

The New York City Living Wage Law

How the proposed law will work, and how it will affect the city, the business community, and working families

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I. The basics of the bill

December 29, 1961:

“It is with great pride that I sign today the local law which establishes a . . . wage of \$1.50 per hour for work on goods and services sold to the city under public contract. This is truly a pioneering move. It is the first time that any municipality in the country has adopted a minimum wage for public contract work.”

-- New York Mayor Robert F. Wagner

March 13, 2002:

“New York lags conspicuously behind other major U.S. cities that have enacted broader living wage laws that set a benchmark standard for responsible employers by requiring that firms receiving substantial public benefits pay their subsidized employees a living wage and provide them health benefits.”

-- From the City Council’s legislative findings in support of the New York City living wage bill

On March 13, 2002, a living wage bill was introduced before the New York City Council. The purpose of this policy brief is to describe how the bill works and to analyze how it will affect the city, the business community, and working families.

WHAT ARE THE GOALS OF THE BILL?

Few principles are more basic to our nation and our city than the importance of rewarding work. New Yorkers do not want their taxpayer dollars used to create jobs that leave workers with a standard of living below the poverty line. This is the sentiment expressed by Councilman Bill Perkins when he recently argued: “The city should not be subsidizing poverty.” And it is the core rationale for enacting the living wage law pending before the City Council.

The proposed law requires that certain employers that do business with the city pay their workers a living wage. Covered are employers that have certain contracts with the city, that receive economic development subsidies, that lease large office spaces to the city, or that operate large business improvement districts. The 62,000 workers who will benefit represent the core of what keeps our city running: homecare workers, janitors, security guards, child care workers, and cafeteria and mailroom workers.

Already more than 80 cities, towns, and municipalities around the country have enacted living wage laws, including Los Angeles, Boston, Baltimore, San Francisco, Minneapolis and St. Louis. The details of each law differ. But the motivation is always the same: when cities spend public funds to improve their local economies by creating jobs or providing services, they are insisting that the new jobs be able to sustain working families. Increasingly, this has become the standard *quid pro quo* for cities that choose to spend tax dollars to retain the presence of large employers. Not just any jobs, but good jobs. The alternative is “subsidizing poverty.”

Most of the net job growth in New York City over the last decade has occurred at the low end of the labor market and many of these jobs pay very low wages and few offer health insurance coverage.¹ City government has an appropriate role to play in providing a more effective floor under the low-wage labor market; a living wage law is a good step in this direction.

At the same time, the New York City bill recognizes that our local economy continues to struggle with the aftershocks of September 11 and the lingering effects of a stubborn recession. The law has therefore been carefully targeted so that the cost to the city budget is small and the impact on the private sector minimal.

¹ Fiscal Policy Institute. 2001. *Learning From the '90s: How Poor Public Choices Contributed to Income Erosion in New York City, and What We Can Do to Chart an Effective Course out of the Current Downturn*. Fiscal Policy Institute, New York, New York (September).

WHICH EMPLOYERS AND WORKERS ARE COVERED?

- **Homecare agencies operating under contract with the city:** The largest part of the bill covers 50,000 New Yorkers, predominantly African-American, Latina, and immigrant women, who do the important and difficult work of helping sick, elderly, and disabled people live with dignity in their homes instead of being institutionalized. The bill requires that their employers – homecare agencies operating under contract with the city through the Medicaid program – pay them a living wage.
- **Providers of services for children operating under contract with the city:** The bill sets a similar standard for workers who do the critical caretaking of our city’s children. A select set of agencies that contract with the city to provide these types of services will also be required to pay their front-line caregivers a living wage – around 9,000 workers in daycare centers, Head Start programs, and programs providing services to children with Cerebral Palsy.
- **Businesses benefiting from large city subsidies:** In the future, if a company chooses to accept a large subsidy package from the city, the bill requires that it must pay its workers at least a living wage. Covered will be an estimated 2,700 employees – mostly janitors, security guards, and cafeteria, mailroom and manufacturing workers – of businesses receiving new subsidies (tax abatements, grants or land) valued in excess of \$500,000, or tax-exempt bond financing worth \$10 million or more. The focus of the bill is on the N.Y.C. Economic Development Corporation’s corporate retention and industrial incentive programs. No other city subsidies or tax benefits are covered.
- **Landlords benefiting from large city leases:** In the future, landlords that lease sizeable amounts of office space to the city will be required to pay their janitors and security guards a living wage. Because the majority of large commercial landlords in the city already pay their building service workers decent wages, the proposed bill will not significantly restrict the city’s leasing options. For the same reason, the bill will affect fewer than ten leases each year, raising pay for an additional 160 janitors and security guards annually as it phases in.
- **Large business improvement districts:** The largest of the city’s business improvement districts (BID’s) will also be covered and required to pay a living wage to their approximately 243 security guards and street cleaners. These quasi-private organizations are regulated by the city and have recently been authorized to substantially increase their revenues. The proposed bill ensures that they spend a small portion of those funds to provide decent pay to their hard-working employees who help keep our neighborhoods clean and safe.

For a detailed description of the bill, see Table A on page 13

HOW MUCH IS THE LIVING WAGE?

For the majority of covered workers, including the homecare workers, the bill requires a living wage in 2003 of \$8.10 per hour plus health benefits, or \$9.60 per hour without health benefits. The living wage increases each year until it reaches \$10 per hour in 2006, at which point it is indexed to inflation.

For employees in a few sectors – mostly working for companies receiving large subsidies or leases from the city – the living wage is set at a slightly higher level: an average of \$14 per hour plus health benefits for janitors; \$11.88 per hour plus health benefits for cafeteria workers; and \$8.52 per hour plus health benefits for security guards. These are sectors where most employers in New York already offer somewhat better pay known as the “prevailing wage” – an industry standard monitored and calculated each year by the New York City Comptroller. The proposed bill simply ensures that these wage standards are maintained by setting the living wage at the level of the prevailing wage for workers in these sectors.

WHAT WILL BE THE IMPACT ON THE CITY BUDGET?

City Comptroller William C. Thompson Jr. testified in April 2002 that the law’s projected cost to the city in the first year would be approximately \$7.9 million. This is a very small slice of the city’s total annual budget of \$42 billion.

Why is the cost to the city so low?

1. The state and federal government will pay for 90% of the wage increase for the majority of workers covered by the law – the homecare workers. Indeed, in the first year alone, the city will receive an estimated \$45 million in new state and federal funds to help pay for the living wage law.
2. The other major provision of the bill (covering businesses receiving large economic development subsidies from the city) involves no direct cost to the city at all.

Testifying at a city Council hearing in April, Deputy Mayor Daniel Doctoroff argued that the cost to the city budget would be more than ten times greater than the figure put forward by the Office of the Comptroller. Yet he acknowledged that the Mayor’s office had yet to complete its analysis of the costs associated with the living wage law. It now appears that the Deputy Mayor’s claims were based on incomplete or inaccurate information about the pending bill’s requirements. Since the April hearing, the Mayor’s office has not reiterated its concerns about the cost of the bill and has yet to offer new cost estimates.

For details on costs to the city, see Table A on page 13

WILL BUSINESSES AND JOBS LEAVE THE CITY?

Because the proposed bill is carefully targeted, it will result in very little cost for the employers covered by it. This means that there is no reason to expect job losses or business flight from the city. Consider the following two points:

- ⇒ For the majority of jobs affected by the living wage law, the cost to employers is zero. As we described above, the agencies that employ the 50,000 homecare workers will have to pay nothing: their increased costs will be covered in full by a combination of federal, state, and city funds.
- ⇒ For a much smaller number of workers – primarily the estimated 2,700 workers covered by the economic subsidy part of the law – employers will indeed be paying the higher wage and benefits out of their own pockets. But these are mainly large finance and media companies that choose to accept economic development subsidies from the city. Based on a close analysis of such firms, we estimate that complying with the living wage law will cost no more than 0.3% of annual revenue for a typical firm.

Put more intuitively, past subsidy recipients have included companies such as Citigroup, Bear Sterns, Merrill Lynch, CBS, Time Warner, Price Waterhouse Cooper, Barnes & Noble, and Condé Nast. It seems extremely unlikely that firms of this size and standing would turn down subsidy packages and leave New York City, rather than give a handful of janitors, security guards and mailroom workers a modest raise – one costing less than a third of a percent of their annual revenue.

As a business man, Mayor Michael Bloomberg has an excellent way of framing this issue: “Any company that makes a decision as to where they are going to be based on the tax rate is a company that won’t be around very long.” In other words, smart companies locate in New York because of our city’s transportation infrastructure, services, human capital, and quality of life – not largely ceremonial tax breaks. Even companies that accept public money often acknowledge that the subsidy was not the reason they decided to stay in New York City. “Our decision to return downtown, which has been our home for more than 150 years, was not predicated on financial incentives,” said American Express spokesman Tony Mitchell in the aftermath of September 11.

All of which raises a final point. When employers create poverty wage jobs, the city’s taxpayers end up bearing the cost – in the form of greater demand for food pantries, shelters, and emergency healthcare. Simply put, it makes no sense for the city to subsidize the creation of low-wage jobs, because we end up footing the bill in the long run.

A detailed estimate of costs to the private sector begins on page 8; see also Table B on page 15

HOW WILL WORKERS AND THEIR FAMILIES BENEFIT?

Workers and their families who are covered by the law will gain from the proposed wage increases, in some cases considerably, across almost all occupations and all family sizes. This conclusion comes from a “before and after” analysis provided by the Women’s Center for Education and Career Advancement, using New York City’s Self-Sufficiency Calculator and drawing on standard government estimates of living costs for families in the region.

Take, for example, a homecare worker in Washington Heights supporting only herself (first column of Table C1). If she is a typical homecare worker, she would get a raise from \$7.69 per hour to \$8.10 per hour under the proposed law, plus health benefits. After doing the math on how her earnings, health benefits, public supports, taxes, and tax credits would change, it turns out than she would gain an additional \$600 every year in disposable income. The other scenarios – Tables C2, C3 and C4 – tell similar stories. A security guard in the Bronx with a working spouse and two children would gain \$1,932 each year. A cafeteria worker raising one child on her own in Queens would gain \$4,143 each year. And another cafeteria worker with two children in the Bronx would gain \$2,626 if his employer opted under the law not to provide him health benefits.

Only in a very small number of cases – roughly 730 or 1.2% of the 62,000 workers covered by the law – is there a potential risk that the higher wages might have a net negative impact on family income because of reduced eligibility for benefits previously received. (See, for example, the bottom two lines of Table C4.) But we estimate that even among these workers, few will actually see such an impact. The living wage would result in a negative income effect only for workers (a) whose employers opt not to provide them health benefits under the new law, (b) whose families are of a certain size, *and* (c) who receive the maximum possible array of public benefits – benefits for which there are currently long waiting lists and that only a fraction of New York’s low-income families actually receive.

For a closer look at the impact on workers and their families, see Tables C1-4 on pages 16-19

IS THIS THE RIGHT TIME FOR A LIVING WAGE IN NEW YORK?

The combination of September 11th and the continuing recession has, understandably, raised concern about the proposed living wage law. Is now really the right time to make this reform? Our answer is yes, for several reasons. First, as we show in this brief, the cost to both the city and the private sector will be quite small, to the point of being negligible.

Second, during the year since September 11, city and state agencies have already offered corporate retention subsidy packages to virtually all large firms in lower Manhattan – packages that had no living wage requirement. More than \$164 million in grants have been awarded to 48 large firms.² The proposed bill will not affect these agreements. Rather, it will shape city policy for the future – ensuring that over the long run taxpayer dollars support the creation of good jobs for all New Yorkers.

Third and most important, enactment of the pending bill will provide meaningful increases in income to tens of thousands of low-wage workers and their families. And there will be important ripple effects as well. The city's taxpayers will gain from an injection of federal and state funds – \$45 million in the first year, with increasing amounts thereafter. Much of this will be infused directly into the local economy, as workers spend their new wages in the neighborhoods where they live. At the same time, these workers and their families will be able to stop relying on costly social services programs. Higher wages also set into motion a virtuous cycle: workers stay at their current job longer, firms invest in training rather than constantly having to find new workers, and consumers benefit through better quality service – particularly those elderly and disabled New Yorkers who rely on the city's homecare workers.

² New York City Economic Development Corporation & New York State Empire State Development Corporation. Aug. 27, 2002. *WTC Business Assistance Report*. Available at <http://www.newyorkbiz.com/WorldTradeCenter/wtcbareport8-02.pdf>.

II. A closer look at how the private sector will be affected

“Any company that makes a decision as to where they are going to be based on the tax rate is a company that won’t be around very long.”

-- Michael Bloomberg, quoted in The New York Times, November 8, 2001

“As a businessman I never made an investment decision based on the tax code If you give money away I will take it, but good business people don’t do things because of inducements.”

-- Treasury Secretary Paul O'Neill at his confirmation hearing, January 2001

“If you believe New York is the financial capital of the world, the government shouldn’t have to give you millions to stay.”

-- Richard Diver, chief operating officer of M&R Capital, a small downtown investment firm that has never sought public subsidies to stay in lower Manhattan after September 11

HOW MUCH WILL THE BILL COST THE PRIVATE SECTOR?

Perhaps the most common concern raised about living wage laws is that they might cause unemployment for the very workers that they are trying to help – that is, employers might stop hiring entry-level workers if they become too expensive, or might decide to relocate out of the city altogether in search of cheaper wages.

But a close examination of how the living wage bill will affect employers shows that it is unlikely to result in job loss or harm the city's business climate. Here are the reasons why:

1. The majority of employers affected by the living wage law will see no increased costs.

Living wage laws are different from minimum wage laws because they are much narrower in scope: they apply only to businesses that decide to seek city contracts or subsidies, knowing that in exchange they will be asked to pay a living wage. If we are going to make accurate predictions about the proposed law's impact, then we have to look at exactly which employers it will affect and how.

By far the largest part of the law, in terms of the number of workers covered, is that pertaining to homecare contractors. Recall that roughly 50,000 homecare workers will receive higher wages, with the city paying a small portion of the cost and the state and federal government paying the rest.

The actual employers of these workers – the agencies that contract with the city – will pay *absolutely nothing* because they will be fully reimbursed for their increased labor costs. For them, the wage boost is free, and so there is no reason for them to change their hiring behavior or adjust their employment levels in any way whatsoever.

2. Even for the small number of employers that will pay the higher wages out of their own pockets, our estimates show that those costs will be minimal and easily absorbed.

Only in limited circumstances – primarily for the estimated 2,700 workers³ that are covered by the economic subsidy part of the law – will businesses directly bear the

³ The 2,700 number was estimated as an annual figure based on analysis by FPI and GJNY of the major economic subsidy deals completed between 1996 and 1999. Data on the distribution of wages and benefits by industry, derived from the best available government and other data sources, was then applied to the employment levels for 1996-99 subsidy recipients as reported by the NYC Economic Development Corporation.

cost of paying the living wage. These businesses that choose to accept major subsidy packages from the city must, in return, commit to paying at least a living wage to their workers. How much will this requirement cost them?

The answer is very little. In Table B, we summarize our estimates of how the proposed law will affect three typical firms. In deciding what “typical” is, we analyzed a database of companies that received large economic development subsidies between 1996 and 1999, and calculated their average characteristics. Over that period, the lion’s share of subsidy awards went to financial services and media firms. Many manufacturing firms also received subsidy packages, although these tended to be smaller. A typical financial services firm received a package worth \$11,771,191; a typical media firm received \$8,711,579; and in manufacturing, the typical package was \$2,267,980. Note that these are conservative estimates, because subsidy packages often include additional benefits, the value of which is left unspecified in official city reporting forms.

How much would it cost these typical firms to comply with the proposed living wage law? As shown in the table, the annual increase in wages and health benefits ranges from \$350,000 to somewhat more than \$1 million a year.

That may seem like a lot but, in fact, these numbers represent only a tiny fraction (0.3% or less) of the firms’ estimated annual revenue, and only slightly more (1.8% or less) of the firms’ estimated annual payroll. And there is an easy explanation for this result. Subsidy recipients in New York City are generally large firms that usually employ only a small number of low-wage workers. Jobs such as janitors, security guards, cafeteria workers, and mailroom clerks make up a small portion of the workforces of these companies, and an even lower percentage of their labor costs. Simply put, for these companies, the living wage requirement is a drop in the bucket.

What’s the bottom line? There is no reason to expect that corporate subsidy recipients would choose to cut jobs or leave the city because of the living wage law. Complying will cost them very little – by our estimate, less than 0.3% of the companies’ annual revenue.

It is important to emphasize that the type of analysis just presented is the best way to judge what the impact of the proposed law will be, because the estimates are tailored to the New York City proposal. That is, we have taken into account the exact requirements of the law itself, the circumstances under which employers will be reimbursed by the city for their higher labor costs, and the characteristics of companies that typically receive economic development subsidies. Still, it is useful to take a look at what research tells us about the experience in other parts of the country, keeping in mind that this is at best a rough guide.

WHAT HAS BEEN THE EXPERIENCE OF OTHER CITIES ADOPTING LIVING WAGE LAWS?

1. Lessons from San Francisco about the impact on jobs and productivity:

To date, the most thorough and direct study of the impact of a living wage law has been done by economists at University of California, Berkeley.⁴ The focus of their study is the living wage law adopted in 2000 covering various jobs at the San Francisco International Airport. Over 9,500 low-wage workers received substantial pay increases, including security screeners, baggage handlers, fuel agents, and customer service agents. The researchers found, first, that the cost of the living wage law was modest for both airlines and airport travelers. Second, and more important, the researchers found a variety of positive effects on employee effort and performance. Turnover rates fell dramatically, as did grievances and absenteeism. There were significant improvements in the quality of customer service and indicators of security. And most important for the focus of this section, there was no evidence of job loss or worker displacement.

2. Lessons from eight cities and counties about the impact on economic development programs and business climate:

In a forthcoming study (Fall 2002), the Brennan Center examines the impact of living wage laws from the perspective of local governments that have adopted such policies over the past decade. In the study, eight cities and counties report their experiences with applying living wage requirements to their economic development subsidy programs.⁵ Most city and county administrators reported that their living wage law had little impact on these programs. Specifically, there was little change in either the number or types of firms seeking subsidies, and no evidence that new businesses were dissuaded from locating to these communities.

3. Lessons from research on minimum wage laws:

The consensus among most economists across the ideological spectrum is that minimum wages laws – with far broader reach than the law before us – have small, if any, negative effects on employment. This consensus started with the pioneering work of two leading economists from Princeton University, who found that the 1991 minimum wage increase in New Jersey had no negative effects on employment, not even in fast food restaurants employing large numbers of low-wage, low-skill

⁴ Michael Reich, Peter Hall and Ken Jacobs. 2002. *Living Wages, Airport Security and Worker Performance: The San Francisco Model*. Institute of Industrial Relations, University of California, Berkeley (Forthcoming).

⁵ Andrew Elmore. 2002. *Contract Costs and Economic Development in Living Wage Localities: A Report from Cities and Counties on the Impact of Living Wage Laws on Local Programs*. Brennan Center for Justice, New York, New York (Forthcoming).

workers. Over the succeeding decade, these findings have been supported and replicated by other empirical studies. In the words of Richard Freeman of Harvard University, perhaps the country's foremost labor economist, "the entire literature on the minimum wage [now agrees] that employment losses are modest."⁶

Finally, we should address a recent report by the Public Policy Institute of New York State (PPI-NYS), which questions the desirability of the proposed living wage law.⁷ The report is seriously flawed, for the following reasons. First, it does not present any new research and, in particular, it does not analyze the actual details of the proposed New York City law and the types of workers and employers that would be affected. Second, the report makes dire predictions that 7,000 jobs will be lost as a result of the law, but the basis for that prediction is a highly contested study by Professor David Neumark, a Senior Fellow at the Public Policy Institute of California.⁸ Leading economists have raised serious questions regarding the reliability of Professor Neumark's methodology and, by extension, his findings.

Our conclusion? It may be several more years until researchers begin to reach a consensus on the impact of living wage laws. Until then, it makes far more sense to evaluate the New York City bill by looking closely at how the law will work and which types of businesses and employees are covered.

And the upshot of this approach – taken in this policy brief – is that there is nothing to fear from the proposed law. For more than 95% of the workers covered, their employer will be fully reimbursed for the cost of the higher wages. For the relative few that will not be reimbursed – businesses choosing to accept multi-million dollar subsidies funded by taxpayers – the cost will be no more than 0.3% of firm revenue. This is a tiny cost that the companies can readily be expected to absorb, and which is highly unlikely to change their decisions about hiring or where to locate.

⁶ Cited in J.W. Mason. 2002. "Living Wage Junkonomics" *City Limits* (May).

⁷ Public Policy Institute of New York State. 2002. *What's the Best Way to Help Low-Wage Workers Move Up?* Available at <http://www.ppiny.org/reports/2002/livwage.pdf>.

⁸ David Neumark. 2002. *How Living Wage Laws Affect Low-Wage Workers and Low-Income Families?* Public Policy Institute of California. Available at <http://www.ppic.org/publications/reports.html#employment>.

Table A: Detailed Description of Proposed New York City Living Wage Law and Projected Cost Impact

Covered Programs	Description	Occupations Covered & Current Wages/Benefits	Wages/Benefits Under Living Wage Law	Number of Workers Affected	Cost to the City	Cost to Employers/ Owners	Notes
City Homecare Contracts	<ul style="list-style-type: none"> Homecare agencies operating under contract with the City (Medicaid-funded Home Attendant and Housekeeping Programs, and tiny non-Medicaid EISEP Program) 	<ul style="list-style-type: none"> Homecare workers Most earn \$7.69/hr 95+% receive employer/union-provided health benefits 	<ul style="list-style-type: none"> \$8.10/hr. plus health benefits or \$9.60/hr. without Wage is increased each year to reach \$10.00/hr. in 2006, then indexed to inflation thereafter 	<ul style="list-style-type: none"> About 50,000 	<ul style="list-style-type: none"> Wage increases through 2006 already agreed to by City and state in winter 2002; City share (about \$5 m in FY 03) already reflected in City budget Including EISEP program will cost City additional \$1.6 m in FY 03, and \$1.2 m more each year thereafter 	<ul style="list-style-type: none"> None 100% of additional labor costs will be covered by increased agency reimbursement rates 	<ul style="list-style-type: none"> State and federal matching funds will cover 90% of increased wage costs each year For example, the City's \$5 m investment in FY 03 will trigger \$45 m in state/federal match
Other City Service Contracts⁹	<ul style="list-style-type: none"> Day care centers and Head Start programs operating under contract with the City (ACS's center-based "fully-funded" programs only) Services for children with Cerebral Palsy operating under contract with NYC Bd. of Ed. 	<ul style="list-style-type: none"> Daycare and Head Start workers, virtually all earning more than 9.60/hr. Cerebral Palsy workers, the majority earning above \$9.10/hr. All receive employer/union-provided health benefits 	<ul style="list-style-type: none"> Most already earn more than the living wage (\$8.10/hr.), and will not receive wage increases until FY 06, when the living wage reaches \$9.60/hr. 	<ul style="list-style-type: none"> About 8,500 daycare and Head Start workers About 500 Cerebral Palsy services workers 	<ul style="list-style-type: none"> For daycare and Head Start, no estimates currently available, but no impact expected until FY 06 or FY 07 For Cerebral Palsy services, additional wage costs passed on to City roughly \$60,000 in FY 2005, \$500,000 in FY 06, and \$1 m in FY 07 	<ul style="list-style-type: none"> None, provided that the City increases agency contract rates as wages increase, which it has done historically for these sectors 	<ul style="list-style-type: none"> Wages in daycare and Head Start sectors will likely increase through collective bargaining, even without living wage law

⁹ The living wage bill preserves current City law requiring firms contracting with City agencies to provide building services, cafeteria services or office temporary services to pay prevailing wages. See N.Y.C. Admin. Code § 6-109.

Table A (Continued)

Covered Programs	Description	Occupations Covered & Current Wages/Benefits	Wages/Benefits Under Living Wage Law	Number of Workers Affected	Cost to the City	Cost to Employers/ Owners	Notes
Large Economic Development Subsidies	<ul style="list-style-type: none"> Businesses accepting more than \$500,000 in discretionary corporate subsidies (tax abatements, grants or land) or \$10 m in tax-exempt bond financing through the NYC Economic Development Corp. Most subsidies go to major financial or media firms Contractors providing on-site janitorial, security, food, or office services to above businesses also covered. 	<ul style="list-style-type: none"> Primarily janitorial, security, cafeteria and mailroom staff, as well as some manufacturing jobs (either direct employees or contracted) Many earn \$6.50-\$9.00/hr. with no health benefits 	<ul style="list-style-type: none"> For most low-wage workers, the living wage of \$8.10/hr. + health benefits or \$9.60/hr. without For building service or food service workers, the prevailing wage for that industry: janitors (avg. \$14.00/hr. + bldg. svce. benefits), security guards (\$8.52/hr. + bldg. svce. benefits), and cafeteria workers (\$11.88/hr. + benefits) 	<ul style="list-style-type: none"> About 2,682 Estimated number of employees who would be covered if subsidies track the average of deals for 1996-99 period. 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> See Table B \$1.1 million per year for typical financial services firm \$1.3 million per year for typical media firm \$350,000 per year for typical manufacturing firm 	<ul style="list-style-type: none"> Only applies to businesses that choose to accept major EDC subsidy packages Does not apply retroactively to past recipients of subsidy packages, including post-9/11 subsidies awarded by City & State to firms perceived to pose risk of leaving City
Large City Leases	<ul style="list-style-type: none"> Owners/managers of large buildings that lease large office spaces (at least 20,000 sq. ft.) to City agencies 	<ul style="list-style-type: none"> Janitors and security guards, typically earning \$6.50-\$8.00/hr. with no health benefits 	<ul style="list-style-type: none"> Prevailing industry wage (avg. \$14.00/hr. + bldg. svce. benefits for janitors, \$8.52/hr. + bldg. svce. benefits for security guards) 	<ul style="list-style-type: none"> About 160 in FY 03, and 160 more each yr. thereafter for approx. 10 yrs. 	<ul style="list-style-type: none"> \$1 m in FY 2003 	<ul style="list-style-type: none"> Total cost of \$1.9 m in FY 03 Owners/managers will likely pay \$0.9 m, splitting the cost with City 	<ul style="list-style-type: none"> Few large leases turn over each year and most are already in prevailing wage buildings About 10 leases in non-prevailing wage buildings would be affected each year
Large Business Improvement Districts (BID's)	<ul style="list-style-type: none"> Large BID's (annual revenues of \$500,000 or higher) Contractors providing janitorial or security services to BID's 	<ul style="list-style-type: none"> Security guards and street cleaners, typically earning \$6.00-\$9.00/hr. with no health benefits 	<ul style="list-style-type: none"> For security guards, prevailing wage of \$8.52/hr. + bldg. svce. benefits For street cleaners, \$8.10/hr. + health benefits or \$9.60/hr. without 	<ul style="list-style-type: none"> About 243 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> \$1.7 m per year 	<ul style="list-style-type: none"> City is authorizing BID's to raise significant new revenues. Just a fraction of new revenues will cover living wage costs

Sources: Estimates of number of workers covered, and costs to City and employers provided by the Fiscal Policy Institute.

**Table B. Estimates of how much the living wage bill will cost
three typical companies in sectors most likely to receive subsidies**

Estimates:	Typical Financial Services Firm	Typical Media Firm	Typical Manufacturing Firm
Estimated value of retention subsidy to the company *	\$11,771,191	\$8,711,579	\$2,267,980
Size of the company's workforce	3,369	2,211	340
Number of low-wage workers receiving a wage increase under the law	220	193	94
Number of uninsured workers receiving health insurance under the law	120	165	42
Total annual increase in wages and health costs as a result of living wage requirement	\$1,159,054	\$1,326,873	\$358,310
As a percent of the firm's annual revenue	0.03%	0.1%	0.3%
As a percent of the firm's annual wages	0.1%	0.8%	1.8%

* Figures refer to tax breaks (including sales, mortgage recording, and property) and energy discounts, a small portion of which may flow from the state.

Note: All numbers are in 2000 dollars

Source: Retention deal estimates are taken from averages of subsidy size for companies in each sector for the years 1996 - 1999 in the Good Jobs New York database of deals over \$1 million (www.goodjobsny.org). Other data used to estimate firm revenue, payroll costs, and percent of low-wage workers come from the Current Population Survey, 2000 ES202 data for New York City, 1997 Census of Business data for New York State, and wage and benefits cost estimates by the Fiscal Policy Institute.

Table C1: Change in Real Income and Benefits for Homecare Attendant

Current Wage: \$7.69 + Employer-Provided Health Benefits

After Living Wage Law: \$8.10 (living wage) + Employer-Provided Health Benefits

	1 Adult Upper Manhattan \$7.69 per hour	1 Adult Upper Manhattan \$8.10 per hour	1 Adult Upper Manhattan Difference
Monthly Wages	\$1,333	\$1,404	+\$71
Monthly Healthcare Coverage			
Employer-Provided Health Insurance	Receives Full-Family Coverage	Receives Full-Family Coverage	Continues to Receive Full-Family Coverage
Monthly Work Supports			
Public Assistance	Ineligible	Ineligible	Remains Ineligible
Food Stamp Benefit	Ineligible	Ineligible	Remains Ineligible
WIC	NA	NA	NA
HEAP	Eligible	Eligible	Remains Eligible
Monthly Taxes	\$378	\$399	-\$21
Monthly Tax Credits			
Earned Income Tax Credit 2001	Ineligible	Ineligible	Remains Ineligible
Child Tax Credit 2001	Ineligible	Ineligible	Remains Ineligible
Child & Dep. Care 2001	Ineligible	Ineligible	Remains Ineligible
Change in Real Income Monthly (Post-Taxes and monthly tax credits)			+\$50
Change in Real Income Annually (Post-Taxes and Tax Credits)			+\$600
Change in Real Income Annually if Paying 30% of Income Towards Rent	\$400	\$421	+\$348

-This modeling chart represents estimations using the Self-Sufficiency Calculator for the City of New York and based on family expenses from the Self-Sufficiency Standard for the City of New York.

-A negative sign in the benefit or expense cells denotes an additional expense while a positive sign denotes an increase in income.

Table C2: Change in Real Income and Benefits for Security Guard With Health Benefits

Current Wage: \$7.18 without Employer-Provided Health Benefits

After Living Wage Law: \$8.52 + Employer-Provided Health Benefits

	2 Adults* 1 School-Age, 1 Teenager Bronx \$7.18	2 Adults* 1 School-Age, 1 Teenager Bronx \$8.52	2 Adults* 1 School-Age, 1 Teenager Bronx Difference
Monthly Wages	\$2,805	\$3,036	+\$231
Monthly Healthcare Coverage			
Employer-Provided Health Insurance	No	Yes	
Monthly Work Supports			
Public Assistance	Ineligible	Ineligible	Remains Ineligible
Food Stamp Benefit	Ineligible	Ineligible	Remains Ineligible
WIC	Ineligible	Ineligible	Remains Ineligible
HEAP	Eligible	Ineligible	Ineligible
Monthly Taxes	\$515	\$588	-\$73
Monthly Tax Credits			
Earned Income Tax Credit 2001	Ineligible	Ineligible	Remains Ineligible
Child Tax Credit 2001	\$1,200 annually	\$1,200 annually	0
Child & Dep. Care 2001	\$35	\$38	+\$3
Change in Real Income Monthly (Post-Taxes and monthly tax credits)			+\$161
Change in Real Income Annually (Post-Taxes and Tax Credits)			+\$1,932
Change in Real Income Annually if Paying 30% of Income Towards Rent	\$842	\$911	+\$1,098
Change in Real Income Annually if Receiving a Child Care Subsidy	\$160	\$176	+\$1,740

-This modeling chart represents estimations using the Self-Sufficiency Calculator for the City of New York and based on family expenses from the Self-Sufficiency Standard for the City of New York.

-A negative sign in the benefit or expense cells denotes an additional expense while a positive sign denotes an increase in income.

*Second Adult Working Full-Time Earning \$9.00 per hour

Table C3: Change in Real Income and Benefits for Cafeteria Attendant with Health Benefits

Current Wage: \$7.01 without Employer-Provided Health Benefits

After Living Wage Law: \$11.88 (prevailing wage) + Employer-Provided Health Benefits

	1 Adult, 1 School-Age Queens \$7.01	1 Adult, 1 School-Age Queens \$11.88	1 Adult, 1 School-Age Queens Difference
Monthly Wages	\$1,215	\$2,059	+\$844
Monthly Healthcare Coverage			
Employer-Provided Health Insurance	No	Yes	
Monthly Work Supports			
Public Assistance	Ineligible	Ineligible	Remains Ineligible
Food Stamp Benefit	\$112	Ineligible	-\$112
WIC	Ineligible	Ineligible	Remains ineligible
HEAP	Eligible	Ineligible	Ineligible
Monthly Taxes	\$125	\$375	-\$350
Monthly Tax Credits			
Earned Income Tax Credit 2001	\$2,737	\$714	(-\$2,023 annually)
Child Tax Credit 2001	\$458	\$600	(+\$142 annually)
Child & Dep. Care 2001	\$9	\$29	+\$20
Change in Real Income Monthly (Post-Taxes and monthly tax credits)			+\$502
Change in Real Income Annually (Post-Taxes and Tax Credits)			+\$4,143
Change in Real Income Annually if Paying 30% of Income Towards Rent	\$365	\$618	+\$1,119
Change in Real Income Annually if Receiving a Child Care Subsidy	\$32	\$120	+\$3,087

-This modeling chart represents estimations using the Self-Sufficiency Calculator for the City of New York and based on family expenses from the Self-Sufficiency Standard for the City of New York.

-A negative sign in the benefit or expense cells denotes an additional expense while a positive sign denotes an increase in income.

Table C4: Change in Real Income and Benefits for Cafeteria Attendant without Health Benefits

(It is estimated that approximately 42 cafeteria workers will not receive health benefits.)

Current Wage: \$7.01 without Employer-Provided Health Benefits

After Living Wage Law: \$14.79 (prevailing wage) without Employer-Provided Health Benefits

	1 Adult, 1 Preschooler 1 School-Age Bronx \$7.01	1 Adult, 1 Preschooler 1 School-Age Bronx \$14.79	1 Adult, 1 Preschooler 1 School-Age Bronx Difference
Monthly Wages	\$1,215	\$2,563	+\$1,348
Monthly Healthcare Coverage			
Medicaid	Ineligible	Ineligible	Remains Ineligible
Family Health Plus	Eligible	Ineligible \$259	-\$259
Child Health Plus	Eligible (No fee)	Eligible \$30 co-payment	-\$30
Monthly Work Supports			
Public Assistance	Ineligible	Ineligible	Remains Ineligible
Food Stamp Benefit	\$226	Ineligible	-\$226
WIC	Eligible	Ineligible	Ineligible
HEAP	Eligible	Ineligible	Ineligible
Monthly Taxes	\$115	\$485	-\$370
Monthly Tax Credits			
Earned Income Tax Credit 2001	\$4,614	\$354	(-\$4,260 annually)
Child Tax Credit 2001	\$458	\$1,200	(+\$742 annually)
Child & Dep. Care 2001	\$2	\$51	+\$49
Change in Real Income Monthly (Post-Taxes and monthly tax credits)			+\$512
Change in Real Income Annually (Post-Taxes and Tax Credits)			+\$2,626
Change in Real Income Annually if Paying 30% Of Income Towards Rent	\$365	\$769	-\$2,222
Change in Real Income Annually if Receiving a Child Care Subsidy	\$8	\$236	-\$110

-This modeling chart represents estimations using the Self-Sufficiency Calculator for the City of New York and based on family expenses from the Self-Sufficiency Standard for the City of New York.

-In some instances, single families with two or more children had monthly and yearly shortfalls, due to the increased health care costs.

-A negative sign in the benefit or expense cells denotes an additional expense while a positive sign denotes an increase in income.

