



Packet Related Material

Memo
Agenda
Calendar

Notices and Agendas:

None

Legislation for Discussion/Final Action:

Ord 05-08 To Amend Title 2 of the Bloomington Municipal Code Entitled “Administration and Personnel” (Adopting Chapter 2.28 entitled “City of Bloomington Living Wage Ordinance”)

- Memo Summarizing Revisions; Strikeout Version of Ord 05-08 Comparing Packet Version with Revised Version; Guest Column in the H-T by Lloyd Orr, Martin Spechler, and Kurt Zorn and Economic Policy Institute – Living Wage: Survey of Labor Economists (*requested by Councilmember Sabbagh*)

Contact: Councilmember Ruff at 349-3409 or ruffa@bloomington.in.gov
or Council Office at 349-3409 or council@bloomington.in.gov

Memo

Chair of Meeting: Councilmember Rollo

**Ord 05-08 (Living Wage Ordinance) is the
Sole Item on Your Committee of the Whole Agenda for March 9, 2005**

The Living Wage Ordinance (**Ord 05-08**) was introduced last Wednesday, will be discussed on March 9th, and is scheduled for final action on March 23rd. As with any controversial item, I suggest that you consider a motion to limit debate and ask that you contact the Council Office with the suggested parameters for that debate (e.g. how many minutes should you allow for each member of the public?)

A Primer on Living Wage Ordinances

Council members have been and will continue to be inundated with arguments for and against this ordinance. The following paragraphs are intended to provide a balanced discussion of the subject. They borrow extensively from Timothy Bartik's "Thinking About Local Living Wage Requirements",¹ which is one of about a half-dozen articles the Council Office has collected on the subject.² Please feel free to inspect them and suggest others to be added to this collection. Please note that the Guest Column by Lloyd Orr, et al as well as a Survey of Labor Economists by the Economic Policy Institute have been included in the packet at the request of Councilmember Sabbagh.

Please also note that the end of the memo includes four amendments regarding non-profits and for-profits that Councilmember Mayer wishes you all to think about before next Wednesday.

What is a Living Wage Ordinance?

Living wage ordinances have been adopted by well over 100 cities, towns and counties. They typically require employers with a financial transaction with the city (or county) to pay covered employees a living wage which is higher than minimum wage set by the state or federal governments (\$5.15). In general, the living wage is set significantly higher than the minimum wage, but applies to a very small area and small portion of the workforce within that area.

¹ Bartik, Timothy. (2004). "Thinking About Local Living Wage Requirements." *Urban Affairs*, 40(2), 269-299.

² Adams, Scott and David Neumark. (2003) "Living Wage Effects: New and Improved Evidence." *National Bureau of Economic Research Working Paper* available at: <http://www.nber.org/papers/w9702>

Brenner, Mark, Jeannette Wicks-Lim and Robert Pollin. (2002). "Measuring the Impact of Living Wage Laws." *Political Economy Research Institute Working Paper*, Number 43.

Buss, James A. and Dian Franceschi. (2003). "Unemployment Trends in Some American Cities with Living Wage Ordinances." *Local Economy*, 18(3), 208-221.

Champlin, Dell P., et al. (2002). "Wages in the Public Interest: Insights from Thorstein Veblen and J.M.Clark." *Journal of Economic Issues*, 36(4).

Neumark, David and Scott Adams. (2003). "Detecting Effects of Living Wage Laws." *Industrial Relations*, 42(4), 531-551.

Turner, Mark D and Burt Barnow. (2003). "Living Wage and Earned Income Tax Credit: A Comparative Analysis." *Employment Policies Institute Study* available at: www.EPIonline.org

Why Propose It ?

The Living Wage appears based upon a moral argument that local governments should help reduce poverty by raising the pay for low wage jobs within their reach. It also is part of a political strategy that “shifts the debate (about poverty) away from whether the poor want to work to whether the poor have adequate wage opportunities.” *Bartik at 291*.

Why Oppose It?

Those opposed to the Living Wage argue that it is a broad mandate that misses the mark and causes too many unintended consequences. Opponents argue the ordinance misses the mark because it does not target the poor, but only those employees in certain low-wage jobs. Further, the poor who actually receive a Living Wage will lose some or all of it, or otherwise suffer due to commensurate cuts in government benefits. And, the poor who are looking for work will not be able to compete against the more prepared workers for these living wage jobs and, therefore, would benefit more by job preparation and training programs. The ordinance will also increase costs for employers, thereby dampening business activity and hurting the local economy.

Do Wages Reduce Poverty?

Bartik says that increased wages are not well targeted to help the poor because they help wage-earners and that most poor do not have full-time wage earners in their households. Programs that increase “labor supply or labor demand for the poor” (e.g. offering training) are, therefore, better suited to address the problem.

Are Employers Able to Absorb the Cost of a Living Wage?

Employers have some discretion in setting wages, but there is a point when employers will respond to increased costs by not creating as many jobs, hiring better credentialed workers, reducing benefits and training, or worsening work conditions. The risk of these adverse consequences are greater when the mandated wages are 20% - 30% more than the existing wage.

When is a Living Wage Worthwhile?

Since a living wage ordinance may impose an unfair burden on employers and may benefit groups that do not need the higher wages, the decision to enact one should depend upon “whether the imperfections are quantitatively large.” *Id. at 275.*

Examination of Living Wage Ordinances

Bartik examines the “design” of living wage ordinances and breaks them down into:

- Wage levels;
- Employers and employees covered;
- Extent of enforcement; and
- Whether hiring policies are addressed.

Wage Levels

“An evaluation of a living wage depends on how much the living wage raises wages for covered employees relative to current wages. ...Excessive living wages are more likely to cause worker displacement, increased contract costs, and reduced business activity. The benefits of a living wage also go up with a higher living wage, but the negative side effects probably grow faster. For modest-sized wage increases mandated by a living wage, it is plausible that much of the increase will be absorbed by higher worker productivity, lower worker turnover and hiring costs, and lower profits. At some point, mandated wage increases cannot be offset by other cost reductions or absorbed by the employers and employers will take increasingly drastic actions that may impose steeply rising social costs, whereas benefits will not increase as fast.” *Id. at 278.*

Coverage

Starting with the premise that government pursues a living wage policy for moral reasons, he concludes that coverage should start with the government as a “model employer” and emanate outward to service contracts and economic development subsidies.

Public Employees

The argument here is that the government should “get its own house in order” before moving farther a field and risking unintended consequences. Governments

are economically and politically accountable for their own wage policies because tax payers may decide at the ballot box and by their choice of residence whether higher wages are worthwhile. Please note, however, that only 20% of living wage ordinances cover public employees. *Id. at 276.*

City of Bloomington: The City already acts as a model employer. All its regular part-time and full-time employees make more than the \$10 per hour called for by this ordinance. Over the last few years, the City also has converted a number of seasonal positions into regular, benefited positions and has offered health care to seasonal workers who work with the City for three consecutive seasons. (Note: health care becomes available at the beginning of that third season.) This ordinance would exempt seasonal employees of the Parks and Recreation department who are situated outside the main offices and work less than 1560 hours in a calendar year. Those exempted employees who work over that amount of hours will be paid a living wage and be given back pay.

Impact: Daniel Grundmann, Director of Employee Services, estimates that the fiscal impact of this policy would be less than \$50,000 in 2006 and entail the conversion of about three persons from seasonal to regular, benefited positions.

Employees Under Service Contracts or Subcontracts

Government contracts for services are an “extension of the government’s responsibility as an employer.” When contracting for services, the government “bears some responsibility for how those services are performed” and is also economically and politically accountable for the higher wages. However, if the living wage covers employees who are not funded by the contract, then the government may not be economically accountable for (and may risk adverse consequences) of that coverage. And, whether or not funded by the government, all employees are free to be displaced by the employer without regard to living wage policies. Some Living Wage ordinances address the problem of “displacement” by “interven(ing) in hiring procedures, which is difficult (to do well).” *Id. at 279 - 285.*

Bloomington: The proposed ordinance covers contracts for the performance of 15 enumerated services and employees who are performing those services. Given the monetary threshold of \$10,000 and the workforce thresholds of 10 employees for for-profits and 15 employees for non-profits,

the Administration estimated that there would have been 6 contracts covered by this ordinance in 2004. The total value of these contracts fall a little under \$310,000. Please note that inevitable effect of inflation will bring more and more contracts within the ordinance over time.

Economic Development Subsidies

The decision of an employer to expand or relocate a business will largely depend upon the costs of the alternatives. A living wage requirement may not be offset by a subsidy and may, on its face, dissuade employers from investing in that community. *Id* at 280. For this reason, the living wage requirement is most applicable in a community with a strong economy (e.g. low unemployment) where subsidies may help drive up rather than drive down wages. *Id* 280 –82. Even so, it is a “blunt instrument” that does not provide for a cost-benefit analysis that includes both the employment and fiscal effects of the project.

Bloomington: Bloomington has a strong economy and low unemployment rate. The ordinance now includes waivers that allow for the sort of cost-benefit analysis recommended by Bartik. As mentioned in the next paragraph, to a large extent the City’s economic development incentives already provide for a living wage.

Summary of Local Subsidies - Of Economic Development Initiatives from 2002-2005, approximately nine out of 16 businesses would be held to the Living Wage requirement under the proposed ordinance. Of these nine businesses, the average period of abatement would be 6 years. These companies would provide an estimated 1,076 jobs. (Note: sufficient employment data was not available for two organizations – one an affordable housing initiative and one a non-profit receiving BILF). Based on available wage data, 34 of these 1,076 jobs would not be paid a Living Wage, but under a phase-in period, all 34 of those jobs would be paid a Living Wage one year after their creation.

Enforcement (and Administration)

The enforcement of Living Wage ordinances becomes more difficult depending upon how much the ordinance intends to accomplish and how far it reaches outside the government’s own work force. At a minimum, it requires “determining whether employees are paid a living wage.” While public disclosure of payroll and

other business records will help enforce the ordinance, it will not be welcome by employers. *Id. at 284.*

Bloomington: The ordinance will be administered by the “Applicable Department(s)” which is left undefined. It requires Employers to provide information on their workforce, pay a living wage to Covered Employees, include living wage provisions in relevant contracts, keep and disclose records, and not retaliate against Covered Employees who seek enforcement of the ordinance. The Applicable Department is empowered to:

- develop rules for administering the ordinance;
- conduct routine reviews and spot checks;
- conduct investigations of complaints;
- order remedies, negotiate resolution of the problem, and otherwise enforce the ordinance; and
- file waiver requests with the City Council.

Note: The Council Office will provide information on how other cities administer their ordinances and the costs associated with those duties.

Hiring Procedures

Some Living Wage ordinances require employers to work with the government in order to improve access to jobs for its residents. Although often ignored out of a fear that such requirements will “discourage business growth,” some jurisdictions have been successful in this effort by focusing on “helping firm find better workers.” This “carrot ... might be an incentive to locate in the city.” *Id at 285.*

Research on Post-Enactment Effects of Living Wage Ordinances

Most studies of the effects of Living Wage ordinances are based upon “explicit or implicit economic models” which are intended to “predict ... future effects of the Living Wage.” Although “suggestive,” Bartik says these models do not measure “what actually occurs after the enactment of living wage laws.” *Id. at 285.* Other studies are based upon surveys of administrators, policy makers, and employers in these cities, and suffer from being rather anecdotal in nature.

Baltimore – the Baltimore ordinance covers employees performing work on service contracts. Although the three studies of this city ordinance were unable to discern whether services were reduced, Bartik concludes that, they “suggest that the (ordinance) did not initially cause the city significant financial difficulties.” *Id. at 286-7.*

Los Angeles – one study on Los Angeles was based upon interviews with city officials and employers and provided “anecdotal evidence on the effects of the ... living wage on contractors, workers, employment levels, and hiring practices, and the city’s contracting practices and costs.” Briefly, it found:

- “incidents of all the living wage effects claimed by proponents and opponents”, and
- that employers increased the wages of employees who were already paid over the living wage in order to “maintain wage differentials.” *Id. at 287.*

Detroit – one study of the Detroit ordinance looked at its effect on contracts with non-profits. The study was based upon interviews with agency staff and found that about one-third of the non-profits perceived a significant impact on their operations, but about one-third of those claimants were mistaken in that regard. However, it recommended “the city minimize layoffs and service cutbacks by providing supplemental funds to nonprofits for which the living wage imposes costs that are large relative to the nonprofit’s budget.” *Id at 287-88.*

Elmore Survey of 22 Cities and Counties – this survey of city administrators found “only modest effects on governmental contract costs for a small proportion of contracts” and suggested a few reasons including the:

- high monetary threshold on contract amounts;
- exemptions for certain low-wage businesses (e.g. child care); and
- special waivers for contractors with large burdens.

The survey also looked at economic development subsidies and found the ordinance had “little effect” because employers already paid a living wage or could seek a waiver. One city found that the ordinance “might signal a poor business climate,” but another city it “helped increase political support for economic development incentives.” *Id at 288.*

Neumark Studies – David Neumark’s studies were “the most econometrically sophisticated research on the living wage,” but in Barik’s opinion, over-estimated the positive effects of living wage requirements.

Conclusions – What Should Localities Do About the Living Wage?

In regard to service contracts, Bartik concludes that:

- “modest living wage requirements” (along the lines of the Bloomington ordinance) “are the type of living wage that is most likely to be beneficial in most cities.”
- “Living wage ordinances should be accompanied by policies to train lower-income city residents for job openings in the city or with contractors.”
- “City unions should play a role in enforcing living wage requirements for city employees or contractors.”

In regard to economic development subsidies, he concludes that:

- “The merits of living wage requirements for recipients of economic development assistance depend on the local economy’s strength and whether this assistance program is used by the city’s competitors.” *Id. at 293.*

Other More General Recommendations:

- Strengthen research on the effects of living wages with better post-enactment studies and econometric studies that compare living wage and non-living wage cities while controlling for more variables; and
- Continue to look for creative responses to the problem of low wages and poverty.

Proposed Amendments to Living Wage Ordinance – Non-Profits (and For-Profits)

Councilmember Mayer is considering the following amendments and wanted the concepts included in this packet to get you to start thinking about them before next Wednesday.

Amendment 1 - would exclude those not-for-profits that receive funding from one or both of the CDBG and Jack Hopkins' (City Council) Social Service funds.

As a back-up to Amendment 1:

Amendment 2 - would increase the trigger amount of funding received for not-for-profits that serve human needs from \$25,000 to an amount exceeding \$50,000

Amendment 3 - would move the start date for not-for-profits from January 1, 2006 to January 1, 2008. (Assuming that the ordinance passes, Amendment 3 would give the City and community an opportunity to see how the other parts of the ordinance are working and to determine the impacts that it may have on the not-for-profits.)

Amendment 4 - would raise the minimum for-profit staffing level from 10 to 15 employees to gain parity with the not-for-profit staffing levels (currently set at 15).

Happy Birthday Jason Banach!

**NOTICE AND AGENDA
BLOOMINGTON COMMON COUNCIL COMMITTEE OF THE WHOLE
7:30 P.M., WEDNESDAY, MARCH 9, 2005
COUNCIL CHAMBERS
SHOWERS CENTER, 401 N. MORTON**

Chair: Dave Rollo

1. Ordinance 05-08 To Amend Title 2 of the Bloomington Municipal Code Entitled “Administration and Personnel” (Adopting Chapter 2.28 Entitled “City of Bloomington Living Wage Ordinance”)

Sponsor: Andy Ruff, Council President, Member At Large



Office of the Common Council
(812) 349-3409
Fax: (812) 349-3570
e-mail: council@bloomington.in.gov

To: Council Members
From: Council Office
Re: Calendar for the Week of March 7 – March 11, 2005
Date: March 4, 2005

Monday, March 7, 2005

4:30 pm Plat Committee, Hooker Room
5:00 pm Redevelopment Commission, McCloskey
5:00 pm Utilities Service Board, IU Research Park
5:30 pm Bicycle & Pedestrian Safety Commission Work Session, Hooker Room
5:30 pm Plan Commission, Council Chambers

Happy Birthday to Council Member Jason Banach

Tuesday, March 8, 2005

4:00 pm Board of Public Safety, Police Headquarters, 220 E. 3rd
5:30 pm Board of Public Works, Council Chambers
5:30 pm Bloomington Community Arts Commission Meeting, Kelly
5:30 pm Public Transportation Corporation, Public Transportation Center, 130 W. Grimes
6:00 pm Homebuyer's Club, Hooker Room
6:00 pm Women's History Month Reception - Honoring Women in Government, City Hall Atrium

Wednesday, March 9, 2005

12:00 pm Women's History Month Luncheon, Convention Center of Bloomington, 302 S. College
4:00 pm Commission on the Status of Black Males, Hooker Room
4:00 pm Board of Housing Quality Appeals, McCloskey
7:30 pm Common Council, Committee of the Whole, Council Chambers

Thursday, March 10, 2005

12:00 pm Housing Network, McCloskey
3:30 pm Historic Preservation Commission, McCloskey
5:15 pm Solid waste Management, Solid Waste Management Facilities, 3400 Old SR 37

Friday, March 11, 2005

2:00 pm Metropolitan Planning Organization, Technical Advisory Policy Committee, McCloskey

ORDINANCE 05-08

**TO AMEND TITLE 2 OF THE BLOOMINGTON MUNICIPAL CODE
ENTITLED “ADMINISTRATION AND PERSONNEL”
(Adopting Chapter 2.28 entitled “City of Bloomington Living Wage Ordinance”)**

- Whereas the payment of a living wage to employees of the City of Bloomington, to employees hired to carry out a service contract with the City, and to employees hired to realize the intent of a subsidy by the City will tend to decrease the amount of poverty in the City; and
- Whereas, less poverty will decrease City expenditures and expenditures of other governmental organizations for social welfare programs and other forms of relief; and
- Whereas, the payment of a living wage to those who were near, at, or below the poverty line will tend to increase their ability to be self-sufficient; and
- Whereas, when low income individuals gain the ability to support themselves, all citizens of the City will tend to benefit by living in a community in which there is less illness, better housing, more public involvement, less truancy, and fewer incidents involving criminal justice; and
- Whereas, with increased income, the consumer spending of lower income people will benefit not just themselves but also local businesses; and
- Whereas, a responsible and ethical expenditure of public monies for services and subsidies promotes an economic standard that is reasonable, fair, and conducive to harmonious relations among different groups;

THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF BLOOMINGTON THAT:

Section 1. New Chapter. In the interests of social justice, public harmony, and fiscal responsibility, the Bloomington Municipal Code is hereby amended by inserting Chapter 2.28, which shall be known as the “City of Bloomington Living Wage Ordinance.”

Section 2. Purpose. Section 2.28.010 shall be inserted into the Bloomington Municipal Code and shall read as follows:

Section 2.28.010. Purpose.

The purpose of the Bloomington Living Wage ordinance is to ensure that the City, City service contractors and subcontractors, and beneficiaries of a City grant, tax abatement or other forms of subsidy or assistance pay a wage sufficient for a working family to meet basic needs in housing, child care, food, clothing, household items, transportation, health care, and taxes.

Section 3. Definitions. Section 2.28.020 entitled “Definitions” shall be inserted into the Bloomington Municipal Code and include the following terms which shall appear in alphabetical order:

‘Applicable Department’ – means the City of Bloomington department(s) responsible for administering this chapter.

‘Assistance’ shall include a service contract or subcontract, or subsidy as defined in the following paragraphs.

(a) 'Service Contract or Subcontract' means:

(1) any agreement worth at least \$10,000 which:

(A) is between the City of Bloomington and another party primarily for the performance of any of the following services for the City of Bloomington:

- (i) food services on an on-going basis;
- (ii) janitorial and custodial services;
- (iii) security services;
- (iv) parking lot management and attendance;
- (v) waste management;
- (vi) automotive repair and maintenance;
- (vii) landscaping;
- (viii) utility and building maintenance;
- (ix) carpentry;
- (x) clerical and office services;
- (xi) street maintenance and repair;
- (xii) sidewalk construction, maintenance and repair;
- (xiii) laundry services;
- (xiv) pest control;
- (xv) resident and day shelter services; or

(B) delegates the performance of services obligated and enumerated under part (a)(1)(A) to another party through a subcontract or other agreement,

(C) is between a Beneficiary of a Subsidy and another party for the purpose of operating a social services program funded through a social services subsidy identified under the definition of "Subsidy."

(2) More than one agreement which, when viewed as whole:

(A) totals at least \$10,000;

(B) provides services set forth in part (a)(1)(A); and

(C) has been divided without a legitimate and compelling

business purpose in the event the agreements are between private parties, or without a legitimate and compelling public purpose in the event the City is one of the parties to the agreement(s). A legitimate business or public purpose does not include an intent to pay less than the living wage and a compelling business or public purpose does not include a lack of knowledge of this chapter.

(b) A 'Subsidy' means an award by the City of Bloomington to a person or entity with a total value of at least \$25,000.

(1) The awards shall include the authorization or approval of benefits under the City's following economic development funds or programs:

(A) tax abatements pursuant to I.C. 6-1.1-12.1,

(B) grants from Business Investment Incentive Loan Fund

(BIILF),

(C) all expenditures from the Industrial Development Fund except those associated with the acquisition of right-of-way for and the design, financing, construction, and maintenance of publicly-owned infrastructure serving a Community Revitalization Enhancement District (CRED) pursuant to I.C. 36-7-13.

(2) The value of the awards under the foregoing economic development funds or programs shall be presented in the legislation necessary for Council approval of these Subsidies and shall reflect the monetary benefit derived by the Beneficiary as estimated by the City at that time.

(3) The obligation to pay a living wage under the foregoing economic development funds or programs shall commence upon the receipt of the award and shall run for a period of years determined by the following formula. The period of obligation to pay a living wage shall equal the value of the award as estimated in the legislation divided by \$25,000, rounded down to the nearest whole number, but not to exceed 10 years. In the event the award is in the form of a tax abatement, receipt of the award shall mean the first year in which the Beneficiary is eligible to take the tax deduction.

(4) The awards shall also include the authorization or approval of grants for the operation of social service agency programs under the:

- (A) Community Development Block Grant (CDBG) funds, and
- (B) Jack Hopkins Social Services Funding Program.

(5) The value of the foregoing awards for the operation of social service agencies shall be presented in the legislation necessary for the Council approval of these Subsidies and shall be aggregated in order to determine whether the \$25,000 monetary threshold has been met.

(6) The obligation to pay a living wage under the foregoing social services awards shall commence upon receipt of the award and shall run until the end of the fiscal year of the program. For purposes of this chapter, the fiscal year for the Jack Hopkins Social Service Funding Program runs from June 1st to May 31st.

(7) In the event the City develops or pursues new awards under new or existing economic development or social service programs, City officials shall notify the Common Council in order for it to decide whether the award(s) should be included as a Subsidy and, therefore, subject to this chapter before those awards may be offered.

(8) A monetary benefit to a person or entity shall be considered an award when it is the direct result of an authorization or approval by the City or its officials who had discretion over the identity of the recipient(s) as well as significant terms of the benefit at the time of the decision.

‘Beneficiary’ – means any person or entity receiving Assistance.

‘City of Bloomington’ – means the departments of the City whose budgets are approved by the Common Council. The term, however, does not include the Bloomington Public Transportation Corporation.

‘Covered Employee’ means a person who is employed in a part time, share time, temporary, or full time status who meets the following conditions:

(a) The person is employed by:

(1) the City of Bloomington, except the seasonal employees in the Parks and Recreation department whose accumulated compensated hours in a calendar year is less than 0.75 FTE (and whose primary location of work is not within the main offices of those departments).

(2) a Covered Employer, during a period when a an Economic Development Subsidy is in effect (*see definition of “Subsidy”*); and the person holds a position identified as either retained or created as a result of that subsidy or the person performs duties substantially similar to one of those previously identified positions;

(3) a Covered Employer, during a period when a Social Services Subsidy is in effect (*see definition of “Subsidy”*) and the person performs work operating the program;

(4) a Covered Employer, who has entered into a Service Contract or Subcontract and the person performs services directly and specifically toward fulfilling that contract or subcontract.

(b) The person is not:

(1) employed pursuant to common construction wage laws as long as the employee is paid a Living Wage;

(2) less than 18 years of age, who is hired as part of a school-to-work program or is hired in seasonal or part-time work;

(3) a student who serves in a work-study program or as an intern in a position that advances the student's career potential;

(4) a trainee participating for not more than six months in a training program;

(5) employed in concert with enrollment in a governmentally funded vocational rehabilitation program;

(6) a volunteer working without pay; or

(7) exempted under Section 14(c) of the Fair Labor Standards Act due to his or her disabilities.

'Covered Employer' means an employer who must pay at least some of its employees a living wage and includes:

(a) The City of Bloomington;

(b) A Beneficiary who is a for-profit entity with at least 10 employees or a not-for-profit entity with at least 15 employees.

'Tipped Employee' – Any Covered Employee engaged in an occupation in which he or she customarily and regularly receives tips or gratuities from patrons and others.

Section 4. Amount of Living Wage. Section 2.28.030 shall be inserted into the Bloomington Municipal Code and shall read as follows:

Section 2.28.030 Amount of Living Wage

(a) For all Covered Employees, except Tipped Employees, the Living Wage shall begin at \$10.00 per hour minus an amount not to exceed \$1.50 per hour and which equals the hourly equivalent of the employer's contribution to the employee's health insurance. For purposes of this chapter, health insurance shall not include disability insurance and shall be valued at the average amount the employer paid per hour for each employee for health insurance in the previous year or other more accurate measure of such benefit. The Living Wage for Covered Employees who elect not to receive the employer's health insurance shall include the per hour value of the health insurance.

(b) The Living Wage for Covered Employees who are Tipped Employees of a Covered Employer shall be the Living Wage for other Covered Employees minus 10% of the annual sales for the employer prorated on an hourly basis per employee.

(c) Inflation adjustment. The \$8.50 per hour component of the Living Wage shall be increased at the beginning of each calendar year by the same percentage that the Consumer Price Index for All Urban Consumers increases during the year ending the previous June 30. The same rule applies to the base \$1.50 per hour for health insurance.

(d) Phase-in Period for Not-for-Profits

(1) A non-profit Covered Employer shall not be obligated to pay a living wage in the first two years it receives an award from the City after December 31,

2005. However, during those two years, which need not be consecutive, the not-for-profit organization shall reduce the gap between its wages and the Living Wage by 15% at the beginning of the first year and by 35% at the beginning of the second year of award.

Section 5. Applicability of Chapter. Section 2.28.040 shall be inserted into the Bloomington Municipal Code and shall read as follows:

Section 2.28.040 Applicability of Chapter.

The City of Bloomington and all Covered Employers who are Beneficiaries of Assistance from the City either in the form of a Service Contract or Subcontract or a Subsidy are subject to this chapter and shall pay all Covered Employees a Living Wage.

Section 6. Obligations of Covered Employers. Section 2.28.050 shall be inserted into the Bloomington Municipal Code and shall read as follows:

Section 2.28.050 Obligations of Covered Employers

(a) Applications and contracts for Assistance. The Beneficiary of Assistance shall submit:

(1) A written commitment to pay all Covered Employees at least a Living Wage pursuant to this Chapter;

(2) The identity of the program under which Assistance would be awarded, a contact name, the address and phone number for the Beneficiary, and a current workforce profile for the Beneficiary;

(3) Projected wage levels for all Covered Employees, projected employment needs under the anticipated award, and projected net increase or decrease in jobs by job classification and wage rates that will result from awarding the Assistance;

(b) Record keeping

(1) Each Covered Employer shall maintain payrolls for all Covered Employees and basic records relating thereto and shall preserve them for a period of three years. The records shall contain the name and address of each employee, the job title and classification, the number of hours worked each day, gross wages, deductions made and net wages, Social Security records and evidence of payment, employer contribution toward health care, and other data as may be required by the Applicable Department from time to time.

(2) Covered Employers shall on request provide these records and all related payroll records, including payroll tax filings and tax returns, for inspection by the Applicable Department.

(c) Notification. Covered Employers shall provide notice to Covered Employees of this chapter. The notice shall be provided by the Applicable Department to be posted conspicuously in areas of the workplace frequented by Covered Employees.

(d) Contract Terms. Covered Employers shall include in all contracts subject to this chapter a provision approved the Applicable Department which refers the parties to this chapter and the obligations it imposes upon them.

(e) Retaliation Prohibited. The Covered Employer shall not discriminate in any manner against any employee for making a complaint, participating in the complaint proceedings, or using civil, statutory or collective bargaining remedies to advance their interests under the chapter. The City Attorney shall investigate allegations of retaliation or discrimination, ordering appropriate relief if they are found to be true.

Section 7. Enforcement. Section 2.28.060 shall be inserted into the Bloomington Municipal Code and shall read as follows:

Section 2.28.060 Enforcement.

Enforcement of this Chapter may be based on complaints of noncompliance by Covered Employees or on monitoring for compliance by Applicable Department(s).

(a) Monitoring

(1) The Applicable Department(s) may develop rules to review contract documents to ensure that relevant language and information are included in City request for proposals, agreements and other relevant documents.

(2) The Applicable Department may conduct routine reviews, spot checks and investigations of Covered Employers to ensure compliance.

(b) Complaint process

(1) Any Covered Employee who believes his or her employer is not complying with this chapter may file a complaint in writing with the Applicable Department or with the City Controller within a year after the alleged violation.

(2) The Applicable Department shall conduct an investigation of the complaint, during which it may require from the Covered Employer evidence such as may be required to determine whether the Covered Employer has been compliant, and shall make a finding of compliance or noncompliance within a reasonable time after receiving the complaint.

(3) Prior to ordering any penalty, the Applicable Department shall give notice to the Covered Employer. The Covered Employer may dispute a finding of noncompliance by requesting a hearing from the City Attorney within 30 days of the finding. The City Attorney shall appoint a Hearing Officer, who shall affirm or reverse the finding based on evidence presented by the Applicable Department and the Covered Employer.

If at any time during these proceedings, the Covered Employer voluntarily makes restitution of the wages not paid to the Covered Employee, or otherwise remedies the violation alleged, then the Applicable Department shall thereafter dismiss the complaint against the employer.

(c) Remedies

(1) If, after notice of finding and hearing, a Covered Employer is found to be noncompliant, the Covered Employer shall correct violations and make restitution of wages retroactively to the beginning of the contract term within 15 days, unless otherwise extended by way of agreement between the Covered Employer and Applicable Department.

(2) If violations are not corrected within 15 days or within the timeframe otherwise agreed upon between the Applicable Department and Covered Employer, the City Attorney may do one or more of the following:

(A) freeze the Covered Employer's Assistance, until the Applicable Department determines that the violations have been corrected;

(B) terminate the Covered Employer's Assistance;

(C) order the Covered Employer ineligible for future Assistance for three years or until all restitution has been paid, whichever is longer.

(3) Liability for payment of a living wage shall rest solely with the Covered Employer and the City shall not be liable for any incorrectly paid amounts except when it acts in the capacity of a Covered Employer. In that regard, if the accumulated compensated hours of a seasonal employee of the City of Bloomington Parks and Recreation department exceeds 0.75 FTE in a calendar year, and that employee had not been paid a Living Wage for any portion of those compensated hours, then the

Parks and Recreation department shall pay that employee the difference between the Living Wage and his or her actual paid compensation for the accumulated hours of that calendar year and within eight weeks after the end of that calendar year.

Section 8. Waivers. Section 2.28.070 shall be inserted into the Bloomington Municipal Code and shall read as follows:

Section 2.28.070 Waivers.

(a) A Covered Employer may request that the Mayor propose that the Common Council grant a partial or whole waiver to the requirements of this Chapter.

(b) General Waiver. Waivers may be granted where application of this chapter to a particular form of Assistance is found by Corporation Counsel to violate a specific state or federal statutory, regulatory, or constitutional provision or provisions and where the City Council approves the waiver on that basis. A General Waiver request shall be submitted to the Applicable Department which, if endorsed by the Mayor, shall be forwarded to the Common Council for action in the form of a resolution.

(c) Special Waiver. The Mayor may apply for a Special Waiver where payment of the Living Wage by a Covered Employer will: substantially curtail the services provided by the Covered Employer; have an adverse financial impact on the City; or is not in the best interests of the City. The Common Council must find that the costs of paying the Living Wage outweigh the benefits. All Special Waiver requests shall be submitted to the Applicable Department which, if endorsed by the Mayor, shall be forwarded to the Common Council for action in the form of a resolution. All Special Waivers shall include the following:

- (1) The nature of the contract or subsidy;
- (2) An explanation of why payment of the Living Wage will have one or more of the adverse influences outlined above in 8(c); and
- (3) A statement of lower wages paid by the Covered Employer.

(d) Hardship Waiver for Not-for-Profits. A Not-for-Profit Covered Employer may apply for a Hardship Waiver with the Applicable Department where payment of the Living Wage would cause a demonstrated harm to services and the Common Council finds that said harm outweighs the benefits of this Chapter. All requests for Hardship Waivers for Not-for-Profits shall be submitted to the Applicable Department which, if endorsed by the Mayor, shall be forwarded to the Common Council for action in the form of a resolution. All Hardship Waiver requests shall include the following:

- (1) The award to which this Chapter applies;
- (2) An explanation of how the payment of the Living Wage will cause undue hardship;
- (3) A statement of lower wage paid by the Covered Employer; and
- (4) A written plan to fully comply with this Chapter within a reasonable period of time, not to exceed three years.

(e) Hardship Waiver for Recipients of Tax Abatements. A Covered Employer receiving a tax abatement award may apply for a waiver when:

- (1) The estimated benefits far exceed the actual benefits of the award; and
- (2) This disparity results in undue hardship.

(f) When an emergency has been declared by the Mayor or Common Council, waivers shall be granted without the need for consideration by the Common Council when said services are required by the emergency. In the event the emergency waiver is triggered by mayoral declaration, the Mayor shall submit a report to the Common Council at its next regular session explaining the emergency and reason(s) for the waiver.

Section 9. Annual Reporting. Section 2.28.080 shall be inserted into the Bloomington Municipal Code and shall read as follows

Section 2.28.080 Annual Reporting.

Each Applicable Department shall file a City Assistance report with the City Controller at the end of each fiscal year, to be forwarded to the City Council, indicating for each contract for Assistance during the year just ending:

- (a) The contract's purpose when awarded;
- (b) Its cost to the City in terms of both expenditures by the City for services and revenues not collected by it;
- (c) The number of jobs associated with the contract broken down by job classification, and wage rate; and
- (d) The net increase or decrease in jobs associated with the contract broken down in the same way.

Section 10. Effective Date. This ordinance shall go into effect immediately upon passage by the Common Council, approval by the Mayor, and publication, and shall apply to Assistance awarded on or after January 1, 2006.

Section 11. Severability. If any sections, sentence or provision of this ordinance, or the application thereof to any person or circumstances shall be declared invalid, such invalidity shall not affect any of the other sections, sentences, provisions, or applications of this ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are declared to be severable.

PASSED AND ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this _____ day of _____, 2005.

 ANDY RUFF, President
 Bloomington Common Council

ATTEST:

 REGINA MOORE, Clerk
 City of Bloomington

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana, upon this _____ day of _____, 2005.

 REGINA MOORE, Clerk
 City of Bloomington

SIGNED and APPROVED by me upon this _____ day of _____, 2005.

 MARK KRUZAN, Mayor
 City of Bloomington

Synopsis

This ordinance amends Title 2 of the Bloomington Municipal Code entitled “Administration and Personnel” by adopting Chapter 2.28 entitled the “City of Bloomington Living Wage Ordinance.” This Chapter requires the City and employers who receive City service contracts and/or City assistance of other forms to pay employees at least a minimum living wage and creates procedures for enforcement in the event of violations of this requirement.

This ordinance was revised between the time it was distributed in the packet and the time it was introduced at the Regular Session on March 2, 2005.

Summary of Living Wage Ordinance (March 2, 2005)

Purpose: Ensure that the City, City service contractors and subcontractors, and beneficiaries of certain City subsidies pay a wage sufficient for a working family to meet basic needs in housing, child care, food, clothing, household items, transportation, health care, and taxes.

By Pursuing this Legislation, the City Intends to: Lessen poverty; increase personal economic self-sufficiency; increase the local economic base and revenues; improve quality of life; decrease City expenditures due to poverty, and act in a responsible and ethical manner

Definition of a Living Wage: \$10.00 per hour with as much as \$1.50 per hour credited for health insurance provided by the employer.

No More Take-Home Pay for Employees Who Opt-Out of Health Insurance: Employees who opt-out of employer health insurance will still be credited with the per hour value of the health insurance benefits.

Less for Tipped employees: \$10.00 per hour minus 10% of the annual sales for the employer prorated on an hourly basis per employee.

Inflation Adjustment: The living wage shall increase at the beginning of each calendar year by the same percentage as the Consumer Price Index for All Urban Consumers increases during the year ending the previous June 30.

Who Must be Paid a Living Wage: The City of Bloomington and all Covered Employers who enter into certain service contracts or subcontracts with the City or who are beneficiaries of certain subsidies must pay a living wage to Covered Employees.

Covered Employers include the City of Bloomington as well as for-profit employers with at least 10 employees or not-for-profit employers with at least 15 employees, **Who either:**

Enter into Contracts or Subcontracts with the City

- worth at least \$10,000 and
- primarily for the performance of food services, janitorial services, utility and building maintenance, landscaping, laundry services, parking lot management and attendance, waste management, pest control, auto repair, clerical and office duties, resident and day shelter services, street maintenance, and sidewalk construction and maintenance;

Two reasons for including these services: First, some of these positions are performed by City employees and should be paid a

living wage if ever performed through contract and, second, others are services that typically pay less than a living wage.

Note: more than one contract for the foregoing services that have a cumulative value of at least \$10,000 and have been divided without a legitimate and compelling business or public purpose will be considered as a single contract.

or

Receive (are Beneficiaries of) a Subsidy or Subsidies:

- in the form of the following economic development funds or programs: tax abatements, Bloomington Investment Incentive Loan Fund grants, or certain expenditures from Industrial Development Fund, and
- the value of the award is at least \$25,000, or
- in the form of social services grant through CDBG or the Jack Hopkins Social Services funds, and
- the aggregate value of the award(s) is at least \$25,000 in any calendar year; or
- in the form of new subsidies which shall considered by the Common Council before they are offered to the public.

Must pay a Living Wage to Covered Employees which include the following persons and for the following activities or periods of time:

- persons performing services directly and specifically fulfilling the contract or subcontract,
- persons in positions that have been created or retained as a result of economic development subsidies (or in positions that perform substantially the same duties as those previously identified positions) for a period that begins upon receipt of the award and lasts for as much as 10 years. To determine the period of obligation: divide the total value of the award by \$25,000 and then round down to the nearest whole number. For example: $\$240,000 / \$25,000 = 9$ years.
- persons performing work operating a social services program while the grant for that program is in effect. The grant remains in effect from the receipt of the award to the end of the City program's fiscal year.

Note: volunteers, persons in common construction wage positions, work-study positions, vocational rehabilitation programs, training positions with a duration of less than 6 months, and under the age of 18 in temporary or seasonal positions are not covered by this

ordinance. Revisions to the ordinance added two more exemptions: Persons with disabilities who work in sheltered workshops; Seasonal employees of the City's Parks and Recreation Department situated outside the departmental offices who work less than 0.75 FTE (approximately 1560 hours) in any calendar year.

Other Obligations Imposed upon Covered Employers: Along with paying a living wage, Covered Employers must:

- Notify Covered Employees how the ordinance may affect them (by posting notices in conspicuous locations frequented by these employees);
- Include a living wage provision in contracts subject to this ordinance;
- Not retaliate against employees who pursue enforcement of the ordinance;
- Provide information to the administrator about the Service Contract or Subsidy, Beneficiary, and workforce profile;
- Provide wage levels for covered employees and employment needs under the award including net change in number and rates of pay for positions;
- Keep records for at least three years that include information requested by the administrator(s) of this ordinance that is necessary to verify compliance in a reasonably convenient manner; and
- Provide these records upon request.

Covered Employers May be Exempt from the Ordinance: Covered Employers may be exempt or obtain a waiver from the obligations of this ordinance under the following circumstances:

- **Phase-In for Certain Non-Profit Entities.** Non-profit entities may phase-in their obligation to pay a living wage for the first two years in which they receive a Subsidy from the City. For those two years, which need not be consecutive, they must pay at least 15% of the difference between the existing wage and the living wage at the beginning of the first year and at least 35% of the difference at the beginning of the second year.
- **Waivers.** Mayor to endorse waivers that are forwarded to the Council in the form of a resolution. They include a:
 - General Waiver when the Corporation Counsel believes the application of the ordinance would be illegal;
 - Special Waiver when the Living Wage would substantially curtail services; have an adverse impact on the City; or otherwise not be in the best interests of the City. In granting the waiver the Council must find that the costs outweigh the benefits of paying the living wage;
 - Hardship Waiver for Not-for-Profits when the benefits of paying a Living Wage are outweighed by the reduction of services resulting

from that obligation. Applicants must provide a plan for complying with the ordinance within 3 years;

- Hardship Waiver for Tax Abatement Recipients when the estimated value of the abatement is significantly less than the actual benefits received and the disparity causes undue hardship; and
- Emergency Waiver which can be declared by the Council and the Mayor (who must notify the Council at the next Regular Session and explain the waiver).

Enforcement: The administrator(s) of the program may investigate Covered Employers based upon monitoring of assistance or upon complaint by a Covered Employee.

Consequences of Non-Compliance: After an investigation, notice and a hearing, and a period of time for the Covered Employer to correct the problem, the Corporation Counsel may order restitution of wages, termination of assistance, and ineligibility for future assistance for a period of three years. The City is not liable for incorrectly paid wages except when it is acting as the Covered Employer. In that regard, it will provide back pay to exempt seasonal Parks and Recreation employees who work over $\frac{3}{4}$ time in one calendar year.

Annual Reporting: The administrator(s) of this ordinance must submit an annual report to the Council (via the Controller) regarding each contract or subsidy covered by this ordinance. The report must include the purpose, cost to the City (including foregone revenue), number and net change of jobs associated with each of those contracts or subsidies.

Effective Date: The ordinance will go into effect upon adoption and publication and apply to contracts or subsidies awarded on or after January 1, 2006.



**City of Bloomington
Office of the Common Council**

To: Common Council
From: Daniel Sherman, Council Administrator/Attorney
Re: Revisions to Ord 05-08 (Amending Title 2 in order to Adopt a Living Wage Ordinance)
Date: March 2, 2005

Councilmember Ruff, the Mayor, and various departmental staff met last Friday as well as this afternoon to discuss the ordinance and possible revisions to it. Councilmember Ruff has agreed to many revisions which are included in the attached ordinance he wishes to introduce tonight. The following is a brief summary of the revisions:

SECTION 3 – DEFINITIONS

Assistance –

(a)(1)(A) Service Contract – clarifies that the contract is “primarily for the performance” of the 15 services enumerated in that section. This is intended to exclude the contracts where the enumerated services are only an ancillary aspect of the contract.

(a)(1)(B) concerning Subcontracts – clarifies the concept of sub-contract.

(b) Subsidy – There are significant changes to this definition which:

- No longer require Economic Development Subsidies to be aggregated in order to determine whether the \$25,000 monetary threshold has been met;
- Clarify that all expenditures from the Industrial Development Fund (CRED) fall within the scope of the ordinance except those related to “publicly-owned infrastructure.” (The packet version of the ordinance unsuccessfully attempted to draw the line, in part, by including expenditures that “primarily benefited” the private entity.)
- Imposes the obligation to pay a Living Wage at the point the Covered Employer receives the award and sets the period of the obligation according to the following formula: $\text{Total Award} / \$25,000 = \text{Years of Obligation}$ (rounded down to the nearest whole number), but not to exceed 10 years;
- Continues to require that awards under the two social services grants subject to this ordinance (CDBG and Jack Hopkins SS program funds) be aggregated;
- Imposes the obligation to pay the Living Wage under these social services grants from the time they receive their award until the end of the program year;

Covered Employee

(a)(1) – exempts seasonal employees in the Parks and Recreational department who work less than 0.75 FTE in any one calendar year (but don’t work within the main offices of this department).

** Note: Daniel Grundmann estimates that this will reduce the cost to the City for employee salaries to under \$50,000 next year and entail the conversion of about 3 persons from seasonal to regular benefited positions.*

(a)(4) – clarifies that only those employees performing “services directly and specifically toward fulfilling the (service) contract...” must be paid the Living Wage. (This means that employees performing administrative or ancillary duties are not subject to the Living Wage requirement.)

(b) (7) – exempts persons with disabilities who work at StoneBelt workshops.

SECTION 4 – AMOUNT OF THE LIVING WAGE

(a) Amount of the Living Wage –simplifies the definition of the Living Wage by starting at \$10 and deducting \$1.50 for health care contributions (rather than starting at \$8.50 and adding the \$1.50 for health insurance).

(d) Phase-In and Supplemental Funds for Not-for-Profits – clarifies the two-year phase-in procedure for not-for-profits and drops the provision of supplemental funds in favor of a waiver (see Section 8 – Waivers).

SECTION 6 – OBLIGATIONS OF COVERED EMPLOYERS

(c) Notification – drops the requirement that Covered Employers must notify Covered Employees individually of the Living Wage Ordinance (but still requires them to post notice of the ordinance in a conspicuous location frequented by employees).

SECTION 7 – ENFORCEMENT

(c)(3) Remedies – exempts the City from any liability for any incorrectly paid wages except when it is the Covered Employer. And, requires the City’s Parks and Recreation department to pay back wages to its seasonal employees who are exempted under the ordinance, but end up working more than 0.75 FTE’s in a calendar year. The department must pay these wages within 8 weeks of the beginning of the next calendar year.

SECTION 8 – WAIVERS

The revisions significantly expand the waiver provisions in ways that are only briefly noted below. These revisions:

- Require the Mayor to endorse waivers that are forwarded to the Council in the form of a resolution;
- Provide for a:
 - General Waiver when the Corporation Counsel believes the application of the ordinance would be illegal;
 - Special Waiver when the Living Wage would substantially curtail services; have an adverse impact on the City; or otherwise not be in the best interests of the City. In granting the waiver the Council must find that the costs outweigh the benefits of paying the living wage;

- Hardship Waiver for Not-for-Profits when the benefits of paying a Living Wage are outweighed by the reduction of services resulting from that obligation. Applicants must provide a plan for complying with the ordinance within 3 years;
- Hardship Waiver for Tax Abatement Recipients when the estimated value of the abatement is significantly less than the actual benefits received and the disparity causes undue hardship; and
- Emergency Waiver which can be declared by the Council and the Mayor (who must notify the Council at the next Regular Session and explain the waiver).

SECTION 9 – ANNUAL REPORTING

(c) jobs associated with the contract – removes requirement to list race and gender of the work force (which seemed more related to hiring than wage practices).

Note: Councilmember Ruff and the Mayor discussed administrative burden of reporting and its probable benefits. More changes may be offered here in the form of an amendment.

SECTION 10 – EFFECTIVE DATE

This ordinance applied to awards approved at least 90 days after the ordinance went into effect. Now it applies to awards approved on or after January 1, 2006.

**ORDINANCE 05-08 – HIGHLIGHTS OF DIFFERENCES BETWEEN THE
PACKET VERSION AND REVISED ORDINANCE
INTRODUCED ON MARCH 2, 2005**

**TO AMEND TITLE 2 OF THE BLOOMINGTON MUNICIPAL CODE
ENTITLED “ADMINISTRATION AND PERSONNEL”
(Adopting Chapter 2.28 entitled “City of Bloomington Living Wage Ordinance”)**

- Whereas the payment of a living wage to employees of the City of Bloomington, to employees hired to carry out a service contract with the City, and to employees hired to realize the intent of a subsidy by the City will tend to decrease the amount of poverty in the City; and
- Whereas, less poverty will decrease City expenditures and expenditures of other governmental organizations for social welfare programs and other forms of relief; and
- Whereas, the payment of a living wage to those who were near, at, or below the poverty line will tend to increase their ability to be self-sufficient; and
- Whereas, when low income individuals gain the ability to support themselves, all citizens of the City will tend to benefit by living in a community in which there is less illness, better housing, more public involvement, less truancy, and fewer incidents involving criminal justice; and
- Whereas, with increased income, the consumer spending of lower income people will benefit not just themselves but also local businesses; and
- Whereas, a responsible and ethical expenditure of public monies for services and subsidies promotes an economic standard that is reasonable, fair, and conducive to harmonious relations among different groups;

THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF BLOOMINGTON THAT:

Section 1. New Chapter. In the interests of social justice, public harmony, and fiscal responsibility, the Bloomington Municipal Code is hereby amended by inserting Chapter 2.28, which shall be known as the “City of Bloomington Living Wage Ordinance.”

Section 2. Purpose. Section 2.28.010 shall be inserted into the Bloomington Municipal Code and shall read as follows:

Section 2.28.010. Purpose.

The purpose of the Bloomington Living Wage ordinance is to ensure that the City, City service contractors and subcontractors, and beneficiaries of a City grant, tax abatement or other forms of subsidy or assistance pay a wage sufficient for a working family to meet basic needs in housing, child care, food, clothing, household items, transportation, health care, and taxes.

Section 3. Definitions. Section 2.28.020 entitled “Definitions” shall be inserted into the Bloomington Municipal Code and include the following terms which shall appear in alphabetical order:

‘Applicable Department’ – means the City of Bloomington department(s) responsible for administering this chapter.

‘Assistance’ shall include a service contract or subcontract, or subsidy as defined in the following paragraphs.

(a) 'Service Contract or Subcontract' means:

(1) any agreement worth at least \$10,000 which:

(A) is between the City of Bloomington and another party primarily for the performance of any of the following services for the City of Bloomington:

Deleted: and
Deleted: pertains to

- (i) food services on an on-going basis;
- (ii) janitorial and custodial services;
- (iii) security services;
- (iv) parking lot management and attendance;
- (v) waste management;
- (vi) automotive repair and maintenance;
- (vii) landscaping;
- (viii) utility and building maintenance;
- (ix) carpentry;
- (x) clerical and office services;
- (xi) street maintenance and repair;
- (xii) sidewalk construction, maintenance and repair;
- (xiii) laundry services;
- (xiv) pest control;
- (xv) resident and day shelter services; or

(B) delegates the performance of services obligated and enumerated under part (a)(1)(A) to another party through a subcontract or other agreement.

Deleted: requires
Deleted: a portion of the duties
Deleted: foregoing
Deleted: or
Deleted: and is

(C) is between a Beneficiary of a Subsidy and another party for the purpose of operating a social services program funded through a social services subsidy identified under the definition of "Subsidy."

(2) More than one agreement which, when viewed as whole:

- (A) totals at least \$10,000;
- (B) provides services set forth in part (a)(1)(A); and
- (C) has been divided without a legitimate and compelling

business purpose in the event the agreements are between private parties, or without a legitimate and compelling public purpose in the event the City is one of the parties to the agreement(s). A legitimate business or public purpose does not include an intent to pay less than the living wage and a compelling business or public purpose does not include a lack of knowledge of this chapter.

(b) A 'Subsidy' means an award by the City of Bloomington to a person or entity with a total value of at least \$25,000.

Deleted: or an aggregation of such awards in any twelve-month period

(1) The awards shall include the authorization or approval of benefits under the City's following economic development funds or programs:

- (A) tax abatements pursuant to I.C. 6-1.1-12.1.
- (B) grants from Business Investment Incentive Loan Fund

Deleted: -I et. seq.

(BIILF),

(C) all expenditures from the Industrial Development Fund except those associated with the acquisition of right-of-way for and the design, financing, construction, and maintenance of publicly-owned infrastructure serving a Community Revitalization Enhancement District (CRED) pursuant to I.C. 36-7-13.

Deleted: (C) . expenditures from the Industrial Development Fund which are either in the form of a financial agreement with a developer pursuant to I.C. 36-7-13-18 or in another form that primarily benefits an individual parcel or set of parcels within the Community Revitalization Enhancement District (CRED); and¶
¶

(2) The value of the awards under the foregoing economic development funds or programs shall be presented in the legislation necessary for Council approval of these Subsidies and shall reflect the monetary benefit derived by the Beneficiary as estimated by the City at that time.

(3) The obligation to pay a living wage under the foregoing economic development funds or programs shall commence upon the receipt of the award and shall run for a period of years determined by the following formula. The period of obligation to pay a living wage shall equal the value of the award as estimated in the legislation divided by \$25,000, rounded down to the nearest whole number, but not to exceed 10 years. In the event the award is in the form of a tax abatement, receipt of the award shall mean the first year in which the Beneficiary is eligible to take the tax deduction.

(4) The awards shall also include the authorization or approval of grants for the operation of social service agency programs under the:

- (A) Community Development Block Grant (CDBG) funds, and
- (B) Jack Hopkins Social Services Funding Program.

(5) The value of the foregoing awards for the operation of social service agencies shall be presented in the legislation necessary for the Council approval of these Subsidies and shall be aggregated in order to determine whether the \$25,000 monetary threshold has been met.

(6) The obligation to pay a living wage under the foregoing social services awards shall commence upon receipt of the award and shall run until the end of the fiscal year of the program. For purposes of this chapter, the fiscal year for the Jack Hopkins Social Service Funding Program runs from June 1st to May 31st.

(7) In the event the City develops or pursues new awards under new or existing economic development or social service programs, City officials shall notify the Common Council in order for it to decide whether the award(s) should be included as a Subsidy and, therefore, subject to this chapter before those awards may be offered.

(8) A monetary benefit to a person or entity shall be considered an award when it is the direct result of an authorization or approval by the City or its officials who had discretion over the identity of the recipient(s) as well as significant terms of the benefit at the time of the decision.

‘Beneficiary’ – means any person or entity receiving Assistance.

‘City of Bloomington’ – means the departments of the City whose budgets are approved by the Common Council. The term, however, does not include the Bloomington Public Transportation Corporation.

‘Covered Employee’ means a person who is employed in a part time, share time, temporary, or full time status who meets the following conditions:

(a) The person is employed by:

(1) the City of Bloomington, except the seasonal employees in the Parks and Recreation department whose accumulated compensated hours in a calendar year is less than 0.75 FTE (and whose primary location of work is not within the main offices of those departments).

(2) a Covered Employer, during a period when a an Economic Development Subsidy is in effect (*see definition of “Subsidy”*); and the person holds a position identified as either retained or created as a result of that subsidy or the person performs duties substantially similar to one of those previously identified positions;

(3) a Covered Employer, during a period when a Social Services Subsidy is in effect (*see definition of “Subsidy”*) and the person performs work operating the program;

Deleted: (3) In the event the award is in the form of a tax abatement, ¶
¶
(A) the period of the tax abatement shall begin at the earlier of the following two circumstances:¶
(i) occupation of the building or operation of the equipment subject to the tax abatement, or¶
(ii) receipt of the tax deduction, and¶
(B) the value of the tax abatement shall be equal to: ¶
(i) the average annual amount of taxes foregone over the entire period of abatement if that amount is at least \$25,000, or ¶
(ii) the higher of the following amounts as indicated on the tax calculation form provided by the Director of Economic Development:¶
a) the amount of taxes foregone in that one year; or ¶
b) the total amount of the tax abatement divided by \$25,000 rounded down to the next whole number. This whole number shall constitute the number of years the tax abatement shall be valued at \$25,000.¶
¶
(4) In the event the award is under the Business Investment Incentive Loan Fund (BIILF) or the Industrial Development Fund (IDF), then the period and annual value of the award shall be presented in the legislation necessary for Council approval of these Subsidies. ¶
¶
(5) The period and value of an award shall coincide, as much as practicable, with the monetary benefit derived by the recipient. ¶
¶
(6)

Deleted: 7

Formatted: Indent: Left: 0", First line: 1"

(4) a Covered Employer, who has entered into a Service Contract or Subcontract and the person performs services directly and specifically toward fulfilling that contract or subcontract.

Deleted: work

(b) The person is not:

(1) employed pursuant to common construction wage laws as long as the employee is paid a Living Wage;

(2) less than 18 years of age, who is hired as part of a school-to-work program or is hired in seasonal or part-time work;

(3) a student who serves in a work-study program or as an intern in a position that advances the student's career potential;

(4) a trainee participating for not more than six months in a training program;

(5) employed in concert with enrollment in a governmentally funded vocational rehabilitation program;

Deleted: or

~~(6) a volunteer working without pay; or~~

Deleted: (6)

~~(7) exempted under Section 14(c) of the Fair Labor Standards Act due to his or her disabilities.~~

Formatted: Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 6 + Alignment: Left + Aligned at: 1" + Tab after: 1.5" + Indent at: 1.5"

Deleted: .

'Covered Employer' means an employer who must pay at least some of its employees a living wage and includes:

(a) The City of Bloomington;

(b) A Beneficiary who is a for-profit entity with at least 10 employees or a not-for-profit entity with at least 15 employees.

'Tipped Employee' – Any Covered Employee engaged in an occupation in which he or she customarily and regularly receives tips or gratuities from patrons and others.

Section 4. Amount of Living Wage. Section 2.28.030 shall be inserted into the Bloomington Municipal Code and shall read as follows:

Section 2.28.030 Amount of Living Wage

(a) For all Covered Employees, except Tipped Employees, the Living Wage shall begin at \$~~10.00~~ per hour minus an amount not to exceed \$1.50 per hour and which equals the hourly equivalent of the employer's contribution to the employee's health insurance. For purposes of this chapter, health insurance shall not include disability insurance and shall be valued at the average amount the employer paid per hour for each employee for health insurance in the previous year or other more accurate measure of such benefit. The Living Wage for Covered Employees who elect not to receive the employer's health insurance shall include the per hour value of the health insurance.

Deleted: 8.50

Deleted: plus the

Deleted: by

Deleted: is less than \$1.50 per hour

(b) The Living Wage for Covered Employees who are Tipped Employees of a Covered Employer shall be the Living Wage for other Covered Employees minus 10% of the annual sales for the employer prorated on an hourly basis per employee.

(c) Inflation adjustment. The \$8.50 per hour component of the Living Wage shall be increased at the beginning of each calendar year by the same percentage that the Consumer Price Index for All Urban Consumers increases during the year ending the previous June 30. The same rule applies to the base \$1.50 per hour for health insurance.

(d) Phase-in Period for Not-for-Profits

Deleted: and supplemental funds

Deleted: non-profits

~~(1) A non-profit Covered Employer shall not be obligated to pay a living wage in the first two years it receives an award from the City after December 31, 2005. However, during those two years, which need not be consecutive, the not-for-profit organization shall reduce the gap between its wages and the Living Wage by 15% at the beginning of the first year and by 35% at the beginning of the second year of award.~~

Deleted: (1) A non-profit organization may receive Assistance for up to two years after the effective date of this ordinance before being obligated to pay the full Living Wage.

Deleted: in

Deleted: non

Deleted: assistance

Section 5. Applicability of Chapter. Section 2.28.040 shall be inserted into the Bloomington Municipal Code and shall read as follows:

Deleted: ¶
(2) A non-profit organization receiving Assistance may be eligible for supplemental funds from the City in any of the first four years after the effective date of the ordinance. To be eligible for supplemental funds in a given year, it must show to the City Council that its cost of complying with the phase-in under 4(d)(1) of this chapter during that year would necessitate an important cutback in services. The amount of the supplement shall be no more than one-half of that cost. ¶

Section 2.28.040 Applicability of Chapter.

The City of Bloomington and all Covered Employers who are Beneficiaries of Assistance from the City either in the form of a Service Contract or Subcontract or a Subsidy are subject to this chapter and shall pay all Covered Employees a Living Wage.

Section 6. Obligations of Covered Employers. Section 2.28.050 shall be inserted into the Bloomington Municipal Code and shall read as follows:

Section 2.28.050 Obligations of Covered Employers

(a) Applications and contracts for Assistance. The Beneficiary of Assistance shall submit:

(1) A written commitment to pay all Covered Employees at least a Living Wage pursuant to this Chapter;

(2) The identity of the program under which Assistance would be awarded, a contact name, the address and phone number for the Beneficiary, and a current workforce profile for the Beneficiary;

(3) Projected wage levels for all Covered Employees, projected employment needs under the anticipated award, and projected net increase or decrease in jobs by job classification and wage rates that will result from awarding the Assistance;

(b) Record keeping

(1) Each Covered Employer shall maintain payrolls for all Covered Employees and basic records relating thereto and shall preserve them for a period of three years. The records shall contain the name and address of each employee, the job title and classification, the number of hours worked each day, gross wages, deductions made and net wages, Social Security records and evidence of payment, employer contribution toward health care, and other data as may be required by the Applicable Department from time to time.

(2) Covered Employers shall on request provide these records and all related payroll records, including payroll tax filings and tax returns, for inspection by the Applicable Department.

(c) Notification. Covered Employers shall provide notice to Covered Employees of this chapter. The notice shall be provided by the Applicable Department to be posted conspicuously in areas of the workplace frequented by Covered Employees.

Deleted: and distributed by the Covered Employer to all Covered Employees and

(d) Contract Terms. Covered Employers shall include in all contracts subject to this chapter a provision approved the Applicable Department which refers the parties to this chapter and the obligations it imposes upon them.

(e) Retaliation Prohibited. The Covered Employer shall not discriminate in any manner against any employee for making a complaint, participating in the complaint proceedings, or using civil, statutory or collective bargaining remedies to advance their

interests under the chapter. The City Attorney shall investigate allegations of retaliation or discrimination, ordering appropriate relief if they are found to be true.

Section 7. Enforcement. Section 2.28.060 shall be inserted into the Bloomington Municipal Code and shall read as follows:

Deleted: ¶

Section 2.28.060 Enforcement.

Enforcement of this Chapter may be based on complaints of noncompliance by Covered Employees or on monitoring for compliance by Applicable Department(s).

(a) Monitoring

(1) The Applicable Department(s) may develop rules to review contract documents to ensure that relevant language and information are included in City request for proposals, agreements and other relevant documents.

(2) The Applicable Department may conduct routine reviews, spot checks and investigations of Covered Employers to ensure compliance.

(b) Complaint process

(1) Any Covered Employee who believes his or her employer is not complying with this chapter may file a complaint in writing with the Applicable Department or with the City Controller within a year after the alleged violation.

(2) The Applicable Department shall conduct an investigation of the complaint, during which it may require from the Covered Employer evidence such as may be required to determine whether the Covered Employer has been compliant, and shall make a finding of compliance or noncompliance within a reasonable time after receiving the complaint.

(3) Prior to ordering any penalty, the Applicable Department shall give notice to the Covered Employer. The Covered Employer may dispute a finding of noncompliance by requesting a hearing from the City Attorney within 30 days of the finding. The City Attorney shall appoint a Hearing Officer, who shall affirm or reverse the finding based on evidence presented by the Applicable Department and the Covered Employer.

If at any time during these proceedings, the Covered Employer voluntarily makes restitution of the wages not paid to the Covered Employee, or otherwise remedies the violation alleged, then the Applicable Department shall thereafter dismiss the complaint against the employer.

(c) Remedies

(1) If, after notice of finding and hearing, a Covered Employer is found to be noncompliant, the Covered Employer shall correct violations and make restitution of wages retroactively to the beginning of the contract term within 15 days, unless otherwise extended by way of agreement between the Covered Employer and Applicable Department.

(2) If violations are not corrected within 15 days or within the timeframe otherwise agreed upon between the Applicable Department and Covered Employer, the City Attorney may do one or more of the following:

(A) freeze the Covered Employer's Assistance, until the Applicable Department determines that the violations have been corrected;

(B) terminate the Covered Employer's Assistance;

(C) order the Covered Employer ineligible for future Assistance for three years or until all restitution has been paid, whichever is longer.

(3) Liability for payment of a living wage shall rest solely with the Covered Employer and the City shall not be liable for any incorrectly paid amounts except when it acts in the capacity of a Covered Employer. In that regard, if the

accumulated compensated hours of a seasonal employee of the City of Bloomington Parks and Recreation department exceeds 0.75 FTE in a calendar year, and that employee had not been paid a Living Wage for any portion of those compensated hours, then the Parks and Recreation department shall pay that employee the difference between the Living Wage and his or her actual paid compensation for the accumulated hours of that calendar year and within eight weeks after the end of that calendar year.

Section 8. Waivers. Section 2.28.070 shall be inserted into the Bloomington Municipal Code and shall read as follows:

Section 2.28.070 Waivers.

(a) A Covered Employer may request that the Mayor propose that the Common Council grant a partial or whole waiver to the requirements of this Chapter.

(b) General Waiver. Waivers may be granted where application of this chapter to a particular form of Assistance is found by Corporation Counsel to violate a specific state or federal statutory, regulatory, or constitutional provision or provisions and where the City Council approves the waiver on that basis. A General Waiver request shall be submitted to the Applicable Department which, if endorsed by the Mayor, shall be forwarded to the Common Council for action in the form of a resolution.

(c) Special Waiver. The Mayor may apply for a Special Waiver where payment of the Living Wage by a Covered Employer will: substantially curtail the services provided by the Covered Employer; have an adverse financial impact on the City; or is not in the best interests of the City. The Common Council must find that the costs of paying the Living Wage outweigh the benefits. All Special Waiver requests shall be submitted to the Applicable Department which, if endorsed by the Mayor, shall be forwarded to the Common Council for action in the form of a resolution. All Special Waivers shall include the following:

- (1) The nature of the contract or subsidy;
- (2) An explanation of why payment of the Living Wage will have one or more of the adverse influences outlined above in 8(c); and
- (3) A statement of lower wages paid by the Covered Employer.

(d) Hardship Waiver for Not-for-Profits. A Not-for-Profit Covered Employer may apply for a Hardship Waiver with the Applicable Department where payment of the Living Wage would cause a demonstrated harm to services and the Common Council finds that said harm outweighs the benefits of this Chapter. All requests for Hardship Waivers for Not-for-Profits shall be submitted to the Applicable Department which, if endorsed by the Mayor, shall be forwarded to the Common Council for action in the form of a resolution. All Hardship Waiver requests shall include the following:

- (1) The award to which this Chapter applies;
- (2) An explanation of how the payment of the Living Wage will cause undue hardship;
- (3) A statement of lower wage paid by the Covered Employer; and
- (4) A written plan to fully comply with this Chapter within a reasonable period of time, not to exceed three years.

(e) Hardship Waiver for Recipients of Tax Abatements. A Covered Employer receiving a tax abatement award may apply for a waiver when:

- (1) The estimated benefits far exceed the actual benefits of the award;
and
- (2) This disparity results in undue hardship.

(f) When an emergency has been declared by the Mayor or Common Council, waivers shall be granted without the need for consideration by the Common Council when said services are required by the emergency. In the event the emergency waiver is triggered by mayoral declaration, the Mayor shall submit a report to the Common Council at its next regular session explaining the emergency and reason(s) for the waiver.

Formatted: Font: Not Bold

Formatted: Indent: Left: 0.5", First line: 0"

Deleted: Waivers may be granted where application of this chapter to a particular form of Assistance is found by the City Attorney

Formatted: Indent: Left: 0", First line: 0.5"

Section 9. Annual Reporting. Section 2.28.080 shall be inserted into the Bloomington Municipal Code and shall read as follows

Section 2.28.080 Annual Reporting.

Formatted: Indent: Left: 0"

Each Applicable Department shall file a City Assistance report with the City Controller at the end of each fiscal year, to be forwarded to the City Council, indicating for each contract for Assistance during the year just ending:

(a) The contract's purpose when awarded;

(b) Its cost to the City in terms of both expenditures by the City for services and revenues not collected by it;

(c) The number of jobs associated with the contract broken down by job classification, ~~and wage rate;~~ and

Deleted: , race, and gender

(d) The net increase or decrease in jobs associated with the contract broken down in the same way.

Section 10. Effective Date. This ordinance shall go into effect immediately upon passage by the Common Council, approval by the Mayor, and publication, ~~and shall~~ apply to Assistance awarded ~~on or after January 1, 2006.~~

Deleted: . However, it

Deleted: at least 90 days

Deleted: the ordinance has been published.

Section 11. Severability. If any sections, sentence or provision of this ordinance, or the application thereof to any person or circumstances shall be declared invalid, such invalidity shall not affect any of the other sections, sentences, provisions, or applications of this ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are declared to be severable.

PASSED AND ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this _____ day of _____, 2005.

ANDY RUFF, President
Bloomington Common Council

ATTEST:

REGINA MOORE, Clerk
City of Bloomington

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana, upon this _____ day of _____, 2005.

REGINA MOORE, Clerk
City of Bloomington

SIGNED and APPROVED by me upon this _____ day of _____, 2005.

MARK KRUZAN, Mayor
City of Bloomington

Synopsis

This ordinance amends Title 2 of the Bloomington Municipal Code entitled “Administration and Personnel” by adopting Chapter 2.28 entitled the “City of Bloomington Living Wage Ordinance.” This Chapter requires the City and employers who receive City service contracts and/or City assistance of other forms to pay employees at least a minimum living wage and creates procedures for enforcement in the event of violations of this requirement.

This ordinance was revised between the time it was distributed in the packet and the time it was introduced at the Regular Session on March 2, 2005.

Deleted: ¶

Formatted: Font: Not Bold, Italic

The Herald-Times, March 3, 2005
Page A6

Living wage advocates on path to unintended consequences

Guest Column

Editorial

March 3, 2005

The following guest column was submitted by three faculty members of Indiana University: Lloyd Orr, professor emeritus, economics; Martin Spechler, professor, economics; and Kurt Zorn, professor, School of Public and Environmental Affairs.

Why is poverty so persistent in the face of multiple programs designed to reduce it? One important reason: policy ignores unintended consequences. Living wage advocates are treading along this same well worn path — good intentions, disappointing outcomes. Good social policy requires a warm heart, but a cool head.

Consider the costs of the "living wage." They will be shared by taxpayers, firms and others contracting with the city, and eventually, consumers. Advocates assert that costs will be low and that firms will absorb most of them. There is little or no evidence to support this claim. We think the prosperity of local firms (and nonprofits) that provide the community's employment base does matter.

Who would benefit from these higher wages? Several studies show that over 70 percent of the direct benefits go to those with earnings above the poverty line. Many of these individuals and families are still quite poor. However, over 40 percent of the benefits would go to families with earnings of more than twice the poverty line — two-income families and secondary wage earners in a family. Those below the poverty line get less than 30 percent of the direct benefits. One could still make a case for the living wage, but only by ignoring unintended consequences.

At a higher mandated wage, more qualified and experienced workers will compete for living wage jobs. Less qualified workers would be disadvantaged because employers seek the best applicants at any given wage. Workers most needing help would tend to lose.

Living wage advocates recently brought Professor Mark Brenner to Bloomington to bolster their case. He claimed his Boston survey showed that living wages did not hurt the least skilled workers. His proof? "No affected firm reported changing hiring standards as a result of living wage implementation." This is no evidence. When questioned at his city council appearance, Brenner agreed that his survey question didn't really address the issue of competition for jobs between more and less qualified applicants.

Receiving the living wage would actually harm many people with earnings below the poverty line! When earnings rise above the poverty line, the earned income tax credit is reduced by \$.20 for every \$1 increase in earnings. When combined with other lost welfare benefits and taxes, many of the poorest families receiving welfare benefits and the living wage will see their spendable incomes fall. Brenner dismissed this problem by stating that welfare recipients were only 30-40 percent of the target population. In the study Brenner cited, Professor Aaron Yelowitz notes welfare recipients are over 50 percent of families with incomes up to twice the poverty line. The percentage is higher for families below the poverty line.

Yelowitz measured the average net income gains from a living wage of \$8.83/hour. For low-income families receiving welfare benefits, the average increase in earnings was \$2,099, but because of lost benefits and taxes, their average increase in spendable income was only \$187! More than 90 percent of the apparent benefit of the "living wage" never got to the targeted poor.

This experience indicates that most living wage dollars expended by Bloomington would go to state and federal governments, mostly in reduced welfare benefits, but also increased taxes! Living wages are not well targeted in terms of their own stated goals. They do not complement existing anti-poverty programs — they compete with them. There are more effective ways for the city council to use local resources to help the truly needy. Health care, housing and training are not so "feel-good," but they work.

The Living Wage: Survey of Labor Economists

The Survey Center
University of New Hampshire

Employment Policies Institute
August 2000

The University of New Hampshire Survey Center

The UNH Survey Center is an independent, non-partisan academic survey research organization and a division of the UNH Institute for Policy and Social Science Research.

The Survey Center conducts telephone, mail, e-mail, Internet, and self-administered surveys, as well as focus groups and other qualitative research for university researchers, government agencies, public non-profit organizations, private businesses, and media clients.

Our senior staff have 22 years experience in designing and conducting custom research on a broad range of political, social, health care, and other public policy issues.

Dr. Andrew E. Smith, Director
UNH Survey Center
Thompson Hall
Durham, New Hampshire 03824
603/862-2226 (voice)

603/862-1488 (FAX)
Andrew.Smith@unh.edu

Living Wage Survey of Labor Economists

Executive Summary

The 2000 Living Wage Survey was conducted by the University of New Hampshire Survey Center for the Employment Policies Institute in February and March, 2000. Three hundred thirty-six (336) labor economists in the United States completed mail questionnaires for the survey. A list of economists was obtained from the American Economic Association (AEA) and consisted of all AEA members who indicated that their primary or secondary area of expertise is labor economics. For a more complete description of survey methodology, please see the attached Technical Report.

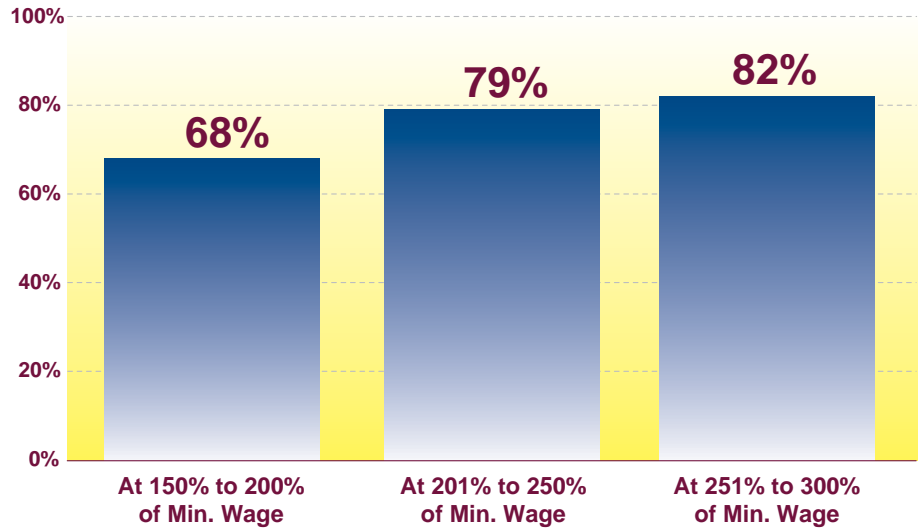
The major findings of this survey include:

- More than three-fourths of labor economists believe a national living wage would result in employers hiring better skilled applicants than they hired before the increase. Similarly, more than three-fourths of labor economists believe that a national living wage policy would result in employment losses. On a local level, the higher the proposed level of the living wage (in terms of its percentage of the current minimum wage level) the more likely employers are to hire better-skilled applicants. Also, the higher the proposed level of the living wage (in terms of its percentage of the current minimum wage level) the more likely employment losses will result.
- More than eight in ten labor economists strongly oppose using a family of four as the standard for setting hourly minimum wage levels. Economists are also strongly opposed to using a family of three as the standard for setting minimum wage levels.
- Labor economists were asked to rate the efficiency of three proposed policies which address the income needs of poor families: a living wage ordinance, the Earned Income Tax Credit, and general welfare grants. Of these three options, the Earned Income Tax Credit is rated most efficient followed by general welfare grants. A living wage ordinance is judged least efficient.
 - More than half of labor economists (51%) rated the Earned Income Tax Credit as very efficient, another 47% believe it is somewhat efficient, and only 2% think it is not at all efficient.
 - General welfare grants are rated very efficient by 15% of labor economists, 66% believe they are somewhat efficient, and 19% think they are not at all efficient.
 - Only 7% of labor economists believe a living wage ordinance is a very efficient way to address the income needs of poor families, 24% think it is somewhat efficient, and 69% think it is not at all efficient.
- Labor economists are divided over the impact of a national living wage policy on poverty rates with a plurality (43%) believing that such a policy would lead to increased poverty rates, 31% believe such a policy would lead to reduced poverty rates, and 26% believe such a policy would not result in a change in poverty rates.

No. 1: Impact of Differing Living Wage Levels on Skill Level of Hires

Will a Living Wage Policy Cause Hiring of Applicants with Greater Skills?

(Percent Responding With "Yes")



Survey Question:

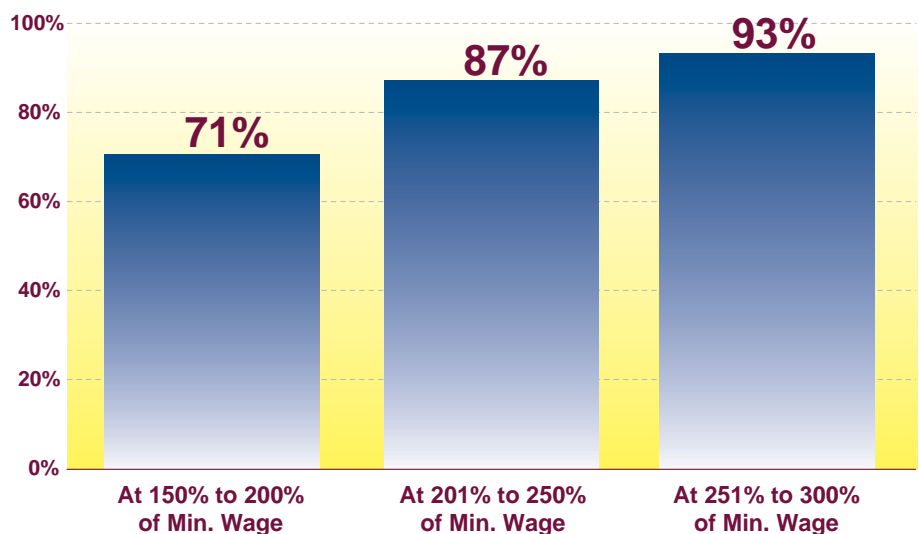
“Do you believe employers affected by a local living wage would hire entry-level employees with greater skills/experience if the enforced living wage was:”

Percent of Current Minimum Hr. Wage	Yes	No	(N)
150% to 200%	68%	32%	(325)
201% to 250%	79%	21%	(326)
251% to 300%	82%	18%	(325)

No. 2: Impact of Differing Living Wage Levels on Number of Entry-Level Employees Hired

Will a Living Wage Policy Cause a Decrease in the Number of Employees Hired?

(Percent Responding With "Yes")



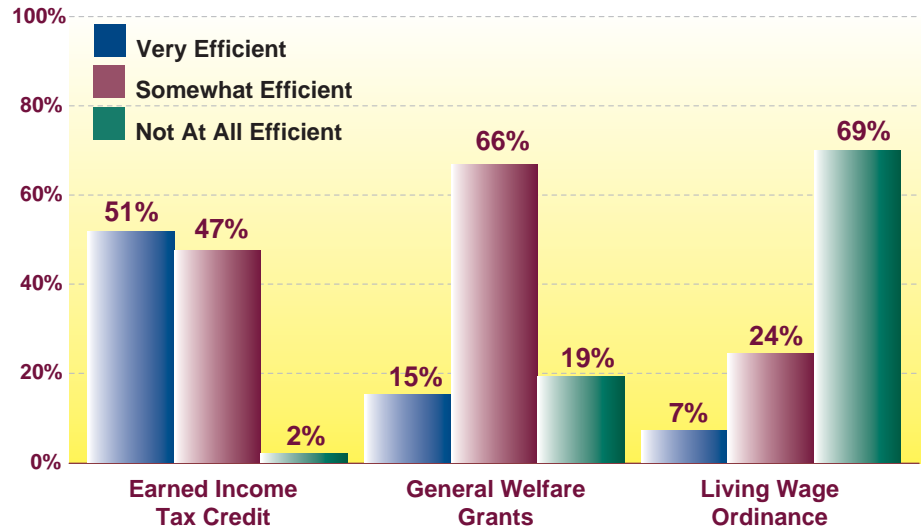
Survey Question:

“Do you believe employers affected by a local living wage law would decrease the number of entry-level employees if the enforced living wage was:”

Percent of Current Minimum Hr. Wage	Yes	No	(N)
150% to 200%	71%	29%	(330)
201% to 250%	87%	13%	(328)
251% to 300%	93%	7%	(328)

No. 3: Efficiency of Anti-Poverty Policies

How Efficient Are Today's Anti-Poverty Policies?



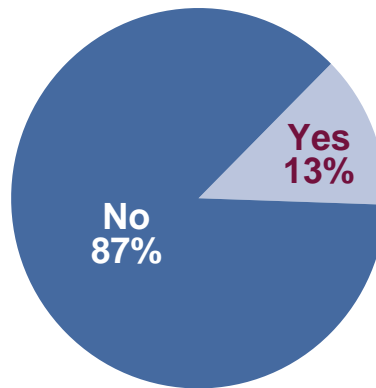
Survey Question:

"In your opinion, how efficient would each of the following proposed policies be in addressing the income needs of poor families, on a scale of 'not at all efficient', 'somewhat efficient', 'very efficient'. A living wage ordinance. Earned Income Tax Credit (and similar wage supplements). General welfare grants (e.g., TANF, food stamps)."

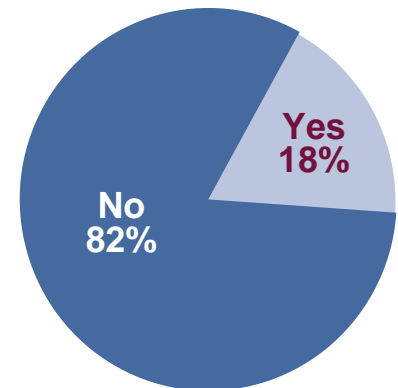
Policy	Very Efficient	Somewhat Efficient	Not At All Efficient	(N)
Earned Income Tax Credit	51%	47%	2%	(331)
General Welfare Grants	15%	66%	19%	(330)
Living Wage Ordinance	7%	24%	69%	(331)

No. 4: Acceptable Standard for Setting Minimum Wage Levels

Is the Poverty Level for a Family of Three/Four an Acceptable Standard in Setting the Hourly Minimum Wage for All Employees?



Family of Four



Family of Three

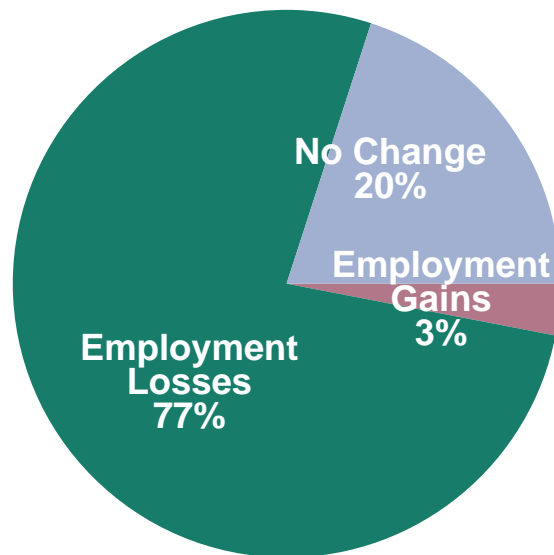
	Yes	No	(N)
Poverty level for a family of four	13%	87%	(322)
Poverty level for a family of three	18%	82%	(322)

Survey Question:

*"According to government data, minimum wage employees are spread across a range of family types, with concentrations among single adults, dual-earner households, and individuals living with parents or relatives. In your opinion, is the poverty level for a family of **four**/**three** an acceptable standard to use in setting hourly minimum wage levels for all employees?"*

No. 5: Impact of National Living Wage Standard on Employment

How Would a National Living Wage Standard Affect Employment?



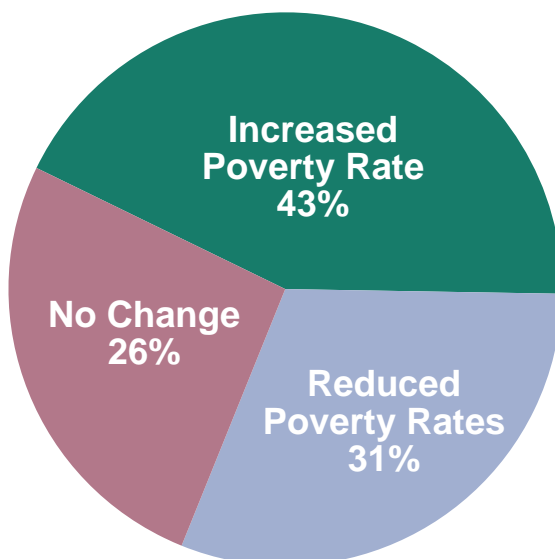
Survey Question:

“Several organizations and federal legislators have proposed a national living wage standard for all employees. Do you believe such a national policy would lead to ... employment gains, employment losses, no change in employment?”

	Percent
Employment Gains	3%
Employment Losses	77%
No Change in Employment	20%
(N)	(332)

No. 6: Impact of National Living Wage Standard on Poverty Rates

How Would a National Living Wage Standard Affect Poverty?



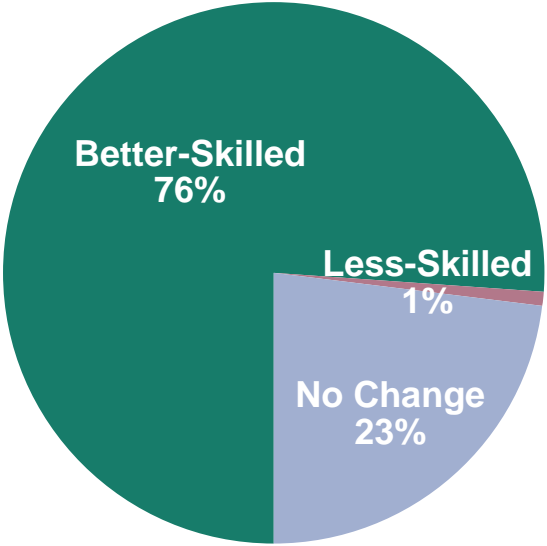
Survey Question:

“Several organizations and federal legislators have proposed a national living wage standard for all employees. Do you believe such a national policy would lead to ... increased poverty rates, reduced poverty rates, no change in poverty rates?”

	Percent
Increased Poverty Rates	43%
Reduced Poverty Rates	31%
No Change in Poverty Rates	26%
(N)	(325)

No. 7: Impact of National Living Wage Standard on Skill Level of Applicants Hired

How Would a National Living Wage Standard Affect Hiring Practices?



Survey Question:
“Do you believe such a national policy would cause employers to hire ... better-skilled applicants, less-skilled applicants, no change in hiring practices?”

	Percent
Better-Skilled Applicants	76%
Less Skilled Applicants	1%
No Change in Hiring Practices	23%
(N)	(324)

Technical Report

The 2000 Labor Economist Living Wage Survey was conducted in late winter and early spring, 2000. A list of 1132 economists was obtained from the American Economics Association who indicated their primary or secondary area of expertise was labor economics.

Survey packets, consisting of an introductory letter from the UNH Survey Center, questionnaire, and postage paid return envelope were mailed to all 1132 economists on the AEA list on February 11, 2000. Reminder postcards were mailed to all 1132 economists on March 10 and the field period for the survey was closed on April 7. Of the surveys mailed, 336 (30%) were returned completed, 3 were returned unanswered, and 8 were unable to be delivered.

Because the entire population of labor economists in the United States (defined as members of the American Economic Association who indicated their specialty was labor economics), there is no sampling error.

Response Dispositions

Disposition	Number	Percent
Completed Surveys	336	29.7%
Returned, not completed	3	0.3%
Unable to deliver	8	0.7%
Not returned	785	69.3%
Total	1132	100%