

# Living Wage Wins In Ypsilanti Is Ann Arbor Next?

by David Reynolds

On June 15, Ypsilanti became the thirty-second municipality in the country to enact a local living wage ordinance. Passed 7 to 0, the new law requires companies who receive over \$20,000 in contracts or financial assistance from the city to pay a living wage of \$8.50/hour, or \$10/hr if no health benefits are provided. The law exempts special youth employment and job training programs and allows non-profits that can demonstrate financial hardship to apply for a waiver. The law also encourages local hiring and the use of local contractors. The city will also publish an annual list saluting living wage employers cooperating with the ordinance. One month before, Ypsilanti Township also unanimously passed a similar living wage law. Last November, Detroit voters passed a living wage via a ballot initiative by an overwhelming 81% in favor.

The Ypsilanti victory showed the diverse coalition of several dozen labor, community, and religious groups, called the Washtenaw Coalition for a Living Wage, has raised an agenda that has wide spread support. Indeed, across the country the growing Living Wage movement has highlighted the increasing problem of the working poor. In Michigan, for example, half of the top twenty occupations with the largest job growth pay average wages under \$16,700—the current federal poverty line for a family of four. Locally, Ypsilanti-Ann Arbor homeless shelters now serve individuals and families with full time jobs!

The living wage movement has also arisen in reaction to two recent trends in local public policy. First, increasingly local governments have turned to privatization in an attempt to cut costs. However, such actions can replace well-paying public sector jobs with poverty-paying private positions. Furthermore, decent employers paying family-supporting wages may lose a bid to firms enjoying the short-term and surface advantages of paying poverty-level wages. In the long run, such a choice can lead to poor quality services and eventually higher costs.

Second, in the past two decades, local governments have also increasingly turned to tax abatements and other forms of financial incentives to attempt to lure business to their area. While targeted packages can prove effective, research shows that deals without basic wage and job stipulations can result in the local taxpayer subsidizing low-wage employers. The idea behind the living wage ensures a different result. Scarce public funds ought to be used to foster community-supporting employers who set a model example for the local economy.

As with the experiences across the country, the Ypsilanti living wage proposal sparked a healthy degree of public debate and controversy. Led by the local Chamber of Commerce, the opposition argued that the living wage requirements would force employers to increase contract bids, layoff low-skilled workers, and would poison the area's business climate. However, the fact that very few companies actually covered by the law spoke against it suggests that the opposition came primarily from ideological, not financial, motivations. Indeed, nationally, employers have had clearly mixed opinions regarding living wage laws. In Los Angeles, for example, Theodore Williams, CEO Bell Industries and Leonard Gertler, President All American Home Center not only testified in favor of the local living wage ordinance, but authored an opinion piece in the Los Angeles Times explaining their companies' success in using higher wages to foster an effective work place.

All research done on local living wage laws points to similar benefits. Two detailed studies of Baltimore's pioneering 1994 law both came to the same conclusions. Contrary to opposition claims, contract costs had increased at rates below inflation. The local busi-

ness climate had remained strong. Indeed, both studies interviewed contractors who pointed to clear gains in increased worker morale and decreased employee turnover. A detailed estimate of the financial impact of Los Angeles' living wage law (published as *The Living Wage* by Robert Pollin and Stephanie Luce) found that the maximum possible cost to employers averaged less than one percent of each firm's operating budgets. In return, 7,500 workers would directly see net wage gains, while another 10,000 could gain from a spill-over effect. Studies in Miami, New Orleans, and Philadelphia have found similar conclusions. While not posing a significant financial burden, the living wage benefits both businesses and the community by raising the purchasing power of a modest number of local residents and rewarding employers who invested in their work force.

Equally significant is the broad, and for recent local history quite unprecedented, array of groups which have come together around living wage organizing. At city council meetings over a period of several months, a never ending stream of religious, community, union, student, civil rights, social service, and governmental leaders testified in favor of Ypsilanti's living wage ordinance. Such a coming together, seen in communities across the country, bodes well for the future. Already several cities have seen positive spin-offs. In Boston, for example, the city, unions, employers, and the local chapter of the Association of Community Organizations for Reform Now (ACORN) have teamed up to use the living wage to promote community-based hiring. In Milwaukee, the coalition behind the living wage has joined with the Greater Milwaukee Committee (an organization of top corporate executives) to launch an innovative job training and placement program that links inner city residents to local employers. In San Jose, the same labor-community coalition which organized a successful living wage effort, Working Partnerships USA, has helped local government departments reorganize to produce high performance work places. And a related government, business, union partnership is also establishing an innovative skill certification and training project that helps contingent and part-time workers in the area's high-tech economy maintain career paths across individual jobs and employers.

The momentum continues to grow here in Michigan. Living Wage campaigns have developed in Kalamazoo and

## Municipalities with Living Wage Law

Baltimore, MD (1994)  
Boston, MA (1997-98)  
Cambridge, MA (1999)  
Chicago, IL (1998)  
Cook County, IL (1998)  
Dane County, WI (1999)  
Detroit, MI (1998)  
Duluth, MN (1997)  
Durham, NC (1998)  
Haywood, CA (1999)  
Hudson County, NJ (1999)  
Jersey City, NJ (1996)  
Los Angeles, CA (1997)  
Madison, WI (1999)  
Miami-Dade County, FL (1999)  
Milwaukee County, WI (1997)  
Milwaukee School Dist, WI (1996)  
Milwaukee, WI (1995)  
Minneapolis, MN (1997)  
Multnomah County, OR (1998)  
New Haven, CT (1997)  
New York, NY (1996)  
Oakland, CA (1998)  
Pasadena, CA (1998)  
Portland, OR (1996)  
San Antonio, TX (1998)  
San Jose, CA (1998)  
Santa Clara County, CA (1995)  
Somerville, MA (1999)  
St. Paul, MN (1997)  
Ypsilanti Township, MI (1999)

Warren while groups have expressed interest in Living Wage organizing in Battle Creek, Grand Rapids, and Benton Harbor. On June 28, the Toledo city council held hearings on their Living Wage proposal. And the Washtenaw Coalition for a Living Wage is beginning to lay out plans for an Ann Arbor campaign. Volunteers are needed for the Art Fair. **For more information or to get involved call Ed Resha 677-2524 or Malcolm Marts 484-5288.** ☑

David Reynolds is a member of the Washtenaw Coalition for a Living Wage. He has written a handbook for training Living Wage activists and is currently heading a research project supported by the Detroit City Council to estimate the impact of the Detroit Living Wage law.

## Anti-Living Wage Bills Could Trample Home Rule

**Earlier this month, speaking before a gathering of business leaders on Mackinac Island, Michigan Governor John Engler invited the Legislature to consider passing a law to "slam the door" on municipal living wage laws.** Michigan House Bill 4766 and 4777 would not only do this, but also trample local autonomy in a wide range of areas. Bill 4766 would prohibit all local wage requirements that exceed the state's minimum wage. That would eliminate not just living wage ordinances, but also prevailing wage or similar statutes. Even more sweeping, Bill 4777 would prevent local authorities from regulating any subject matter that is described by state or federal law, unless that state or federal law expressly authorizes municipalities to do so. The three pages of state and federal laws listed include minimum wages, occupational safety and health, liquor control codes, civil rights laws relating to compensation and employment benefits, highway advertising, tobacco product tax, consumer protection, family medical leave act, fair labor standards act, national labor relations act, federal water pollution control act, etc.

Since the decisive living wage ballot victory in Detroit last November, the local Chamber of Commerce has sought ways to invalidate the will of Detroit voters. Bills 4766 and 4777 will be considered when the Legislature reconvenes in September. Currently, a Louisiana law banning both local living wage and minimum wage laws is undergoing challenge in the state courts.