings by reducing labor costs.<sup>56</sup> Through a combination of reducing the compensation of their direct employees and subcontracting out other services to private companies, airlines are squeezing profits out of workers.<sup>57</sup> While passengers might assume they are dealing with airline employees at the ticket counter, skycap stand, baggage claim area or inside the terminal, they are, in fact, more likely addressing employees of companies they have never heard of. The shift towards subcontracting out myriad operations has been sweeping and the changes have occurred rapidly. For example, a

Federal Aviation Administration report showed that while in 2003 two-thirds of the airlines studied did their maintenance checks in-house, 71 percent were farming out the work to subcontractors by 2007.<sup>58</sup> A 2003 report by the University of California at Berkeley showed that although 80 percent of all airport workers provide services to airlines, airlines directly employ just two-fifths of the workers in low-paid positions.<sup>59</sup> Major carriers have outsourced so much work that one study observes they are becoming as much “managers of networks of outside suppliers” as air carriers.<sup>60</sup>

**“We were underbid in contract after contract. The rates [the airlines] wanted us to come in at were untenable.”**  
– Airline Security Contractor

## Airport Contractors: Low Bids Lead to Low Wages and Compromised Quality

### **Too Tight Margins Result in High Turnover, Cut Corners and Low Morale**

Subcontractors and the airlines that outsource to them have a fundamental tension: the former want to provide service and make a profit, while the latter seek to cut costs. Airline subcontractors face intense pressure to cut costs as they compete with one another in a national race to the bottom to provide the cheapest labor to airlines. As an airline security contractor told the Associated Press in 2001, “We were underbid in contract after contract. The rates they wanted us to come in at were untenable.”<sup>61</sup> According to *The Wall Street Journal*, “in the aftermath of aggressive cutbacks, a growing number of airline jobs are more akin to those at a fast-food restaurant.”<sup>62</sup>

Several studies of subcontracted airport workers have documented that low-bid contracting results in dismal

working conditions. The University of California at Berkeley study of SFO showed that low-bid contracting resulted in an unstable workforce that was more likely to be employed on a contingent basis, with less training and more limited long-term career prospects than their counterparts who were employed directly by airlines.<sup>63</sup> More recently, a 2012 University of Illinois at Urbana-Champaign study of subcontracted airline passenger service workers in Chicago found violations of employment and labor laws were widespread among those surveyed.<sup>64</sup>

These poor working conditions can result in higher turnover and lower quality passenger service. Last year, passenger complaints to the Department of Transportation over airlines surged by 20 percent.<sup>65</sup> These complaints track passenger concerns with flight delays, mishandled baggage and over-sales, among other measures.<sup>66</sup> *Travel and Leisure* magazine recently ranked Philadelphia International Airport third worst among the nation's 22 largest airports for 2012. The ranking cites that the airport is hobbled by "demoralized staff" amongst other things.<sup>67</sup>

### **Lack of Oversight and Poor Working Conditions Raise Safety Concerns**

Beyond service quality concerns, safety concerns have also emerged as a result of airline contractor practices at other airports. At JFK, employees of a contractor hired to perform security sweeps after landing told the Transportation Security Administration that they are not given sufficient time to do the mandated federal security checks before a new load of passengers boards the airplane.<sup>68</sup> TSA responded to the complaint by stat-

ing that "some isolated security deficiencies were found."<sup>69</sup> In 2012, employees of an airline laundry contractor alleged that they are instructed to repackage unwashed linen and headsets for re-use by airplane passengers.<sup>70</sup> A study of the Seattle airport found that workers without sick leave had to go to work cleaning airplanes and assisting wheelchair-bound passengers, potentially contributing to flu or other outbreaks.<sup>71</sup> Just this past fall, American came under heat as it had to ground several planes after passenger seats repeatedly came loose. American had hired outside maintenance companies for the first time to modify its cabins. According to *The New York Times*, airline documents showed that those workers did not understand how to properly install the seats.<sup>72</sup>

Before deregulation of the industry in 1978, airlines did most of their work themselves, making it relatively simple for regulators to examine records and aircraft to ensure that procedures were being followed properly. But now that task is far more complicated.<sup>73</sup> The Federal Aviation Administration does not require airlines to list the subcontractors they work with, and airlines are supposed to be responsible for their own contractor oversight.<sup>74</sup>

Like much of the airline industry, at PHL airline subcontractors operate without sufficient oversight. Without uniform standards for wages, benefits, training, equipment or staffing levels, the current complex web of regulations and oversight bodies cannot ensure a professionalized workforce, a high level of service and a world-class airport.

# Hard Work Doesn't Pay:

## PHL Survey Findings

Passengers begin interacting with service workers before they even enter the airport terminal when they check in their luggage with a curbside skycap. Contracted airport workers keep the terminals clean, help elderly and disabled passengers get to their gates, provide security services, handle the baggage and clean the planes. The extent to which passengers find an airport pleasant, efficient, safe, clean and convenient is

significantly based on the quality of services these workers provide. Passengers might assume the airport or the airlines employ these workers, but increasingly these are subcontracted workers employed by third parties that have won the work in a low-bid contracting system. At the Philadelphia International Airport, an estimated 2,000 people work for airline subcontractors.<sup>75</sup> (See Table 2 for more information.)

**Table 2. Contracted Airport Workers Perform Critical Security, Customer Service and Public Health Functions**

Job Title	Job Duties
Wheelchair Attendant	Assist elderly passengers and passengers with disabilities throughout the airport
Security	Ensure that passengers and property are safe
Sky Cap	Assist passengers with baggage and ticketing
Baggage Handler	Provide assistance to passengers with luggage
Cabin Cleaners	Clean and stock aircraft cabins and lavatories and provide aircraft security functions



**George Walker,**

**Cabin Cleaner**

I am over 50 and tired of living in poverty. I am the only income earner in my family and it is hard to pay the bills and send money to my family back home in my country. A living wage would mean that I would have more money to pay for medicine for my wife.

To better understand the quality of these contracted service jobs at PHL and how this affects workers and their families, we surveyed 200 contracted workers in the first three months of 2013 (see sidebar and Table 3 for more information). We spoke to workers in a variety of occupations, working for several different contractors, asking them about their jobs, their wages, their training and their lives. We met workers who care deeply about the quality of the services they provide and the experience of the passengers they serve. But too often, they are not given the training or tools they need on the job. They don't earn enough in wages or receive adequate benefits such that they can care for themselves and their families at home. Some reported workplace conditions that range from unsafe to potentially illegal. PHL is the gateway to Philadelphia for millions of visitors every year. The city's policymakers need to be aware of the low-quality jobs that keep the airport functioning – jobs that are fueling poverty in the region rather than making PHL an engine of economic opportunity.

## Who Are the Contracted Workers at PHL?

As one might expect for jobs that include both customer service and public safety considerations, the contracted jobs at PHL tend to be full-time and are held by adult workers. (See Table 4 for more details on worker

### The 2013 Survey of Contracted Airport Workers at PHL

From January through March of 2013, the National Employment Law Project and SEIU Local 32BJ jointly administered an in-depth survey of 200 contracted workers at the Philadelphia International Airport. To ensure representativeness, a quota sampling grid was used. For the grid, we first calculated target sample sizes for each of the four contractors listed in Table 2, proportional to the number of airport badges identified via Freedom of Information Requests for each company (see endnote 75). We then estimated the occupational distribution for each contractor based on SEIU 32BJ field organizers' estimates. Based on those estimates, we calculated target sample sizes for each of the occupations listed in Table 2, for each contractor. In the field, interviewers randomly approached workers at the airport and screened them to ensure they qualified for the survey and worked in one of the target occupations for one of the target contractors. The survey was then administered to workers who qualified (we guaranteed confidentiality and anonymity). The resulting sample distribution closely matches the quota sampling grid, and can therefore be analyzed as a representative sample of contracted workers at the Philadelphia airport.

**Table 3. Airport Contractors at PHL included in the Survey**

Contractor	Type of Work Performed
PrimeFlight	Wheelchair assistance, Security, Skycap, Baggage handling
Prospect	Cabin cleaning
Aviation Safeguards	Baggage handling, Wheelchair assistance, Security
McGinn	Security

characteristics.) More than two-thirds of the workers we surveyed are 25 and older, and about a quarter are 45 and older. Most workers reported working at least 35 hours per week (84 percent), and about two-thirds said they worked more than 40 hours per week. Nearly one-third have at least some college education. Nearly all of the workers we spoke with are black or African American, and the majority (58 percent) are parents.

In other words, these are precisely the type of workers who can bring stability and consistency to their jobs and who try to achieve self-sufficiency and care for their families through the work they do. Unfortunately, many report that this is a difficult goal.



### Brahim Alexander

#### Skycap

I currently earn \$2.83 per hour plus tips. It's hard because on a slow day you don't make much and not all passengers tip us. We have no benefits and no paid sick time. Even though my wife also works we have a hard time getting by. If I made more money we would be in a much better place. We could cover some bills and save some money. If I had paid sick days, I could take care of my daughter when she was sick.

**Table 4. Characteristics of Surveyed Contracted Airport Workers**

	Percent
<b>Gender</b>	
Men	60
Women	40
<b>Age</b>	
18-24	29
25-44	45
45+	26
<b>Percent with more than 1 child</b>	58
<b>Race/Ethnicity</b>	
Black or African American	86
Latino/Latina or Hispanic	8
Other	7
<b>U.S. born</b>	74
<b>Foreign born</b>	26
<b>Education</b>	
Less than high school	10
High school or GED	61
One or more years of college, no degree	15
Associate's, technical college or Bachelor's degree	14
<b>Main job last week</b>	
Wheelchair agent	26
Line queue/Security	19
Cabin cleaner	24
Baggage	18
Skycap	9
Other	5
<b>Hours worked at main job last week</b>	
Less than 35	16
35-39	17
40+	67
<b>Years at main job last week</b>	
Less than a year	34
1-2 years	38
3 or more years	28

## Low Wages, Few Benefits

The wages of the workers we surveyed place them well below the average in their state and their city. (See Tables 5 and 6 for more details on reported wages and benefits.) Philadelphia’s median income is just over \$34,000 per year,<sup>76</sup> and statewide, workers earning hourly rates in 2012 had median hourly earnings of \$13.24.<sup>77</sup> By contrast, many of the contracted airport workers we surveyed are precariously balanced on the economic edge. At just \$7.85 per hour, the mean reported wage among our respondents, a full-time worker earns only \$16,328 per year – well below the federal

**Table 5. Wages and Benefits of Surveyed Airport Workers**

Wages	
Mean hourly wage last week for all workers, including tips	<b>\$7.85</b>
Percent who worked another job to earn money last week	<b>21</b>
Percent who received a raise in the last 12 months	<b>18</b>
Benefits	
Percent who do not get paid vacation days	<b>64</b>
Percent who do not get paid sick days	<b>97</b>
Percent who have come to work at this job while sick	<b>80</b>
Percent who do not have any health insurance	<b>65</b>

poverty line for a family of four.<sup>78</sup> Even with tips, an unpredictable and uneven source of income, wheelchair agents reported receiving an average hourly wage of \$6.50 an hour – less than the federal minimum hourly wage of \$7.25 or approximately \$13,520 a year.

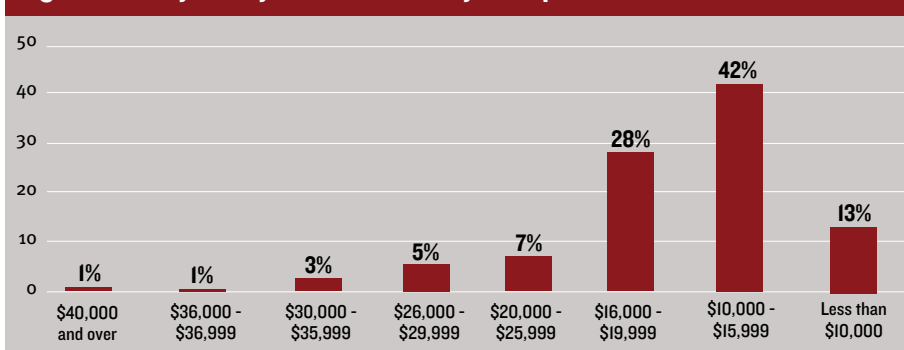
**Table 6. Average Hourly Wages of Surveyed Occupations**

Occupation	Mean wages without tips	Mean wages with tips
Line queue/Security		\$8.12
Cabin cleaners		\$8.04
Baggage handlers		\$8.01
Other		\$8.69
Wheelchair agents	\$5.76	\$6.50
Skycaps	\$3.90	\$9.91

Many earned even less, and 13 percent reported family incomes of less than \$10,000 a year. (See Figure 1 for more details.) Less than one-fifth of these workers received a raise in the last year, and most of those (74 percent) received only an additional 25 cents per hour.

Additionally, the workers we surveyed are less likely to receive health insurance benefits than the national and regional averages. In our sample, 65 percent of workers said they did not have health insurance from any source, significantly more than the 17.9 percent nationally or the 12.4 percent reported in the Southeastern Pennsylvania Household Health Survey.<sup>79</sup> An astounding 97 percent said they cannot take a sick day without losing pay, despite studies that show workers with this benefit suffer fewer on-the-job injuries and visit emergency rooms less frequently, saving money for their employers.<sup>80</sup> Of course, there are also public safety implications when workers are forced to go to work sick.

**Figure 1: Yearly Family Income of Surveyed Airport Workers**





## Tara Russell

### Wheelchair Attendant

For the last four years, I have worked at the Philadelphia Airport. I work hard and I love my job. I love taking care of people.

My employer, Prime Flight, pays me \$6 per hour and sometimes I get tips from the passengers. But a lot of times I get no tips at all. I make \$325 every two weeks. And I pay \$650 per month in rent. It's not hard to do the math: by the end of the month, I have nothing left. And I haven't even started paying my bills. So how do I survive? I don't.

I have to borrow \$20 here, \$20 there. I get \$300 in food stamps. But I'm always broke. I don't have enough money to eat. And that's scary. I work full-time but sometimes I still go hungry.

How can someone who works full-time in the richest country in the world go hungry?

## Economic Hardship and Reliance on Safety Net Programs

Low wages and few benefits mean that contracted airport workers have to make hard choices at home, and often are compelled to rely on publicly funded safety net programs to get by. (See Table 8 for more details.) Three-fourths of the surveyed workers reported that they have trouble paying their bills, having to forgo medicine, food and even the very transportation they need to get to their job. More than a fifth of the workers we surveyed said they had to work at an additional job to make ends meet, taking time away from their families and possibly adding to their commuting burdens. (See Table 5 for more details.)

With the median Philadelphia rent at over \$800 per month,<sup>81</sup> an airport worker earning the average reported wage of \$7.85 per hour would have to spend 60 percent of her pay on housing. Not surprisingly, this was the cost workers most often reported having trouble paying and 5 percent reported having to fall back on a shelter or sleep in a car. (See Figure 2 and Table 7 for more details.)

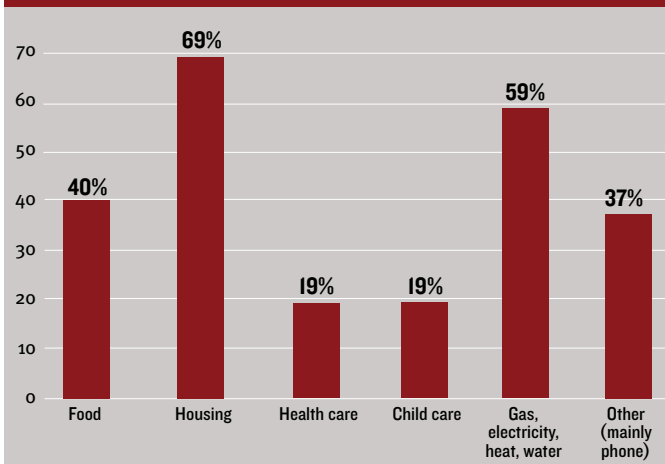
Despite working, many also depend on private assistance through charities and on various publicly funded safety net programs. From utility assistance and housing subsidies to subsidized child care and health care, many of these workers report patching together various public aid programs to make ends meet. More than one-third rely on public health insurance and a similar proportion count on food assistance to provide sustenance for their family. (See Table 8 for more details.)



**Table 7. Economic Hardship Among Surveyed Airport Workers and Their Families**

Percent of workers reporting trouble paying bills	<b>74.5</b>
In the last 12 months, percent who experienced the following:	
Worker/family had phone disconnected because they couldn't pay the bill	<b>53.6</b>
Worker/family had to visit the emergency room because of lack of health insurance	<b>38.3</b>
Worker was unable to pay for own or family members' medication	<b>35.7</b>
Missed work because worker couldn't afford transportation cost to and from airport	<b>30.3</b>
Worker/family went hungry because they couldn't afford to buy enough food	<b>20.4</b>
Received assistance from charity, church or community institution	<b>16.3</b>
Stayed at a shelter, in a car or in another place not intended as housing even for one night	<b>5.1</b>

**Figure 2. Of Surveyed Workers Reporting Trouble Paying Bills, Percent with Trouble Paying:**



## Employees Report Cut Corners on Wages, Training and Health and Safety Protections

While many of these workplace conditions are distressing, some of the reports we received from the surveyed workers indicate lax respect for federal laws regulating wages and hours and occupational health and safety by PHL contractors. Workplace laws can be complicated, and an employer inclined to break them is not likely to educate its employees about their rights on the job. Our

**Table 8. Use of Public Assistance Programs by Surveyed Airport Workers and Their Families**

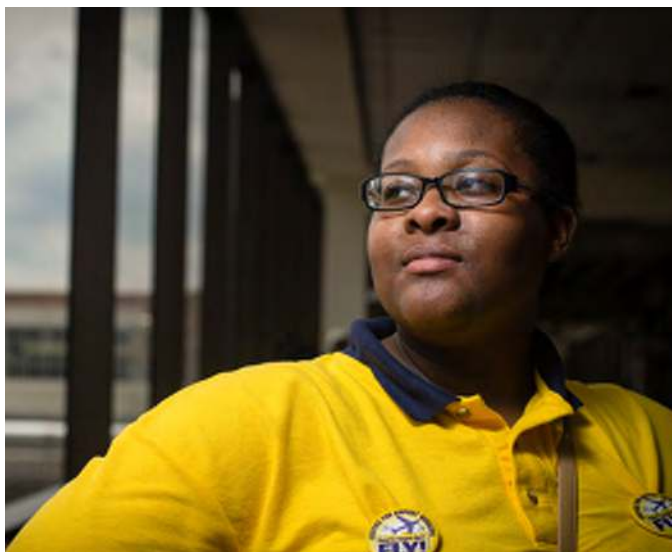
	<b>Percent</b>
Food stamps	<b>37.9</b>
Public health insurance	<b>37.5</b>
Child care/WIC	<b>16.9</b>
Housing	<b>12.3</b>
Gas/Electric/Heat assistance	<b>12.3</b>
Cash assistance/TANF	<b>3.1</b>

survey did not depend on individual workers identifying illegal incidents or practices, but rather asked descriptive questions about wages and working conditions, the answers to which could indicate workplace violations.

The frequency with which workers reported conditions that indicate possible law-breaking activity should be of concern to airlines and PHL officials alike. In addition to exploiting their employees, low-road contractors that are willing to cut corners on employee wages and safety may be willing to ignore other laws, too. In a low-bid contracting system, ethical contractors that follow the law and treat their employees fairly may not be able to compete, leaving PHL to depend on the less scrupulous

**Table 9. Training, Staffing, and Health and Safety Conditions Reported by Surveyed Airport Workers**

Percent who feel adequately prepared to handle emergency situations like natural disasters, medical emergencies and security emergencies	18.2
Percent who feel there is enough staff at their worksite to complete their tasks every day	41.5
Percent who are provided with safety equipment they feel needed to protect them every day	23.5
Of those who work outside at their job, percent who are provided appropriate outside gear, such as raingear, insulated jackets, hats and gloves	17.9
Of those who work near moving vehicles, such as motorized carts, trucks or planes, percent who are provided with high-visibility clothing	47.5
Of those exposed to loud noises at work, such as jet roar or machinery, percent who are provided protective equipment for their ears	44.3
Of those who drive or get transported via a vehicle in their job, percent who have been in a vehicle with mechanical problems, no seatbelts or seats, or without heat or air conditioning	89.1



**Ebonee Nowlin,**  
**Wheelchair Coordinator**

I have dreams of having a family that I can provide for, but with this job I don't know how I would do it. I can't even move out of my aunt's house because there would be no way I could pay my own rent or bills. Since the 11th grade I have known I wanted to be a nurse, but I can't afford to save up to be able to go back to school. If I was making more than \$7.25 an hour then I could work part time and go to school part time.

contractors to provide essential services and thereby abandoning workers to fend for themselves.

Given the number of workers who work without employer-provided health benefits, the frequency with which we heard that employers failed to provide safety equipment is troubling. (See Table 9 for details.) Many of the workers we surveyed said that they are not given suitable outdoor gear when they work outside, and nearly half of those working near carts, trucks, or airplanes say they aren't provided with high-visibility clothing. In fact, more than three-fourths of the workers report that they are not provided with the necessary equipment they feel they need to adequately protect them on the job every day.

By definition, an airport is filled with passengers too unfamiliar with their surroundings to notice unusual or dangerous behavior. We depend on airport workers in all occupations to recognize when something is out of the ordinary and to know how to properly report their suspicions and participate in resulting actions to protect public safety. That only 18 percent of the workers we talked to feel prepared to handle natural and manmade emergencies is a failure in the contracting system.

**Table 10. Wage-related Complaints in the Last 12 Months Reported by Surveyed Airport Workers**

	Percent
Of those who were told to come in before their official shift or to stay late after their shift ended, percent who were not paid fully, or not paid at all, for the extra time	<b>44.0</b>
Percent who had worked overtime but were not paid at all, or were paid less than time-and-a-half	<b>28.5</b>
For tipped workers only (wheelchair agents and skycaps): In the last 12 months, percent who were ever instructed by a manager/supervisor to report tipped income they didn't receive	<b>37.5</b>

Numerous workers reported instances where protections under the Fair Labor Standards Act (FLSA) were likely not met: working overtime without pay or for less than time-and-a-half; being told to come in before an official shift began or to stay after it ended, without extra pay; and being told by supervisors to report tipped income the worker did not receive. (See Table 10 for details.) These problems are especially egregious for occupations where the hourly wage is supposed to be supplemented by tips.

In other cases, workers reported lapses in training or the provision of safety equipment that could violate protections under the Occupational Safety and Health Administration regulations.<sup>82</sup> Less than one-fifth of workers exposed to bodily fluids knew how to protect themselves and others from potential hazards. (See Table 11 for details.)

**Table 11. Lack of Health and Safety Safeguards Reported by Surveyed Airport Workers**

	Percent
Of those whose work involves equipment or surfaces that are contaminated with bodily fluids:	
Percent who received training on how to protect themselves and others from risks from contact with bodily fluids	<b>13.8</b>
Percent who were provided with strong gloves, masks or other protective gear to protect them from bodily fluids	<b>2.5</b>

## Employer Hostility to Worker Complaints

Furthermore, when workers in our sample made complaints to a manager about conditions in their workplace, many reported that adverse employer actions followed. Just over half of our respondents said that they had made complaints in the past year about pay, discrimination or dangerous working conditions. Of these, more than half reported that following such complaints, they had been threatened with dismissal or discipline. One-third reported that they had received worse working assignments, and almost 50 percent said their hours had been cut or their schedule had been changed. (See Table 12 for details.) Just as important, almost three-quarters of the sample said there were times they did not bring up problems on the job for fear of being fired or losing hours.

**Table 12. Complaints and Employer Hostility in the Last 12 Months Reported by Surveyed Airport Workers**

Percent who made a complaint about working conditions by going to a manager or supervisor	<b>51.3</b>
Of these:	
Percent who made a complaint about:	
Wages, overtime and other pay-related problems	<b>36.9</b>
Safety concerns about working conditions	<b>35.0</b>
Discrimination or mistreatment by a supervisor or co-workers	<b>35.9</b>
Percent of employees whose employer or supervisor did the following after the complaint:	
Threatened to fire or discipline the worker	<b>58.2</b>
Cut the worker's hours or changed the worker's schedule	<b>48.1</b>
Gave the worker worse working assignments	<b>38.9</b>
Harassed the worker	<b>28.3</b>
Suspended the worker	<b>11.3</b>
Cut the worker's pay	<b>11.3</b>
Percent who said there were times that they didn't complain, even though they had a problem at their job	<b>74.0</b>
Of these, reasons given for not complaining:	
Afraid of losing job or getting hours or wages cut	<b>46.3</b>
Employer threatened worker or co-workers, or disciplined others, after complaining	<b>12.9</b>
Didn't think it would make a difference or didn't know where to make a complaint	<b>85.0</b>

Our survey reveals a workforce that is committed to providing quality services and maintaining public safety, but that is not being given the tools to fulfill that responsibility. Between working multiple jobs, struggling to pay their bills and trying to knit together a fragile safety net out of public programs and private charities, these workers are stretched thin. Often, they reported that they do

not receive the training they need to perform their jobs safely, nor the wages they are due; and when they call attention to these lapses many report that they face a hostile response from their employer. Subcontracting has also made PHL a center for low-quality jobs that harms not just the workers who hold them, but the city as a whole.

# Low-Bid Contracting:

## Bad for Workers, Bad for Philadelphia

Poor working conditions and low wages for contracted airport workers don't just affect workers on the job; when workers can't make a decent living, communities and taxpayers are left to provide a safety net to ensure these families survive. Philadelphia's residents, already hit hard by economic recession and poverty, end up subsidizing low-paying jobs for the airlines. A 2004 study in California studied the self-sufficiency gap for working families – the extent to which wages did not allow them to meet basic family needs – and found that nearly half of public safety net expenditures went to help working families make ends meet, including health care, housing assistance, child care and school lunches.<sup>83</sup> Similarly, a 2006 study of public benefits in Illinois found that year-round working families accounted for 37 percent of all public benefits spending, and that two-thirds of these families had primary breadwinners earning \$10 per hour or less.<sup>84</sup>

By outsourcing work to low-wage contractors, airlines operating out of PHL are counting on publicly funded safety net programs to fill the self-sufficiency gap for their workers. Their business model is designed to externalize the costs of basic operations while maximizing profits and paychecks for executive officers. Workers and their communities suffer as a result.

### Philadelphia Communities Need High-Quality Jobs

With more than 28 percent of the city's residents living below the poverty line, Philadelphia is the poorest major city in the country, with poverty rates well above the rest of the country's top 10 cities.<sup>85</sup> Nearly half of families headed by women live in poverty, with more than one-third of African American and Latino families classified as poor.<sup>86</sup> According to the Bureau of Labor Statistics, Philadelphia's unemployment rate was 10.1 percent as of March 2013, well above the national average of 7.6 percent.<sup>87</sup>

**“[O]ur current relatively low labor standards may encourage employers to take the 'low road' by relying on public assistance programs to meet some of their labor costs. This can produce a vicious circle that places a continuous strain on public resources at the same time that it creates incentives for more and more firms to reduce compensation and shift these costs to the public.”**  
– University of California Institute for Research on Labor & Employment

The Pew Foundation notes that while more than 2,000 jobs were created in the city during 2011, employment in Philadelphia remains lower than it was 2008, with the percentage of residents who are not in the labor force standing at just over 42 percent, the highest of any major city in the United States.<sup>88</sup>

The social fallout from these economic conditions is devastating. Recently, researchers found that Philadelphia's residents had worse health rates than any of its adjacent suburban counties.<sup>89</sup> More uninsured residents, more teen births and higher smoking and obesity rates strain the city's public health system and leave local residents sick and vulnerable. A Pennsylvania state program is subsidizing supermarkets in poor Philadelphia neighborhoods in an effort to get fresh and healthy food to consumers in communities without sufficient consumer demand to attract private grocery chains.<sup>90</sup> Budget shortfalls, coupled with falling enrollment, have resulted in plans to close 12 percent of the city's schools.<sup>91</sup>

Those who are working are not earning a lot; census data shows that the median household income in Philadelphia is 28 percent below the state median. According to data gathered in the 2010 American Community Survey, 14 percent of poor Philadelphians are employed.<sup>92</sup> Thousands of Philadelphia's working poor work at PHL, one of the city's economic powerhouses.

## Airline Passenger Service Workers Live in Communities Overburdened with Poverty and Unemployment

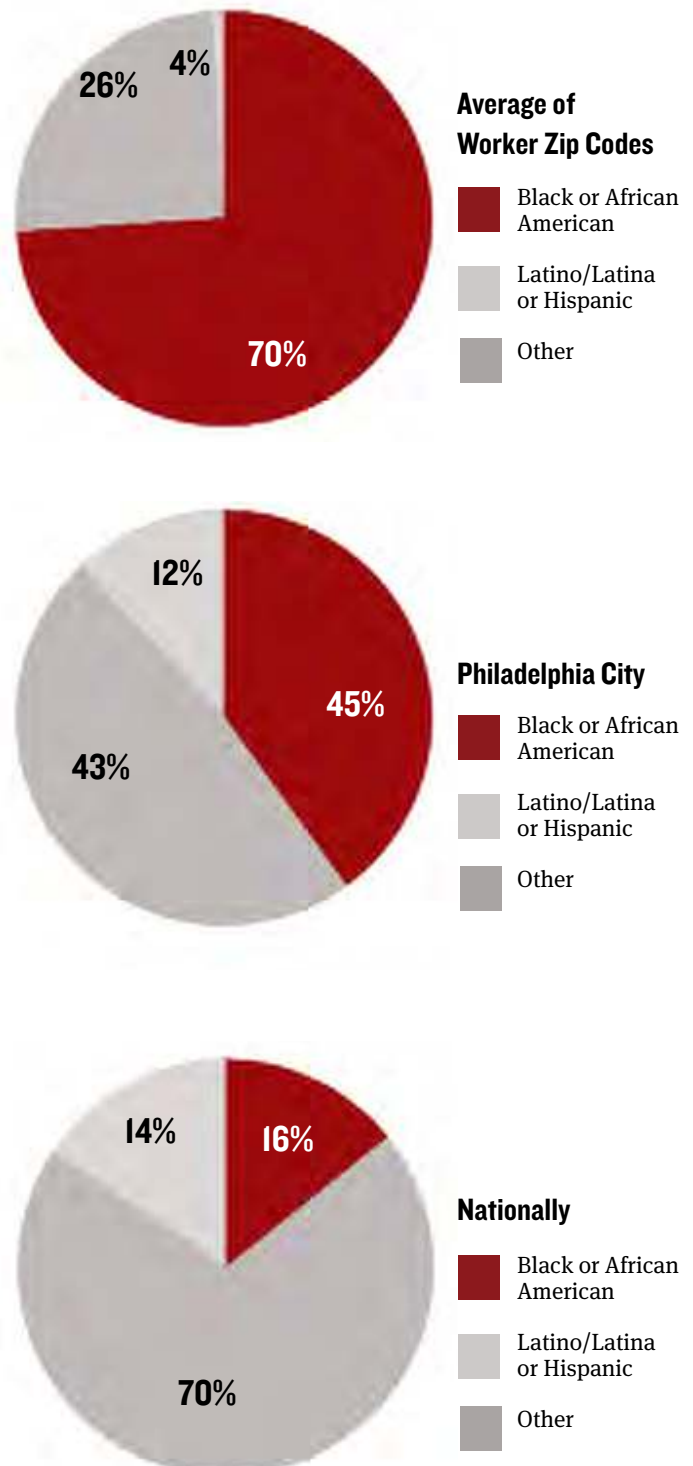
The effects of the low quality of contracted airport jobs go far beyond the workers who hold them, and even beyond their immediate families. As our survey results revealed, all too often these workers cannot pay their daily bills, but low wages and poor quality benefits mean these workers also don't have the discretionary incomes to help rebuild their local economies. Many live in neighborhoods surrounding the airport that lack the economic resources to partake in even the slow economic recovery the nation has experienced in the years since the Great Recession. When full-time workers cannot fully participate in the economy, their region is destined to fall even further behind.

More than half the workers we surveyed live in five zip codes within Philadelphia.<sup>93</sup> These communities were extraordinarily hard hit during the Great Recession, with 2010 unemployment rates ranging from nearly 13 percent to over 17.5 percent. That year, the U.S. Census Bureau found that in all but one of these zip codes more than a quarter of families lived below the federal poverty line and in one – 19142 – nearly a third did so.<sup>94</sup>

### Workers Live in Primarily Black or African American Neighborhoods

Compared to national averages, and even to the City of Philadelphia as a whole, the neighborhoods in which airport workers live are disproportionately black or African American.<sup>95</sup> Just as the vast majority of the service workers surveyed at the airport were African American (86 percent), the communities they go home to are 70 percent black. (See Figure 3 for more details.) As numerous recent studies have shown, the wealth and employment gap between black and white Americans continues to translate into two very different economies: the national unemployment rate for black Americans is nearly twice that of their white counterparts, and the wealth gap between the two races now stretches to more than \$250,000.<sup>96</sup>

Figure 3. Airport Worker Demographic Information



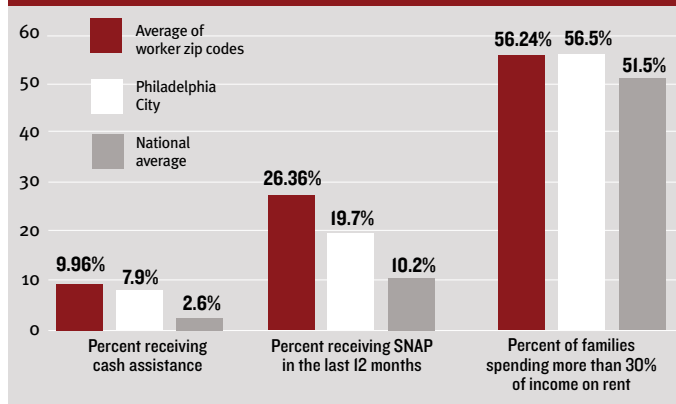
In 2007, black-owned businesses in the greater Philadelphia area were on the upswing, generating \$2.6 billion in receipts.<sup>97</sup> But as African American neighborhoods struggle to overcome the long-lasting effects of the recession, it is doubtful whether this pattern continued in the years since the last small business survey. Surely, low wages earned by those living in these zip codes mean that black consumers have had less buying power and less ability to stimulate local economies in the intervening years. It is critical that policymakers strive to ensure that African American workers have access to quality jobs with decent wages and fair benefits so that we can start to close the employment and wealth gaps. If the only jobs available to residents of these neighborhoods are like those servicing the airport, residents of Philadelphia's black communities will find themselves in a continuing economic downward spiral.

### Airport Workers and Their Neighbors Struggle to Make Ends Meet

The median household income in these neighborhoods is low, averaging only \$33,569 across the five zip codes (in 2010 dollars). Given that more than 80 percent of the airport workers surveyed reported family incomes of less than \$20,000, they are actually falling below even this meager neighborhood level. While wage increases under an expanded Philadelphia 21st Century Living Wage Law would not lift these airport workers to their neighborhood median – indeed, it would not even lift them above the federal poverty level for a family of four – it would allow them to begin the climb toward self-sufficiency.<sup>98</sup> This is a path that many of their neighbors are also struggling to walk. Just as the surveyed airport workers reported that they braid together safety net programs and the generosity of their churches and community groups to offset their low wages, so too must their neighbors.

Indeed, across Pennsylvania demand for public health care and human services has continued to increase even through the recovery. According to the Pennsylvania Budget and Policy Center, statewide enrollment in med-

**Table 13. Airport Workers' Neighborhoods Rely on the Social Safety Net**



ical assistance is up more than 16 percent between 2007 and 2013, and use of food stamps has increased nearly 55 percent.<sup>99</sup> Averaged across the five zip codes, dependence on cash assistance programs and food stamps is more than twice the national average and significantly higher than that within Philadelphia as a whole. And in another measure of financial struggle, more than half the residents of these communities pay more than the recommended 30 percent of income on housing.<sup>100</sup>

Across Pennsylvania, low-wage workers have suffered what some researchers called a “lost decade” in income growth during the Great Recession; in fact, among the state’s poorest households, income has dropped almost 8 percent since the late 1990s.<sup>101</sup> The airport service workers surveyed for this study confirmed that they are among this group, reporting minimal pay raises – if any – and long hours for low pay. As a result, they must fall back on safety net programs to care for themselves and their families. When workers have little discretionary income, it hampers their neighborhoods and cities, too. The ripple effects can devastate communities for decades. But it doesn’t have to be this way. Philadelphia’s policymakers can look to other airports for guidance on how to make these airport service jobs quality jobs, and by extension, how to help these workers begin the task of helping to rebuild their neighborhoods.

# A Roadmap for Reform:

## Using Standards to Promote Goods Jobs & Services

At the Philadelphia International Airport, airline passenger service subcontractors operate in an environment where there are no uniform standards for wages, benefits, training, equipment or staffing levels. This low-bid contracting system creates a race to the bottom that keeps workers in poverty, compromises the safety and quality of service provided to passengers and deprives Philadelphia of badly needed economic activity.

Airports across the nation have struggled with these same challenges. Over the past 15 years, growing numbers have begun using living wage and prevailing wage standards – and other related workforce policies – to promote quality jobs that meet the need for a stable, well-trained workforce for these sensitive facilities, and that keep workers out of poverty. As Table 14 below details, most of these airports require wages that are higher than the \$10.88 currently mandated under Philadelphia’s 21st Century

Living Wage ordinance. Moreover, just about all require that employers provide health benefits to their employees – or provide higher wages to allow employees to purchase coverage if benefits are not provided.

Significantly, at least half of these airports – including Los Angeles, San Francisco, San Jose and Oakland – apply the living wage and benefits standards to all contractors and subcontractors operating at the airport, including those subcontracted by the airlines. Given the significant portion of the service workforce that is subcontracted by the airlines, excluding the airlines’ subcontractors would leave too many critical service workers without the stabilizing benefits of these policies. In addition, as indicated, many of these airports not only guarantee living wages and health benefits for airport workers, but they have worker retention policies and labor peace policies that further ensure workforce

**Table 14. Living Wage and Workforce Policies at U.S. Airports**

Airport	Year Adopted	Living Wage If Benefits Are Provided (2013 Rate)	Living Wage If No Benefits Are Provided (2013 Rate)	Includes Worker Retention Policy <sup>102</sup>	Includes Labor Peace Policy <sup>103</sup>
Los Angeles <sup>104</sup>	1997; 1998; 2009	\$10.70	\$15.37	×	×
Miami <sup>104A</sup>	1999	\$12.06	\$13.82		×
San Francisco <sup>105</sup>	2000	\$12.43 for concession/retail workers; \$12.93 for most service workers	In most cases no option not to provide benefits	×	×
Hartford <sup>106</sup>	2000; 2009	prevailing wage	Prevailing wage + 30% benefits supplement (translating to \$10.73 or higher)		
Oakland <sup>107</sup>	2002	\$11.70	\$13.45	×	
St. Louis <sup>108</sup>	2002	\$12.21	\$15.92		
San Jose <sup>109</sup>	2010	\$12.94	\$14.19	×	×
Syracuse <sup>110</sup>	2012	\$12.43	\$14.68		



stability, and ensure that when service contracts at the airport change hands, the transitions do not lead to mass layoffs. Nationally, at least 11 airports have adopted labor peace policies, and at least eight have adopted worker retention policies.<sup>111</sup>

## Policy Recommendations

Drawing on these successful experiences of other airports across the nation, the City of Philadelphia should act to establish similar minimum compensation and workforce standards to improve job quality and workforce stability at PHL. We recommend that the city:

- **Establish uniform airport contracting procedures and protocols.** The city should streamline and strengthen its contracting protocols and policies, and apply the stronger standards to all service contractors and subcontractors at the airport, whether hired directly by the city or indirectly by the airlines. Drawing on successful best practices used at other airports, these standards should include worker retention and labor peace safeguards, together with standardized procedures for vetting

contractors, as well as minimum qualifications around responsible business practices and fiscal capacity.

- **Increase wages and benefits for airport workers.** Airport workers should not be living in poverty. At a minimum, Philadelphia’s 21st Century Minimum Wage Standard – which requires payment of a very modest \$10.88 per hour (150 percent of the state or federal minimum wage) – should be implemented to cover all service workers at the airport, including wheelchair attendants, skycaps, aircraft cleaners and baggage handlers. The standard also should be broadened to guarantee health benefits as well as wages.

Even implementing the 21st Century Minimum Wage would still mean that full-time airport workers would earn less than the federal poverty guidelines for a family of four. This year marks the 50th anniversary of Dr. King’s March on Washington, in which hundreds of thousands of people gathered to demand a new America. One of the demands was a national *minimum wage* that would “give all Americans a decent standard of living.” Organizers pointed to government surveys that showed that anything less than \$2 an hour would fail to accomplish this. After adjusting for inflation, Dr. King’s demand of \$2 would be \$15.20 in 2013 dollars, or \$31,616 annually for a full-time worker. This wage would provide the first steps toward the decent standard of living Dr. King had envisioned.<sup>112</sup>

- **Provide training and ongoing learning opportunities.** Contracted airport workers, from security personnel to passenger service workers, should receive initial and ongoing training consistent with their position and responsibilities. Together with living wages, benefits, worker retention and labor peace, training plays a central role in the model workforce policies that airports like SFO have used effectively to improve workforce performance and security.



**John Stewart,**  
Wheelchair Attendant

## Measurable Benefits from Higher Standards

Airports have generally found that living wage and work-force policies have successfully upgraded and stabilized airport jobs without resulting in unmanageable costs. A study by researchers at the University of California at Berkeley found that wage, benefit and training standards for service and concessions workers that the airport adopted in 2000 resulted in substantially lower employee turnover and improved customer satisfaction. Turnover fell by an average of 34 percent – and plummeted from 95 percent to 19 percent for security screeners. Almost half of all SFO employers reported that customer service improved after the standards were enacted.<sup>113</sup> An expanded study examining the impact of living wages at a group of West Coast airports is scheduled to be completed this year.

**“We are proud to be a profitable, effective and responsible employer at LAX.”**

**- Michael R. Mullaney, the Hudson Group**

Other experiences indicate that these policies have not deterred companies from seeking to do business with airports or adversely affected airport revenue. For example, LAX rebid its concessions contracts in 2011 – more than 10 years after it had adopted its living wage standard and after substantially increasing the health benefits contribution required for employers at the airport in 2009. The airport found that “Dozens of companies large and small vied for the contracts, spending thousands of dollars on lobbyists over a three-year period. Celebrity chefs from

some of the hottest restaurants in the U.S. competed against one another to impress city officials and win the chance to open concessions at LAX.”<sup>114</sup> Individual concessions companies report that the policy has worked well, placing all airport operators on a level playing field. “We are proud to be a profitable, effective and responsible employer at LAX,” said Michael R. Mullaney of the Hudson Group, the operator of Hudson News, a major airport retailer, in endorsing a 2009 measure strengthening the living wage standards at the Los Angeles airports.<sup>115</sup>

Similarly, after SFO adopted its living wage and benefits requirements, it rebid its concessions in 2003, electing to manage them directly rather than through an intermediary food services contractor. Competition was robust: “The airport...received 115 applications from restaurateurs and bar owners vying for approximately 40 spaces that [would] become available in the two domestic terminals in August 2004....Airport officials want[ed] at least half the entrepreneurs in the domestic terminals to be run by women or minorities and 80 percent to be locally owned.”<sup>116</sup> In the decade since, the airport has seen concessions sales revenue soar – for example, by 13 percent in 2011. The airport ranked second nationally in sales per enplaned passenger, and its concessions program tied for first place for Airport Revenue News’ award for Best Overall Concession Program for a Large Hub Airport.<sup>117</sup>

These airports’ experiences with living wage and work-force policies have shown that such policies can deliver measurable benefits for both airport operations and the airport workforce, at a manageable cost and while maintaining a competitive business environment.

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