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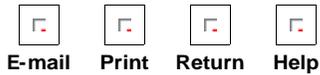


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# City ready to enforce its living wage law

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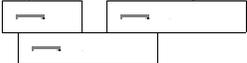
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Greg Huth acknowledges that there was a "wrapping-up" period during 2001 when the city of Cleveland still was setting in motion efforts to enforce its Fair Employment Law.

But the transition time has ended. The city now is instituting strict monitoring of payrolls to make certain that affected employers starting next month pay their workers at least \$9.20 per hour as the legislation requires.

The law, which council passed in June 2000, mandated that companies that meet specific criteria and that do business with the city must pay their workers \$8.20 as of Jan. 1, 2001. This figure rose to \$8.70 Oct. 1, 2001, and it will rise again to \$9.20 on Oct. 1. Adjustments to these rates will be determined on an annual basis in proportion to the Consumer Price Index for Northeast Ohio.

Mr. Huth, Cleveland's acting director of economic development, said representatives of companies that bid on city contracts are obliged to attend sessions about complying with the legislation and to sign affidavits acknowledging they understand their responsibilities.

Dave Focareta, a research assistant with Policy Matters Ohio, a Cleveland-based think tank, said he welcomes the city's beefed-up monitoring efforts. But he warned that these initiatives remain limited because such laws are complex.

"When we completed our research (during March 2002) we could only conclude with certainty that a hundred city workers received wage increases as a direct result of the legislation," Mr. Focareta said. "But the real figure might be much higher. Subcontractors and service contractors are not required to report payroll data. So, there are no reliable statistics as regards how many people who work for these firms were affected. That may continue to be a problem."

Health care insurance issues likewise are problematic, Mr. Focareta said.

The ordinance calls for a "meaningful consideration of reasonable health care insurance" when evaluating service contract bids, with "reasonable" being defined as providing coverage comparable to the city's health care plan. But this provision only can be enforced if contractors seeking contracts complete appropriate paperwork in time for such information to be evaluated.

Also, the impact of the ordinance will be blunted simply by the fact that it applies only to a fraction of all Cleveland workers. It covers city employees, those employed by businesses that have city contracts

valued at at least \$25,000 or who receive more than \$75,000 in financial assistance, such as tax abatement or belowmarket loans from the city. Forprofit companies with fewer than 50 employees are exempt from this legislation, and seasonal employees, part-time workers and those younger than 18 are not protected by the legislation.

Mr. Focareta acknowledges that legislating a boost in the living wage might seem unjustified considering that economic downturns have left most wages stagnant. But he warns that absent such increases the living wage could lose value in much the same way the federal minimum wage has. Its purchasing power has declined by 30% since first being initiated during 1969.

"I cannot see that businesses will be leaving Cleveland to avoid paying workers a living wage," Mr. Focareta said. "Companies that have service contracts for garbage disposal and park maintenance cannot leave, even if they wanted to. In terms of companies that receive financial assistance, the point of giving them that assistance is to cultivate high-road businesses that care about their workers. Also, companies that do pay a living wage will not lose contracts to companies that are paying well under that figure. This is how things should work."

Mr. Focareta also contends that reimbursing workers at a higher level will motivate them to become more productive.

And Susan Hagan, assistant coordinator of Jobs With Justice an activist organization in Rocky River that worked with a coalition of religious and labor groups to push for passage of the ordinance, also maintains that the law simply makes sense. To her, paying workers at a higher rate not only motivates them to stay on a job but stabilizes their economics.

However, not everyone agrees. Laurel Cunningham, general manager for the Maple Heights-based Area Temps, said salaries should reflect a worker's job skills, work ethic and attitude.

"We have had workers who just stuffed cotton into a jewelry box. I am not sure that work like that deserves \$9.20 an hour," she said. "Besides, you have to give people an incentive to get an education and then earn more money so they can enjoy a better lifestyle. You have to give them something to work for."

While the city of Cleveland's Mr. Huth remains committed to enforcing the ordinance, he said it might need to be retooled in today's economic climate. He said he thinks establishing a training period during which employers would not be required to pay the full \$9.20 per hour remains a strong consideration. This provision might encourage local firms to hire new employees, he said.

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