

What's the Best Way to Help Low-Wage Workers Move Up?

“Living wage” laws sound appealing. But they can kick the ladder out from under people who need a chance to get started in the job market.

In communities all across New York State, labor unions and other advocates are lobbying to require that businesses and nonprofit organizations with government contracts pay every employee at least a “living wage,” in some cases more than \$10 an hour. A few localities here, and a number in other states, have enacted such laws in recent years.

Supporters argue that any employer paying less than the higher wage is, in effect, consigning workers to poverty. But independent economists say the “living wage” reduces job opportunities for the very people it is supposed to benefit — the working poor. It raises costs for local governments, contributing to higher taxes — which, given New York’s already high tax burden, can further reduce economic opportunity for those who need it most. And many families who collect bigger paychecks under the law actually *lose* income through loss of eligibility for various benefit programs.

In fact, the only clear winners from such laws — and, by no coincidence, their most powerful proponents — are public-employee unions who use the statutes as a form of protectionism to strengthen their own bargaining position versus the taxpayers.

There are more effective things government can do to help the working poor. The most important: creating a stronger environment for economic growth so that all low-skilled workers — not just those who work directly or indirectly for government — can find opportunities to move up the ladder.

INSIDE

At first glance, the idea is hard to resist: simply pass a “living wage” law, and low-income workers will be better off. But remember the law of unintended consequences:

- ◆ These laws are likely to take jobs away from many workers, particularly those with the least skills and experience.
- ◆ Even the apparent beneficiaries of mandated higher wages may end up worse off, because of higher taxes and reduced government benefits.
- ◆ Taxpayers will pay more, because these laws strengthen the power of public employee unions.
- ◆ And local governments may therefore have a harder time doing things that would be of more real benefit to the working poor — such as developing a better education system.

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A history of controversy

“Living wage” laws have been surrounded by controversy since city officials in Baltimore enacted the nation’s first such law in 1994. That ordinance required most city contractors to pay employees at least \$6.10 an hour, with the wage requirement rising to \$7.90 by 1999. *The Baltimore Sun* reported that the proposal could require the city to pay contractors more. But, it added, “In an era of tight budgets and a stagnant tax base, Baltimore doesn’t have extra money – and residents show no sign of wanting to pay higher taxes.”

Some 40 cities and a number of other jurisdictions around the country have adopted similar laws in the years since. A handful of those are in New York, including Suffolk County, Buffalo, Rochester and the village of Hempstead (*more on their experience appears below*).

Most proposals to impose a “living wage” cover any contractor doing business with a local government, including construction firms, suppliers of everything from office paper to police cars, and nonprofit organizations. Other versions affect businesses to whom municipalities have offered tax incentives as a means of overcoming anti-competitive local taxes. (Curiously, local governments enacting such laws often exclude their own employees from those who must receive the higher wage.) Often, the laws require vacation and other time off similar to those found in many contracts governing public employees – 12 paid days off and 10 unpaid days for personal or family medical leave are common.

As with existing federal and state laws that set the minimum wage at \$5.15 an hour, the “living wage” covers all employees regardless of their economic status – including, for instance, teenagers from middle-class families as well as low-income heads of households.

Another similarity between “living wage” laws and existing federal and state minimum-wage laws is this: Both types of laws establish the public policy that any job paying less than the statutory wage simply cannot be allowed to exist.

Mistaken wage mandates

Supporters of higher wage mandates say that the imperative of raising all families out of poverty requires employers to pay according to what employees need. That philosophy sounds good, but it ignores the reality of the marketplace – as some local governments have found *after* they enacted such laws.

In Nassau County, the village of Hempstead adopted a local law in October 2001. Within days, however, local leaders were having second thoughts. Because taxes are so high on Long Island, the village offers tax incentives to a wide variety of businesses; the new law applied the higher-wage mandate to any company receiving such incentives. Not long after its adoption, Mayor James A. Garner said the new law had caused “a great deal of confusion,” and added: “We don’t want to shoot ourselves in the foot by chasing away businesses.” The village commissioner of community development expressed similar reservations: “It’s hard to be the only one on the block doing it when you’re competing with

everyone else on the block for the business.” In early December, the village board repealed the law, indicating it would consider a narrower version.

Hempstead is not the only local government to have enacted a living-wage law with little thought to the consequences.

In July 2000, the Suffolk County Legislature approved a bill requiring agencies that do business with the county to pay workers at least \$9 an hour (or \$10.25 without health benefits). County Executive Robert Gaffney vetoed the bill, expressing concern about unknown new costs for both county taxpayers and the nonprofit organizations that would have to pay the higher wages. The legislature overrode his veto and later set aside \$3.5 million to help agencies comply with the law, which takes effect July 1, 2002.

In early 2002, though, a task force that had been appointed to assess the impact of the law found that it would cost at least \$13 million a year to implement. The county Health Department alone projected that its contract agencies would need more than \$6.5 million to pay the higher salaries.

In Buffalo, the Common Council adopted a “living wage” law in mid-1999, but city officials have not enforced the ordinance because of questions over how to administer it. The local law covers all businesses that have contracts with the city exceeding \$50,000, setting the minimum wage for such companies at \$8.08 an hour, or \$9.08 without health coverage. Rochester’s ordinance, adopted in 2000, requires minimum hourly wages of \$8.52 for employees who receive health insurance benefits and \$9.52 for those who do not.

Some “living wage” laws appear to reflect outright contempt for the marketplace. The Suffolk County and Oyster Bay laws, for example, define covered employers to include any “applicant for assistance,” which in turn is any contractor of a certain size that sells the town \$50,000 or more in services. In other words, when the locality purchases good services at a fair price, this is not simply a business transaction — it is a favor, giving “assistance” to the company.

The New York City Council is considering a measure that would require hourly wages of at least \$8.10 an hour, plus health benefits, or \$9.60 if the employee does not receive such benefits. Those figures would rise to at least \$10 and \$11.50 an hour by 2006, plus any additional increase in overall inflation and in the cost of medical care.

In Syracuse, a proposed ordinance would require wages of at least \$8.96 per hour, or \$10.58 if an employer does not provide health benefits. The law would cover the city, the Syracuse City School District, contractors to the city or its public schools, or any business that receives economic assistance of \$10,000 or more from the city. Like the New York City proposal and some existing laws, the Syracuse ordinance would require wages to rise with inflation in future years, while prohibiting any adjustment if the Consumer Price Index goes down.

Syracuse Mayor Matthew J. Driscoll has sensibly asked the Common Council to defer any action pending research on how much families would actually gain after they pay more in taxes and lose various benefits. Mayor Driscoll also called

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for a close look at potential economic effects, and suggested that the city should not act unless county government does as well.

News coverage of the Syracuse proposal revealed a common, if curious, difference in what some supporters seek as public policy and their own employment practices. While the primary impetus for the Syracuse proposal comes from labor unions, other supporters include the Roman Catholic Diocese of Syracuse. Among those workers who might benefit from the law, according to the *Post-Standard*, are employees of Catholic Charities of Onondaga County, which contracts with the city to provide senior nutrition and other services. The newspaper profiled a cook who earns just over \$7 an hour, and another Catholic Charities employee who is paid \$6.19 an hour.

“The problem is we operate with very finite resources,” the executive director of Catholic Charities told the newspaper. This is true, of course, of most, if not all, of the employers targeted by these laws.

Proposals to mandate higher wages have arisen not only in the form of municipal laws, but in regulations being considered by some economic development organizations. After several board members representing organized labor joined the Niagara County Industrial Development Agency earlier this year, for instance, the agency started considering a requirement that all companies receiving agency assistance pay wages significantly above the state minimum wage and offer health benefits.

How do living-wage laws affect workers and taxpayers?

Let’s say you run a nonprofit day care center in Suffolk County. The rates you charge are as low as the center can afford, so that families will have a good place for their children while parents are earning a living. You pay what you need to, in order to attract qualified help – but to make this vital service affordable, you must keep all your expenses, including wages, as low as possible.

The county’s “living wage” law directly affects roughly a third to half of all day care centers in the county, those that employ 10 or more and meet other criteria. Directors of 20 facilities, serving 516 children funded by the county as well as a number of families who cover all their own costs, told county officials they would be forced to raise rates to pay the newly mandated wage. Rate increases would average \$45 a week, with some increasing as much as \$140 a week per child.

“If contracted child care centers are forced to offer wages of at least \$9 an hour, all formal providers will be forced to compete with that wage level,” the director of the county Child Care Bureau wrote. “Facilities that are exempt from the Living Wage Law have told me that they are concerned and do not see how they will be able to retain their staff.” Employees of such centers, of course, will be attracted to higher-paying jobs in competing centers that are directly covered by the law.

Day-care centers will also find it hard to avoid raising wages for employees already being paid at the new minimum level. Any experienced, capable teacher will find it hard to avoid feeling diminished if her hourly wage is suddenly the

same as that given to the least-skilled aide.

The Long Island Coalition for Children with Special Needs surveyed its members and related organizations and concluded that the law would directly raise payroll costs by more than \$1 million. The cost of raising salaries for employees not directly covered will be twice that amount, for a total of more than \$3 million a year, according to Richard Wirth, the coalition's chairperson.

Where will the millions come from? County officials have written to Governor Pataki and members of the Legislature, asking for assistance. Such funding has not come yet — and state leaders can be forgiven for wondering why they should bail the Suffolk County Legislature out of a fiscal problem resulting from its own initiative.

What will nonprofit agencies do if no additional funding is available? If staffing ratios are above the minimum levels required by New York State, a day-care center might consider having, say, two staff in the nursery rather than three. If staffing is already at the bare minimum, options will be few. The only choice may be to raise the fees that parents pay. Lower-income workers will feel the most pain as a result — with some, almost certainly, finding it impossible to stay in the workforce as a result.

At Long Island Head Start, some 56 employees earn less than the county's new "living wage." However, those workers receive fringe benefits worth 36 percent of their salaries — including dental insurance, retirement contributions, tuition reimbursement, family health insurance, educational release time, life insurance and long-term disability insurance. The nonprofit organization could eliminate some or all of those benefits to help meet the cost of the higher wage law. Employees might consider that a bad deal, but government's mandate would be met.

Now, let's say you work for a company that manages municipal parking lots owned by the city of Syracuse. The city created the parking lots to make working, shopping and conducting business downtown as attractive as possible, given the tough competition it faces from out of town. Parking fees can only go so high without driving more economic activity to the suburbs, where parking is usually plentiful and free.

The proposed "living wage" law in Syracuse would cover, among others, the company the city has hired to manage its parking lots. For a typical attendant earning \$6.50 an hour, the new \$8.96 mandated wage amounts to a 38 percent raise. The additional cost must come from somewhere. Parking rates may go up — not a desirable option for downtown workers and businesses. The company can seek to increase the management fees it charges the city — meaning local taxpayers pay. Or, it might accept less profit. Over time, that would reduce the number of firms bidding on the parking lot contract, and probably result in a less advantageous deal for the city. From the point of view of unions representing city workers, of course, this would be a fine thing — it might convince the city's elected leaders to staff the parking lots with unionized city employees rather than hiring a private company to do the work.

Other applications of the proposed laws would have additional, undesirable

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consequences. The New York City and Syracuse ordinances would both apply to companies and organizations that receive economic development assistance. Obviously, requiring such recipients to pay above-market wages would reduce the value of any assistance that has helped them create or keep jobs in the city.

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Even a cursory analysis from the point of view of an entrepreneur or manager indicates that an artificially high wage will have unintended effects on lower-skilled workers. If the director of a day-care center, for instance, suddenly is required to pay \$10 rather than \$6 an hour, she will almost certainly find that individuals with more education and experience are available for hire — and, seeking the best staff available, will hire them. The losers in such cases are the lower-skilled workers who, instead of gaining income and work experience, are suddenly unemployed.

In addition to such displacement, a significantly higher wage requirement will lead some managers to reduce the number of hours that employees work — by cutting jobs, reducing each employee’s weekly hours, or a combination of the two. A manager of a retail outlet may, for instance, help clean up before closing — deciding a job that was worth \$5.15 an hour is not worth paying someone nearly twice that amount.

A dramatically higher cost of labor will make it more attractive for employers to automate some functions. A manufacturer may see that investing in labor-saving equipment will pay off far more quickly than in the past.

What economic research shows

How have low-income workers fared in cities that already have “living wage” laws on the books? The most comprehensive study, and the only one to examine actual experiences of cities with such laws, was released in March. The study, by Michigan State University Professor David Neumark, looked at 36 cities across the nation, including Baltimore, Boston, Denver, Detroit, Los Angeles and San Jose.

The study found that adoption of local wage requirements 50 percent higher than a state’s existing minimum wage would increase the average wage of low-income workers — the group with the lowest 10 percent of income — by 3.5 percent. As a result of higher wages, the local poverty rate would drop by an estimated 1.8 percentage points, according to the study.

Supporters of higher mandated wages, and some news media reports, have emphasized the positive findings in the Neumark study. *TIME*, for instance, said the study provides “new evidence that may dispel early fears that the social benefit from higher wages would be wiped out by job cutbacks among businesses subject to the living-wage laws.”

Yet Professor Neumark also found that such laws would reduce employment among low-wage workers by 7 percent. “The positive wage effects of living wage laws — in particular the broader laws that apply to employers receiving business

assistance — are accompanied by disemployment effects among the potentially affected workers, pointing to tradeoffs between wages and employment,” he wrote.

In other words, while some workers certainly gain under “living wage” laws, other low-income families definitely lose. Unions and other advocates prefer to ignore this part of the story, of course, but that doesn’t make it go away.

Neumark’s conclusions are useful in attempting to estimate just how many “losers” would be created if such laws are enacted elsewhere. As a starting point, the study examined federal data to estimate what percentage of workers with varying levels of potential earnings are in the workforce. It found, not surprisingly, that individuals who would earn relatively low wages are less likely than others to seek and obtain jobs. Roughly 40 percent of potential workers whose skills would place them in the lowest 10 percent of earners actually are employed or seeking work, the study concluded. A law that mandates wages 50 percent higher than existing minimum-wage laws would reduce that proportion by about 2.8 percentage points (7 percent of 40 percent), it found.

In New York City, some 3.5 million individuals were in the labor force as of January 2002, according to the state Labor Department. Using Neumark’s figures, roughly 128,000 of those (40 percent of 10 percent) would be in the lowest-skilled tenth of all workers. Elimination of job opportunities for 7 percent would mean lost opportunity for nearly 9,000 city residents. In Syracuse, 74,000 were in the labor force; similar calculations indicate that more than 200 local job opportunities would be lost if the law required wages 50 percent above the existing minimum. In Buffalo, with a labor force of around 140,000, implementation of the already enacted law could reduce employment by 400 or so. (Proposed laws in both New York and Syracuse would set wages more than 50 percent above the existing minimum of \$5.15 an hour; so it seems likely that both benefits to some workers, and harmful impacts on others, would be greater than Neumark’s findings indicate.)

The Neumark study was working with labor trends during what happened to be a period of extraordinary economic growth throughout the country. Most economists agree that growth in 2002 and 2003 will be significantly slower than that of the late 1990s. Many lower-paid job categories — in the retail and tourism industries, for instance — are unlikely to revert to the relatively strong growth they produced a few years ago. Thus, at least in the next few years, the depressing effect of higher-wage mandates may be even higher than Neumark found.

Given the harm that “living-wage” laws may inflict on low-skilled workers, Neumark said his finding of higher average wages for some “does not necessarily imply that living wages constitute the best means of helping the urban poor.”

He added that any consideration of living-wage laws should include potential impact on municipal budgets and other issues beyond the effect on low-wage workers. Those, according to Professor Neumark, should include effects “on taxes, property values and local economic development; on the provision of city services, stemming from budgetary considerations or the effect of living wages on productivity; on compliance and enforcement; on equity effects (including their effect on women and minorities); and on overall economic welfare.”

Required wages 50 percent above the minimum could cost 9,000 jobs in New York City. The loss could be 400 jobs in Buffalo — and more than 200 even in Syracuse.

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Wage mandates may reduce other benefits

Even among the unknown proportion of affected workers who bear the entire financial responsibility for a low-income family, a mandated higher wage usually will not help as much as might appear at first. Higher taxes, and at least partial loss of public benefits that are conditional on income, can take away much of the gain from higher wages.

Start with taxes. Every \$1 in additional salary or wage income is subject to federal taxes for Social Security and Medicare totaling roughly 7.5 percent. Depending on total income, the affected worker may pay New York State and New York City or Yonkers personal-income tax on the mandated wage increase as well. (Also depending on the individual's or couple's total income, increased wage income could either increase or decrease the amount received through the federal and New York State earned-income tax credits.)

New York State provides what may be the nation's most generous array of assistance programs for low-income workers. These include:

- **Earned income tax credit.** This credit, which is highly targeted to low-income working families, augments wages by returning to taxpayers some or all of the federal income tax they pay. For some workers, the credit is "refundable," meaning it can be more than the total income tax that would normally be paid. New York has one of the most generous state-level EITCs in the country, adding 25 percent to the value of the federal credit.
- **Subsidized childcare.** Working families may be eligible for direct subsidies if they received Temporary Assistance to Needy Families (cash welfare benefits) within the last 12 months. Other families with income below 200 percent of the poverty level are also eligible; a family of two, for instance, could qualify with income less than \$23,220 in 2001.
- **Child-related tax credits.** Both the federal government and New York State offer tax credits to help working people who pay others to care for children or other dependents. Both are particularly generous to lower-income workers.
- **Taxpayer-funded health care.** New Yorkers with very low or no income are eligible for Medicaid. The state's health-insurance plan for uninsured, low-income adults with somewhat higher income, called Family Health Plus, offers a broad range of health benefits. A single parent with one child is eligible for the program if her or his income is no more than \$15,442.

Other federal and state assistance programs for the poor that phase down or end as income rises include Food Stamps; the Supplemental Food Program for Women, Infants and Children (WIC); school breakfast and lunch programs; and the Home Energy Assistance Program.

According to the Suffolk County Department of Social Services, what lower-income working families stand to lose in those benefits will often outweigh the value of any pay increases they would receive under "living wage" laws.

"A family of three earning \$10.25 per hour has less annual income (\$22,297)

How Benefits Impact the Real Earnings of Low-Income Workers

(Example: Single parent with two children)

	\$7 an hour	\$10.25 an hour
Monthly earnings	\$1,213	\$1,776
Public assistance	\$130	\$0
Food stamps	\$172	\$0
Parent fee for day care	\$0	\$139
Monthly net of above	\$1,515	\$1,637
Total annual income	\$18,180	\$19,644
Earned Income Tax Credit	\$4,290	\$2,613
Heating assistance	\$50	\$40
Net annual total	\$22,520	\$22,297
Medicaid for parent	Yes	No
Medicaid for children	Yes	Up to 12 mos.
Child Health Plus	No	Yes
Calculations based on 40-hour week, monthly earnings represent 4.33 weeks; rent of \$800 including heat; client paying electric and telephone bills; children of day-care age.		
EITC (federal and New York State) based on full year of employment and calculated for 2000 tax year, when New York credit was 22.5% of federal amount; state credit rose to 25% of federal amount in 2001.		

Source: Suffolk County Department of Social Services

than a family of three earning \$7.00 an hour (\$22,520)," department staff wrote in the final report of County Executive Robert J. Gaffney's task force on implementation of the county's Living Wage Law. (The table above provides details.) The department's analysis shows that a single individual with no children gains significantly from a higher mandated wage. But as to families — and supporters say "living wages" are intended to keep *families* out of poverty — the Department of Social Services data raise serious questions.

Looking for that union label

If "living wage" laws hurt some low-income workers, and raise costs for taxpayers, why is the momentum behind such ordinances growing? The answer lies in organized labor's efforts to strengthen its position in a marketplace that, driven by better-informed consumers, increasingly seeks lower costs.

"Living-wage campaigns are part of an overall strategy that leads to organizing gains," the national AFL-CIO magazine, *America@work*, reported in 1999. "In several cities — Los Angeles and San Jose, Calif., for example — living-wage ordinances contain provisions that may help level the playing field between unions and companies, potentially enhancing union organizing among workers."

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One way such laws help the unions is by reducing or eliminating any savings local taxpayers may enjoy when services are provided by private-sector businesses rather than public employees.

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local taxpayers may enjoy when services are provided by private-sector businesses rather than public employees. The city parking lots in Syracuse, mentioned above, are a case in point.

Some “living wage” ordinances include thinly disguised organizational tools for unions. The New York City proposal, for instance, would require covered employers to maintain payroll records including the name, address and other information about every covered employee. Such information would be submitted to city agencies and the city comptroller, who would be required to “make it available for public inspection and copying.” One result would be that any union seeking to organize the day-care center or other contractor would have easy access to the mailing address of every potential member.

Much of the political pressure for “living wage” laws in New York City and on Long Island has come from the Working Families Party, which several major unions and other advocates of liberal public policies created in 1998. The party has used its ballot line in state and local elections to gain the support of incumbents and candidates in both major political parties.

While supporters invariably describe local campaigns for higher wage mandates as “grassroots” in nature, the Working Families Party is often joined by two other organizations in driving the agenda — a national organization called ACORN, or Association of Community Organizations for Reform Now, and the Brennan Center for Justice at the New York University School of Law. The two organizations provide political strategy and help write legislation. (As of early April of this year, the draft New York City legislation that was available on the City Council’s website carried, in its formatted “header,” the name of the Brennan Center’s associate counsel — inadvertently giving away where the purported Council bill was actually drafted.)

What could help the working poor

To be sure, many supporters of “living wage” laws genuinely want to help lower-income workers and their families. If such laws are not the answer — and in fact can do real harm — what public policies might be better?

The first, and by far the most important, thing that governmental leaders must do is create an environment that gives low-skilled workers as many opportunities as possible.

The number of available jobs for which individuals with, say, a high-school education or less can qualify depends partly on national economic trends — but New York’s competitive position relative to the rest of the nation matters, too.

In the first half of the 1990s, for instance, the state lost 3,700 jobs in the hotel industry, where many unskilled workers earn a decent living. Throughout the rest of the country, while New York was losing jobs, the industry turned in a solid increase in employment. The tables turned from 1995 through 2000 — the Empire State gained nearly 14,000 hotel jobs for an increase of 19 percent, significantly higher than the gain in other states. The difference: a more competitive environment for tourism, including lower hotel taxes at the state level and in New York City.

Contrary to the myth that only the rich get richer, overall economic growth is a godsend for the poor. From 1994 to 2000, the percentage of New York State children who lived in poverty dropped from 26 percent to 19 percent, the lowest level since 1980, according to the Office of Temporary and Disability Assistance. Rates for Hispanic children showed an especially dramatic improvement, falling from over 54 percent to less than 30 percent during the period. Welfare rolls dropped dramatically during that period, as employment grew.

Charitable contributions also rise during good times, meaning that churches, food pantries and other organizations that provide direct services to the needy have more to offer.

In his study, Professor Neumark suggested: “Policymakers contemplating implementing living wage laws, and policy analysts assessing living wage laws, should give due consideration to comparisons among alternative methods of reducing poverty, such as the Earned Income Tax Credit.”

Thanks in part to lobbying efforts by the business community, New York has one of the most generous state-level EITCs in the country. The combination of federal and state EITCs in New York can make a \$7-an-hour wage the equivalent of \$8.71, according to the Schuyler Center for Analysis and Advocacy. The organizations that say they are concerned about low-wage workers could make a contribution here by vigorously promoting awareness of the availability of these benefits.

Like their counterparts in Albany, local elected officials throughout the state affect job trends. Cities compete with suburban locations for businesses, jobs and residents — and many of the municipalities now considering “living wage” laws have been losing that competition for many years. They should be looking at ways to reduce the cost of government and take other steps to be more competitive, rather than increasing taxpayer costs.

Local officials could also focus more energy on helping the next generation of workers prepare for a competitive marketplace, by working to improve schools so that today’s students will avoid becoming the low-income earners of 2010 and beyond. New York’s cities tend to need the most improvement in this area. Mayors and city councils do not have the primary role of managing public schools, but they can be helpful in creating an atmosphere that celebrates student achievement and prods slow-moving school bureaucracies to embrace reform. And they need to be particularly careful about devoting scarce taxpayer dollars to union protectionism, at a time when urban schools are calling for more resources.

Advocates for the poor might examine whether federal and state assistance programs should be redesigned so that eligibility does not become an either/or proposition at a certain income threshold. Taxpayer-financed health care can disappear entirely when a recipient’s income rises by as little as \$1.

It is the lowest-skilled workers — those who most desperately need to get on the job ladder and begin developing the experience and skills required to move up — who are offered the lowest-paying jobs. The greatest danger is that “living wage” laws will kick the ladder out from under them before they make it.

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A Special Report:

How do we help low-wage workers move up?

In communities all over New York, public-employee unions are behind a push for so-called “living wage” laws that would mandate higher pay for workers at companies and nonprofit organizations that have government contracts.

At first glance the idea is almost impossible to resist anyway: Why can't we just require that every job pays above the poverty level? On examination, however, it turns out that:

- Mandated higher wages may help some workers, but they take away the jobs of others – particularly the most vulnerable, those with little experience or skill.
- By eliminating or reducing eligibility for government benefits like day-care subsidies, food stamps and the earned income tax credit, higher nominal wages will actually leave many working families *worse* off.
- Taxpayers will pay more – which will undermine economic growth and job creation in the long run.

A better idea is to make it easier, not harder, to provide the jobs that give workers their first step on the ladder up to a career. That means better schools, economic growth, and targeted programs that support their needs directly.