

# Coalition for Economic Justice

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Subsidy Action  
Committee  
Presentation

Economic  
Development and  
Livable Wages



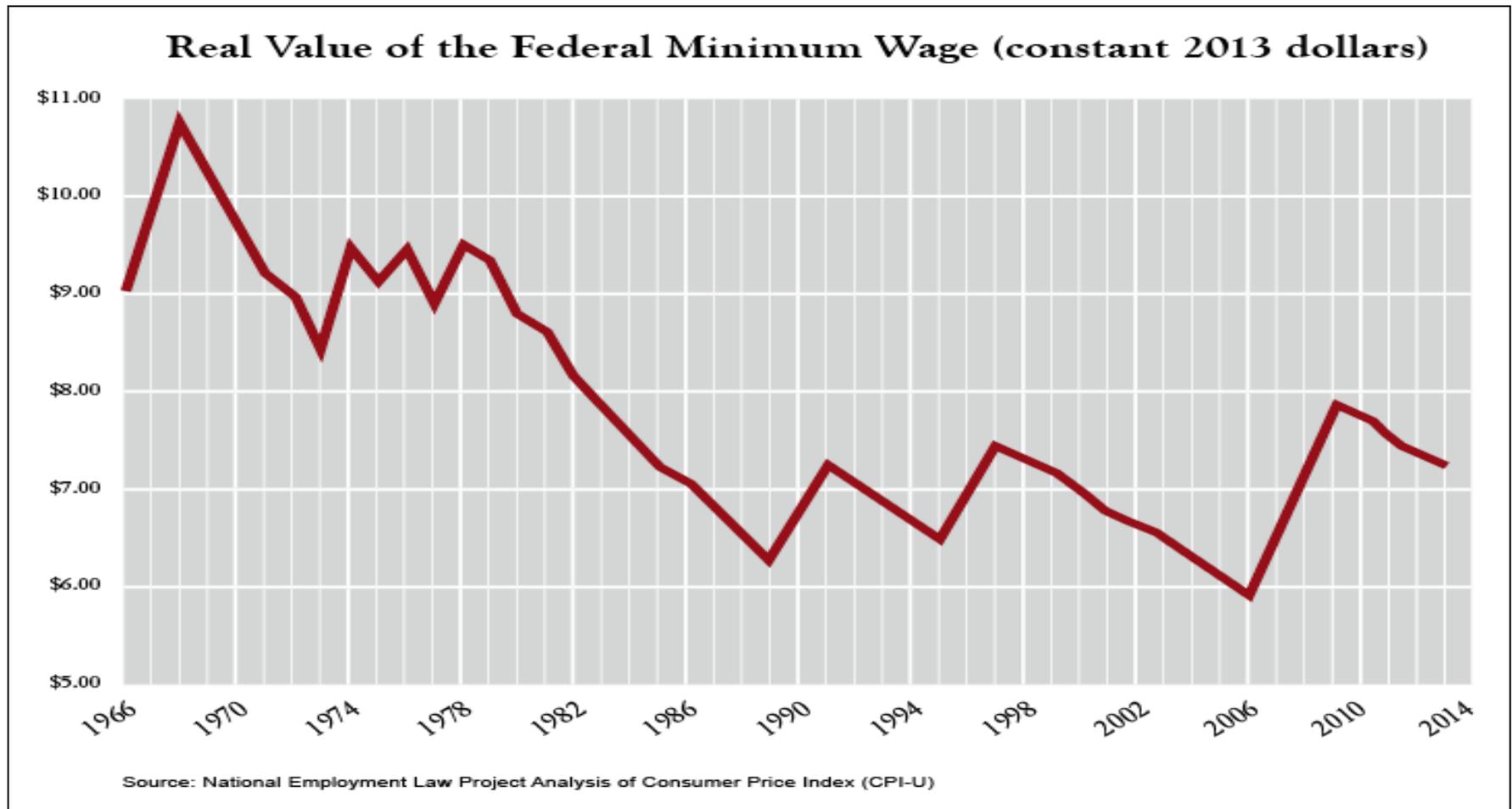
# The Problem of Low Wages

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- » The minimum wage in NYS is currently \$8.75/hour.
- » Even when the state's minimum wage rises to \$9/hour in 2016, that will still equate to just \$18,720 a year in income for a full-time worker.
- » This minimum wage will still leave a family of three below the federal poverty line – itself an inadequate measure of what it truly costs to support a family.



# The Problem of Low Wages Continued...



- ❑ If the state minimum wage had kept pace with inflation since 1970, it would be \$11.11/hour.

# Who are Low-Wage Workers?

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- » In New York State, roughly 37% of workers earn low wages (less than \$15/hour, or \$31,200/year).
- » In Erie County, 41% of workers earn less than \$15/hour (159,800 of 393,600 wage-earning workers).
- » 94% of low wage workers in NYS are age 20 or over. 53% are female, 53% are white, 18% are black, 21% are Hispanic, and 9% are Asian.

# Living Wage Policies

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- » More than 140 local jurisdictions have a living wage law, including the City of Buffalo.
- » At least 15 cities have living wage laws for business assistance programs: Ann Arbor, Berkeley, Cambridge, Cleveland, Duluth, Hartford, Los Angeles, Minneapolis, Oakland, Philadelphia, Richmond, San Antonio, San Francisco, San Jose, and Santa Fe.
- » Multiple studies have found that these living wage laws have not had a negative effect on employment growth.



# The Buffalo Living Wage Ordinance

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- » The Buffalo Living Wage Ordinance provides that the City, and certain employers who contract with the City, must pay their employees a living wage.
- » The Ordinance applies to contracts where the City is paying or receiving over \$50,000 and the contractor has more than 10 employees.
- » Buffalo's 2015 Living Wage is \$11.45/hour with health insurance and \$12.85/hour without health insurance.

# The Self-Sufficiency Standard

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- » The self-sufficiency standard measures how much a family would need to meet all its basic expenses.
- » For Erie County, self-sufficiency for an adult with one infant and one pre-schooler requires an annual income of \$38,419.
- » This means that one adult would need to earn at least \$18.19/hour at a full-time job.

# An ECIDA Self-Sufficiency Wage

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- » One goal of economic development programs like the Erie County IDA should be to provide workers with family sustaining wages that don't force workers to rely on government assistance programs.
- » One measure: The Erie County SNAP (Supplemental Nutrition Assistance Program) is available to a family of four with a household income of \$2,584/month or roughly \$14.91/hour for a full-time worker.
- » Another measure: Erie County HEAP (Home Energy Assistance Program) benefits are available to a family of four with a household income of \$4,182/month or roughly \$24.13/hour for a full time worker.

# Self-Sufficiency Wage Continued...

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- ❑ Setting an ECIDA Self-Sufficiency Wage, applying to all projects benefiting from agency incentives, at \$15/hour would at least keep workers with a family of four off government assistance programs like food stamps and allow workers to start and financially sustain a family in Erie County.
- ❑ Nationally, there is growing consensus that \$15/hour is the baseline standard for fair minimum and livable wages.

# Benefits of a Self-Sufficiency Wage Policy?

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- » Worker self-sufficiency
- » Relief to taxpayers as fewer local workers rely on public assistance programs
- » Increased number of family sustaining jobs in Erie County
- » Improved employee retention rates
- » Establishes a uniform policy giving all stakeholders, developers and businesses a clear understanding of project wage policy
- » Boost to regional economy as workers spend extra income locally

# Why a Self-Sufficiency Wage?

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- While a living wage such as Buffalo's is better than a minimum wage, it still leaves a family reliant on Erie County public assistance programs.
- Minimum wage laws apply to all employers.
- Living wage laws apply to all employers who contract with the government.
- IDA policies apply only to those employers asking for special assistance from the government; such assistance should go only to employers creating quality jobs that expand the local economy and the county's fiscal resources, not detract from them.

# Conclusion

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- The Erie County IDA can guarantee that when the agency gives developers and businesses public subsidies, the jobs they create will at least pay a family self-sufficiency wage of \$15/hour and be indexed to inflation.
- The ECIDA can begin the process to develop a clear and enforceable family self-sufficiency wage policy.

# Self-Sufficiency Wage: Questions & discussion

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