An Assessment of the Fiscal Impact of the Proposed Milwaukee County Living Wage Ordinance



Jeannette Wicks-Lim

Political Economy Research Institute

University of Massachusetts, Amherst



SUMMARY

In late 2013, the County of Milwaukee will consider adopting a living wage ordinance. The basic features of the proposed living wage ordinance include:

- A. A mandate for covered businesses to pay, at minimum, \$12.45 per hour. This pay rate provides earnings sufficient to get a family of four just above the official poverty line (110% of the poverty line). This new wage minimum represents a 72 percent increase above Wisconsin's current \$7.25 minimum.
- B. Covered businesses include the following: (1) County service contractors; (2) holders of lease or concession agreements in excess of \$5,000 with the County; and (3) recipients of economic subsidies of at least \$100,000 from the County.

This research brief assesses the fiscal impact of this proposal by examining its impact on three major groups of covered businesses: county service contractors, businesses operating at the George Mitchell International Airport (GMIA), and recipients of County business subsidies. The main findings include:

 Cost pass-throughs from service contractors to the County due to the living wage can be expected to minimally impact the County's fiscal budget.

The primary channel through which the proposed living wage ordinance may impact the County's fiscal budget is through the County's service contractors. These service contractors may pass through their higher labor costs directly to the County by increasing their contract bid prices. I estimate that such cost pass-throughs would add up to less than one-tenth of one percent (0.06 percent) of the County's overall budget.

 The living wage should not impede economic growth in Milwaukee County, and therefore have no negative indirect impact on the County's fiscal budget.

Living wage coverage of the two other major groups—GMIA lease/concession agreement holders and business subsidy recipients—could indirectly impact the County's fiscal budget. If the living wage raises the costs of doing business sufficiently to threaten the vitality of these businesses, the ordinance could slow the County's economic growth and reduce its tax base. The living wage, however, will likely raise the costs of the average covered business by under one percent of its total sales revenue. Businesses should be able to absorb these modest cost increases through small adjustments, leaving the County's tax base unaffected.

This assessment of how the proposed living wage ordinance would impact three major groups of covered businesses indicates that the proposed living wage will have a negligible impact on Milwaukee County's fiscal budget.

An Assessment of the Fiscal Impact of the Proposed Milwaukee County Living Wage Ordinance

JEANNETTE WICKS-LIM

December 2013

More than 120 municipalities currently operate with living wage ordinances that establish higher wage standards for local economic activities, primarily those supported by taxpayer dollars. Living wage ordinances effectively provide taxpayers a way to leverage their dollars to promote decent jobs – jobs that pay workers enough to keep their households out of poverty.

Municipal governments, however, face the dual challenge of cultivating decent quality jobs and providing quality services within the constraints of a fiscal budget. Living wage proposals therefore commonly raise questions about two potential negative fiscal impacts: (1) Will the new wage requirement make government services too costly? And, (2) Will the stronger labor standard hamper municipalities' economic development efforts to grow their tax base?

In late 2013, the County of Milwaukee will consider adopting a living wage ordinance similar to others that exist across the country. We are Milwaukee, Inc. (WAM) has asked the Political Economy Research Institute (PERI) to examine the fiscal impact of this proposed living wage ordinance which would require covered businesses to pay their workers a minimum wage of \$12.45 per hour.²

This brief provides an assessment of the likely impact of the living wage on each of the three major groups of private sector businesses expected to be covered by the living wage ordinance: County service contractors, lease and concession agreement holders at the George Mitchell International Airport (GMIA), and business subsidy recipients.

¹ For a listing of living wage ordinances, see the National Employment Law Project's website, "Local Living Wage Laws and Coverage," Accessed October 18, 2013 at: http://www.nelp.org/page/-/Lustice/2011/LocalLWLawsCoverageFINAL.pdf?nocdn=1.

² I am grateful to Peter Rickman of We Are Milwaukee, Inc. (WAM) for furnishing the details about the proposed living wage ordinance and for his comments on an earlier draft. At the same time, this study was prepared at PERI as an independent research project. Neither Mr. Rickman nor anyone else at WAM exercised any authority over the final contents of the study. This study also benefitted from the comments of my PERI colleague Robert Pollin. Jenna Allard, also at PERI, produced the polished appearance of this report.

Based on this assessment, I conclude that the potential fiscal impact for Milwaukee County will be minimal. The living wage ordinance will impose only a modest cost increase for the average covered private sector business, in the range of less than 1.0 percent of their total revenue. Costs transmitted to the County will be smaller still, equal to less than 0.1 percent of its total budget.

COUNTY SERVICE CONTRACTORS

• Applying a \$12.45 living wage to County service contractors will have minimal impact on the County's fiscal budget. Specifically, cost pass-throughs from service contractors to the County will likely equal less than one-tenth of one percent (0.06 percent) of the County's total budget.

The proposed living wage ordinance covers work done for the County by service contractors and their subcontractors. To estimate the potential cost pass-through from these contractors to the County's fiscal budget, I use past research on how business costs rise with increases in the wage floor. Specifically, several studies of minimum wage laws and living wage ordinances estimate how much business costs increase as a percent of overall sales revenue by industry.³

The business costs in these calculations include: (1) mandated raises – the raises employers give to workers to comply with a higher wage floor, (2) ripple-effect raises – the raises employers give some workers who earn more than the new wage minimum in order to preserve the wage hierarchy in their firms, and (3) employers' increased payroll taxes.

These cost-increase-to-sales ratios basically measure how much a business would need to raise through higher revenue, or retain through offsetting cost-savings, to cover the higher wages. I use these cost-increase-to-sales estimates to provide a basis for determining how much County contractors may try to increase their bid prices in order to cover the costs associated with a higher wage minimum.

I estimate that complying with a living wage rate of \$12.45, effectively a 72-percent minimum wage hike, will likely raise the average County service contractors' costs by about 0.8 percent of their overall revenue (see technical appendix for details). In other words, to fully cover the costs associated with the new living wage rate of \$12.45, the average County service contractor would need to raise its contract cost by 0.8 percent, arguably a modest cost increase.⁴

³ Eight studies provide cost increase estimates by industry: 1) Pollin, Brenner, and Wicks-Lim, 2004; 2) Pollin and Wicks-Lim, 2006; 3) Pollin et al. 2008 (chapter 5); 4) Pollin and Brenner, 2000, 5) Aaronson, French, and MacDonald, 2008; 6) Dube, Naidu and Reich, 2007, 7) Lee, Schluter and O'Roark, 2000, and 8) Pollin et al., 2008 (chapter 4). See technical appendix for further details.

⁴ Note that this is the *average* across County contractors. Some contractors that rely on a large proportion of low-wage workers will have significantly higher cost increases (e.g. janitorial services). At the same time, other contractors that rely primarily on high-wage workers (e.g., legal or architectural services) will have basically no cost increases. See technical appendix for further details.

These service contractors, however, will not likely fully pass through their cost increases to the municipal government. These service providers bid competitively for County contracts. In other words, each service provider seeking to win a County contract can expect at least one other firm to place a similar bid. The competitive bidding process therefore incentivizes contractors to adjust to the living wage in ways other than raising their bid prices, since doing so could make their bid unsuccessful.

These businesses may alternatively adjust through some combination of cost savings from higher worker productivity and improved operational efficiencies, slowing the earnings growth of high-wage workers, and smaller profit margins (or operating surpluses for non-profits).⁵ For example, research on living wages and minimum wages consistently find that worker turnover rates fall when the wage floor rises. By retaining a greater share of experienced workers, employers reduce their recruiting, hiring and training costs. ⁶

Evidence from a 2003 study documents city administrators' observations from 12 different cities and counties on how their contract costs changed with the implementation of a living wage ordinance. The findings from this study suggest that the contractors passed along about half of their cost increases. Therefore, I estimate that covered service contractors' bid prices will increase about 0.4 percent (half of the 0.8 percent cost-increase-to-sales revenue).

This 0.4 percent cost increase for County service contractors represents a much smaller share of the County's overall budget. Past studies on living wage ordinances indicate that service contract costs can range between 10 and 14 percent of overall local government budgets. Therefore, let us assume a high-end estimate for Milwaukee County, that is, that the County's service contracts make up 15 percent of its overall \$1.4 billion budget for 2014. Under this assumption, a 0.4 percent increase in contract costs, represent a 0.06 percent increase in the overall municipal government's budget.

In fact, this 0.06 percent contract price increase sits at the upper end of cost estimates documented in the 2003 study discussed above. Among the twelve municipalities studied, living wage ordinances increased the wage floor by an average of 81 percent, somewhat more than the Milwaukee County proposal (see Table 1). Gov-

⁵ Several studies document the variety of channels by which businesses have adjusted to higher labor costs from wage floor increases, including those listed here. See Brenner and Luce (2005) and Hirsch et al. (2011).

⁶ See for example, studies by Dube et al. (2011) and Fairris et al., (2005).

⁷ See Living Wages and Communities: Smarter Economic Development, Lower than Expected Costs by Andrew J. Elmore (New York: Brennan Center for Justice, 2003), p. 8.

⁸ Note that the proposed ordinance specifically identifies personal care and home health care workers. These workers tend to be low-wage and therefore can expect to receive significant raises from the living wage ordinance. Employers of these workers who contract with the County to provide these services, however, are paid with funds supplied to the County by the State of Wisconsin. Due to this arrangement, any increase in labor costs for these service providers will have no fiscal impact on the County. See the technical appendix for further details.

⁹ This range of 10 to 14 percent of overall local government budgets spent on service contracts is based on estimates from four different municipalities, including Alexandria, VA; Madison, WI; Detroit, MI; and Boston, MA. See the technical appendix for details.

ernment officials from these municipalities, however, reported somewhat *smaller* contract cost increases as a percent of their overall budget (0.04 percent) compared to my estimate of 0.06 percent.

TABLE 1: INCREASE IN MUNICIPAL CONTRACT COSTS AFTER PASSAGE OF LIVING WAGE LAWS

Locality	Year of Passage	Original Living Wage Rate (no benefits)	Minimum Wage at Time of Passage	% Increase in Wage Floor	Contract Threshold	Cost Increase as % of Overall Budget
1. Alexandria, VA	2000	\$9.84	\$5.15	+110%	\$50,000	0.067%
2. Berkeley, CA	2000	\$11.37	\$5.75	+98%	\$25,000 (\$100,000 for non profits)	0.079%
3. Cambridge, MA	1999	\$10.00	\$5.25	+90%	\$10,000	0.067%
4. Hartford, CT	1999	\$10.51	\$6.15	+71%	\$50,000	0.038%
5. Hayward, CA	1999	\$9.25	\$5.75	+61%	\$25,000	0.006%
6. Madison, WI	1999	\$7.91	\$5.15	+54%	\$5,000	0.018%
7. New Haven, CT	1997	\$7.43	\$4.77	+56%	\$25,000	0.003%
8. Pasadena, CA	1998	\$8.50	\$5.75	+48%	\$25,000	0.049%
9. San Jose, CA	1998	\$10.75	\$5.75	+87%	\$20,000	0.006%
10. Warren, MI	2000	\$11.78	\$5.15	+129%	\$50,000	0.040%
11. Ypsilanti, MI	1999	\$10.00	\$5.15	+94%	\$20,000	0.044%
12. Ypsilanti Town- ship, MI	1999	\$10.00	\$5.15	+94%	\$10,000 (\$20,000 for nonprofits)	0.00%
Avg. Wage Floor Increase: +81% Avg. Cost Increase:						0.035%

Sources: See technical appendix for list of sources.

In sum, any cost pass-throughs that County service contractors achieve by raising their contract prices can be expected to amount to less than one-tenth of one percent (0.06 percent) of the County's total fiscal budget. In other words, the fiscal impact to the County of this living wage mandate for County service contractors can be expected to be minimal.

LEASEHOLDERS AND CONCESSIONAIRES: THE GEORGE MITCHELL INTERNATIONAL AIRPORT (GMIA)

 Applying the \$12.45 living wage to leaseholders and concessionaires operating at GMIA can be expected to have no impact on the County's fiscal budget. Average cost increases for these businesses from the living wage ordinance will likely amount to only one percent of sales. Therefore, GMIA's economic vitality, and its ability to support tax-revenue-generating economic activity within the County, should be unaffected by the ordinance.

The proposed living wage ordinance includes the coverage of all businesses with leases or concession agreements with the County exceeding \$5,000 in value. This discus-

sion will focus on a major group of businesses covered by this clause in the proposed ordinance: lessees and concessionaires operating at the county-owned George Mitchell International Airport (GMIA). These businesses include the airlines and businesses that provide related services such as airport parking, airlines fuel handling, and food services.

The GMIA operates as a self-funding unit. The funds that cover airport operations are generated from such sources as the Airport's concession program, parking, rents collected from non-airline businesses, as well as, rates and charges applied to the airlines. The County does not generate tax revenue for its general fund through its lease and concession agreements at GMIA nor does the County levy any taxes in order to fund the Airport's operations. As a result, businesses that hold lease and concession agreements at GMIA cannot directly pass along their cost increases to the County.

The proposed living wage ordinance could indirectly impact the County's fiscal budget if it affects the airport's overall economic health and as a consequence, its ability to support tax-revenue-generating economic activity within the County. However, as I show below, I estimate that the cost increase that these businesses experience will likely be small—in the range of one percent of sales revenue. Cost increases of this modest size cannot reasonably be described as a threat to the vitality of these businesses. Therefore, the living wage should not compromise GMIA's ability to support economic activity in the local economy and the County tax revenue that economic activity generates.

It is important to first note that the businesses operating at the Airport – both non-airline businesses and the airlines – effectively share the Airport's operating costs due to its self-funding structure. As a result of this structure, low-wage businesses (e.g., restaurants) have an additional channel through which they can adjust to the living wage: passing some of their cost increase onto less-affected businesses such as the airlines.

To see this, consider that businesses with a high concentration of low-wage workers, such as those providing food services at GMIA, may cover part of their higher labor costs by raising their prices slightly. They may also re-negotiate their concession or lease agreements with the County in order to retain more revenue to cover their higher labor costs. Such agreement re-negotiations may create a gap between the revenue GMIA collects and the Airport's operating expenses. To cover this gap, the GMIA can raise its rates and charges to the airlines. In this way, the living wage costs can be diffused across GMIA-based businesses. ¹⁰

Therefore, the crucial number for evaluating whether the \$12.45 living wage would affect the economic vitality of businesses operating at GMIA is the cost increase from the \$12.45 living wage across *all* of the covered businesses. To date, two studies examine the economic impact of living wage ordinances covering publicly owned air-

-

¹⁰ For a basic description of the how the GMIA operating revenue and costs are managed see Siebert Brandford Shank & Co., L.L.C. (2013).

ports (Reich et al. 2005 and Zabin et al. 1999). I can approximate the overall impact of living wage ordinances on the types of businesses operating at GMIA by scaling up the basic cost estimates from these two studies to match the 72 percent wage floor increase of the Milwaukee proposal. Averaging these two cost estimates, I estimate that businesses at GMIA would face cost increases in the range of 1.0 percent of total revenue (see technical appendix for details).

In other words, the cost increase associated with the proposed living wage ordinance could be covered fully by a modest 1.0 percent price increase in the goods and services offered at the Airport. A restaurant meal at the airport would, for example, rise from \$20.00 to \$20.20. A domestic flight round trip ticket would rise from \$300.00 to \$303.00. Price increases of this size can reasonably be described as modest and unlikely to impact the economic vitality of the airport.

BUSINESS SUBSIDY RECIPIENTS

• The County's ability to promote economic development with business subsidies and enlarge its tax base should be unaffected by the living wage ordinance. The average private sector firm targeted by the County's economic development subsidies can expect to experience cost increases of less than 1.0 percent of total sales from the living wage.

The proposed living wage ordinance includes coverage of all businesses that receive subsidies—e.g., below-market sales, favorable loans, and grants—from the County worth at least \$100,000. This clause of the living wage ordinance may produce an impact on the County's fiscal budget in an indirect way. If attaching a minimum wage mandate to development subsidies stifles business growth, this could, in turn, limit the expansion of the County's tax base.

Businesses receiving subsidies should, however, experience little to no impact on their labor costs since economic development efforts are meant to target businesses that pay decent wages. Take for example, the four expected outcomes for the Milwaukee County Economic Development agency featured on its website. One of the four expected outcomes is, "Job Creation: The creation of jobs in targeted cluster industries that pay family supporting wages."¹¹

Given that the County's economic development agency targets subsidies to employers that pay decent wages, the cost increase for businesses covered by the business-assistance clause of the living wage should be even lower than for the average firm, across all industries. Again, drawing on past research that has calculated businesses cost increases from various living wage and minimum wage laws, I estimate that the average private sector firm would experience a cost increase of about 1.0 percent of total sales revenue due to the living wage requirement (see technical appendix for de-

¹¹ See Milwaukee County Economic Development's introduction page on their website at: http://county.milwaukee.gov/mced/About-MCED.htm; accessed Oct. 18, 2013.

tails). It is reasonable to expect that a cost increase even lower than 1.0 percent of sales would not significantly impact economic development in the County.

In sum, the business subsidy clause will generally have no impact on the types of businesses that the County targets with its economic development dollars. As a result, the County's ability to use business subsidies to promote economic development and thereby enlarge its tax base should be unaffected by the living wage ordinance.

CONCLUSION

The overall potential fiscal impact of the proposed living wage ordinance on the Milwaukee County will be negligible. The average covered private sector business will itself only experience a modest cost increase from the living wage ordinance. As a result, cost pass-throughs from service contractors to the County will be minimal. Likewise, the living wage will not reduce the County's ability to foster a healthy tax base by either (1) reducing the economic vitality of the GMIA or (2) impeding the County's use of business subsidies to pursue its economic development goals.

The proposed living wage should therefore strengthen Milwaukee County's ability to cultivate decent quality jobs without compromising its capacity to provide quality services.

TECHNICAL APPENDIX

1. Estimating Cost Increases for the Average County Service Contractor

This estimate is based on extrapolating from past business cost increases associated with minimum and living wage laws that raise wage floor by between 19 percent and 87 percent. I specifically use estimates for four service sectors that tend to be highly impacted by minimum wage hikes: educational services, health and social services, administrative and support and waste management and remediation services, and other services (e.g., car repair, dry-cleaning). These sectors also tend to be well-represented among County service contractors.

I estimate that a 72-percent minimum wage hike would result in a cost-increase-to-sales ratio of: 0.4 percent for educational services, 1.8 percent for health and social services, 1.3 percent for other services, and 2.6 percent for administrative services (see Wicks-Lim and Thompson 2010, p. 45, for the formulas used to produce these estimates). The cost increase-to-sales-revenue ratio across these four sectors averages to about 1.5 percent.

I assume County service contractors from these four highly impacted industries make up about half of all County contractors with the other half of contractors unaffected. This is a somewhat higher fraction than in the case of Boston's living wage ordinance. The Boston case is instructive here because it includes all service contractors, including nonprofits, and was intensively studied before and after the implementation of its living wage. Highly impacted firms represented an estimated 30 percent of Boston's total value of covered contracts (see Brenner and Luce, 2005, pp. 17-18). My assumption therefore is a conservative one (i.e., should lead to an overestimate of the cost increase). I therefore estimate that the overall average cost-increase-to-sales ratio — now across all County contractors — is approximately 0.8 percent (1.5 percent x 50 percent = 0.8 percent).

Finally, note that the health and social services sector includes the employers of home care workers. The proposed living wage ordinance explicitly covers this category of workers. However, many such service contractors will not be able to pass-through any of their increased costs to the County. This is because the County's Department of Family Care primarily manages these service contracts using *state* funds to pay service providers. ¹²

If employers of home care workers see their labor costs rise due to the living wage and want to receive a higher per capita rate than what they currently receive, they must persuade state legislators or the State's Department of Health Services to raise the capitation rate. The state's fiscal budget, rather than the County's budget, would be directly affected by such a rate increase.

 $^{^{12}}$ For details see: $\underline{\text{http://county.milwaukee.gov/ImageLibrary/User/bpariseau/2013-Adopted-Operating-Budget/7990-DepartmentofFamilyCare.pdf}$, accessed Oct. 18, 2013.

For simplicity, however, the 1.8 percent cost increase estimate noted above for the health and social services sectors *includes* those associated with the home care workers. This inclusion pushes my estimate of the overall cost-increase-to-sales ratio further in a conservative direction, i.e., overestimating the potential cost increase still more

2. Estimating the share of municipalities' total budgets spent on service contracts

Alexandria, VA and Madison, WI. The estimates of the share of the total budget spent on service contracts for Alexandria, VA and Madison, WI are based on material in Elmore (2003). In footnote 12, these cities experienced contract cost increases equal to 0.33 percent and 0.07 percent of their overall purchasing budgets, respectively. Elmore (2003) also reports in Table 1 (p. 6) that these contract cost increases represent 0.067 percent and 0.018 percent of the cities' overall budgets, respectively. From these data we can derive that Alexandria's total purchasing budget equals about 20 percent of the city's total budget (0.067%/0.33% = 20%). For Madison, the figure is 26 percent (0.018%/0.07% = 26%).

These purchasing budget figures, however, appear to include spending on both goods and services. In FY2010, for example, the City of Alexandria spent \$45.1 million on contractual services (City of Alexandria, 2010a). This figure equals 10 percent of the city's total budget that year (City of Alexandria, 2010b). Therefore, for both cities, Alexandria and Madison, the budget share on service contracts likely range between 10 and 13 percent, about half of the budget share of all purchases.

Detroit. Reynolds (1999) provides an estimate for Detroit of \$360 million (p. 11) spent on contracted services and a total budget estimate of 2.5 billion (p. 17). These figures indicate that that service contracts make up 14 percent of Detroit's total budget.

Boston. Brenner and Luce (2005) provide a \$202 million estimate for Boston's total contract costs in 2001. The Boston Municipal Research Bureau (2002) reports that, for FY2002, Boston operated with a budget of \$1.8 billion. These figures imply that service contracts make up 11 percent of the Boston's total operating budget.

I do not have similar data for Milwaukee County and therefore make a conservative assumption that its contracts make up a relatively large share of the County's budget, or 15 percent.

3. Estimating Cost Increases for Businesses Operating at the George Mitchell International Airport

For this estimate, I use the results of two studies that examine the economic impact of living wage ordinances covering publicly-owned airports.

Oakland. Oakland's living wage ordinance increased the wage floor from \$5.75 to \$9.55, or 61 percent. Zabin et al. (1999) estimate that the cost increase from this living wage, as a percent of sales, equals 1.1%. I scale this estimate upward, in a linear

way, to reflect the proposed 72 percent increase in the wage floor. Based on this exercise, I estimate the cost increase as a percent of sales equals 1.2 percent.

San Francisco. In the case of San Francisco, the wage floor rose 80 percent from \$6.25 to \$11.25. Reich, Hall, and Jacobs (2005) estimate that the cost increases due to the living wage amount to 0.7 percent of all fare revenue. Scaling this upward, again in a linear way, to reflect a 72 percent increase in the wage floor, implies a cost increase equal to 0.6 percent of fare revenue.

Unfortunately, the Reich et al. report does not provide a figure for the airport's overall revenue that could be used to estimate a cost-increase-to-sales revenue comparable to the Oakland Airport figure. At the same time, the cost increase to sales revenue ratio would clearly be smaller if the revenue came from all sources at the airport rather than just the passenger airlines. As a result, we can use the 0.6 percent figure as a conservative figure (i.e., overestimate of the costs). Taking the average of the two, we can approximate that costs at GMIA may be in the range of 0.9 percent of the total revenue generated by businesses operating at the Airport.

4. Estimating Cost Increases for the Average Private Sector Business Across All Industries

I use the results from five different studies that estimate cost-increase-to-sales ratios for the average private sector firm, across all industries. These studies include: Pollin and Wicks-Lim (2006); Pollin et. al (2004); Pollin et. al. (2008, chapter 5); Pollin and Brenner (2000); and Pollin (2005). The minimum wage increases examined in these studies range between 19 percent and 87 percent.

These estimates indicate the following linear relationship between minimum wage hikes and cost-increase-to-sales ratios: cost-increase-to-sales-ratio = 0.0194 x (% minimum wage increase) + -0.0046, with an R^2 of 0.90. Based on this formula, I estimate that a 0.9 percent cost-increase-to-sales-ratio with a 72 percent increase in the wage floor (from \$7.25 to \$12.45).

5. List of Sources for Living Wage Ordinances

Detailed information about living wage ordinances must be collected from a variety of sources since no central information hub with all the items listed in Table 1 exists. The sources include:

- Living Wages and Communities: Smarter Economic Development, Lower than Expected Costs by Andrew J. Elmore (New York: Brennan Center for Justice, 2003).
- Taking the High Road: Communities Organize for Economic Change by David B. Reynolds (Armonk, NY: M.E. Sharpe, 2002).
- Policy Effect Analysis of the Proposed Amendment to the Living Wage Law in New Haven prepared by the Committee on Economics, Roosevelt Institution at Yale, April 2005. Committee Members: Alexander Bartik, Chair, Eric Kafka, Ross Kennedy-Schaffer, Greg Lipstein, Jesse Wolfson. Available at:

- http://www.rooseveltcampusnetwork.org/sites/all/files/Living Wage Briefing Sheet Roosevelt (final format) in word.doc; accessed Nov. 2013.
- "City Council Agenda Report Re: Living Wage Ordinance, One Year Status," by Cynthia Kurtz, Pasadena City Manager, Feb. 7, 2000. Available at: http://ww2.cityofpasadena.net/councilagendas/agendas/fe_07_00/10a.pdf; accessed Nov. 2013.
- San Jose City Resolution No. 76653, "A Resolution of the Council of the City of San Jose Approving Revisions to Council Policy 3-3 Relating to Living Wage," 5/20/2013. Available at: http://www.sanjoseca.gov/documentcenter/view/18806; accessed Nov. 2013.
- Hayward Municipal Code, "Article 14: Hayward Living Wage Ordinance."
 Available at: http://www.hayward-ca.gov/CITY-CLERK/MUNICIPAL-GODE/LivingWageOrdinance.pdf; accessed Nov. 2013.
- Living Wage Laws in Practice, by Mark Brenner and Stephanie Luce (Amherst, MA: Political Economy Research Institute, 2005).
- Wages, Benefits, Poverty Line, and Meeting Workers' Needs in the Apparel and
 Footwear Industries of Selected Countries, Alexis M. Herman, Secretary, U.S. Department of Labor; and Andrew J. Samet, Deputy Under Secretary, Bureau of
 International Labor Affairs. (Washington DC: U.S. Department of Labor and
 Bureau of International Labor Affairs, 2000).
- "Berkeley's Living Wage Ordinance Is Upheld in Federal Appeals Court," by Henry Weinstein, LA Times, June 17, 2004.
- "The Living Wage Movement. What Is It, Why Is It and What's Known about Its Impact?" by Jared Bernstein. In *Emerging Labor Market Institutions for the Twenty-First Century* (pp. 99-140), Richard B. Freeman, Joni Hersch and Lawrence Mishel, eds. (Chicago, IL: University of Chicago Press, 2004).

Sources

Aaronson, Daniel, Eric French, and James MacDonald. 2008. "The minimum wage, restaurant prices, and labor market structure," *Journal of Human Resources*, 43(3): 688-720.

Boston Municipal Research Bureau. 2002. "Boston in FY2003: Setting Priorities and Managing Better," *Special Report*, No. 02-2, June 28.

Brenner, Mark and Stephanie Luce. 2005. Living Wage Laws in Practice. Amherst, MA: Political Economy Research Institute.

City of Alexandria, 2010a. Memorandum on Contract/Consultant and Travel and Education Materials for the November 8, 2010 Budget Work Session from Bruce Johnson, CFO, to the Mayor and City Council, November 4. Available at: http://www.alexandriava.gov/purchasing/info/default.aspx?id=45644. Accessed: October 18, 2013.

City of Alexandria, 2010b. Managing for Results, FY2010 Approved Budget in Brief, July 1, 2009-June 30, 2010. Alexandria, VA: Office of Management and Budget.

Dube, Arindrajit, T. William Lester, and Michael Reich. 2011. "Do Frictions Matter in the Labor Market? Accessions, Separations and Minimum Wage Effects," *IRLE Working Paper Series*, No. 222-10, June.

Dube, Arindrajit, Sureshu Naidu and Michael Reich. 2007. "The Economic Effects of a Citywide Minimum Wage." *Industrial and Labor Relations Review* 60(4): 522-43.

Elmore, Andrew J. 2003. Living Wages and Communities: Smarter Economic Development, Lower than Expected Costs. New York: Brennan Center for Justice.

Fairris, David, David Runsten, Carolina Briones, and Jessica Goodheart. 2005. Examining the Evidence: The Impact of the Los Angeles Living Wage Ordinance on Workers and Businesses. Los Angeles, CA: Los Angeles Alliance for the New Economy.

Hirsch, Barry, Bruce E. Kaufman, and Tetyana Zelenska. 2011. "Minimum Wage Channels of Adjustment," *Andrew Young School of Policy Studies Research Paper Series*, Working Paper 11-34, November.

Lee, Chinkook, Gerald Schluter and Brian O'Roark, 2000. "How Much Would Increasing the Minimum Wage Affect Food Prices?" *Current Issues in Economics of Food Markets*, Agriculture Information Bulletin No. 747-03, May.

Pollin, Robert. 2005. "The Albuquerque Living Wage Proposal: Rough Estimates of How Workers and Businesses will be Affected by the Measure," *PERI Working Paper Series No. 103*, September.

Pollin, Robert and Mark Brenner. 2000. Economic Analysis of Santa Monica Living Wage Proposal. Amherst, MA: Political Economy Research Institute.

Pollin, Robert and Jeannette Wicks-Lim. 2006. Economic Analysis of the Arizona Minimum Wage Proposal. Washington, DC: Center for American Progress.

Pollin, Robert, and Mark Brenner, and Jeannette Wicks-Lim. 2004. *Economic Analysis of the Florida Minimum Wage Proposal*. Washington, DC: Center for American Progress.

Pollin, Robert, and Mark Brenner, Jeannette Wicks-Lim, and Stephanie Luce. 2008. A Measure of Fairness: The Economics of Living Wages and Minimum Wages in the United States. Ithaca, NY: Cornell University Press.

Reich, Michael, Peter Hall and Ken Jacobs. 2005. "Living Wage Policies at the San Francisco Airport: Impacts on Workers and Businesses," *Industrial Relations* 44(1):106-138.

Reynolds, David. 1999. The Impact of the Detroit Living Wage Ordinance. Detroit, MI: Center for Urban Studies & Labor Studies Center, College of Urban, Labor and Metropolitan Affairs, Wayne State University.

Siebert Brandford Shank & Co., L.L.C. (2013) "Preliminary Official Statement Dated July 23, 2013." Available at:

http://www.digitalmuni.com/system/documents/920/original.pdf?1374791438; accessed October 18, 2013.

Wicks-Lim, Jeannette and Jeff Thompson. 2010. Combining Minimum Wage and Earned Income Tax Policies to Guarantee a Decent Living Standard to All U.S. Workers. Amherst, MA: Political Economy Research Institute.

Zabin, Carol, Michael Reich, and Peter Hall. 1999. Living Wages at the Port of Oakland. Berkeley, CA: Center for Labor Research and Education, Center on Pay and Inequality, Institute of Industrial Relations.

ABOUT THE AUTHOR

Jeannette Wicks-Lim is an Assistant Research Professor at the Political Economy Research Institute at the University of Massachusetts, Amherst. Wicks-Lim specializes in labor economics, with a focus on low-wage workers in the U.S. economy. Her publications include A Measure of Fairness: The Economics of Living Wages and Minimum Wages in the United States (co-authored 2008), and the studies "Pushing Working Families into Poverty: Assessing the New Haven Plan to Privatize the Public Schools' Custodial Services" (2011), "Combining Minimum Wage and Earned Income Tax Credit Policies to Guarantee a Decent Living Standard to All U.S. Workers" (co-authored, 2010), "Creating Decent Jobs in the United States" (2009), and "Green Prosperity" (co-authored, 2009). She also writes regularly for Dollars & Sense magazine.

ABOUT THE POLITICAL ECONOMY RESEARCH INSTITUTE

PERI was founded in 1998 as an independent research and academic unit within the University of Massachusetts, Amherst. The guiding ethos of PERI is to do rigorous academic research that is also broadly accessible, directly engaged with crucial economic policy issues, and maintains an abiding commitment to egalitarian values. PERI has a few broad, and intersecting, areas of specialty: the economics of clean energy, labor markets (especially low-wage work), financial markets and globalization; economic development (with a particular focus on Africa); the economics of peace; and environmental economics. Read more at the PERI website.

