

Appendix

Fair Employment Wage Board
601 Lakeside Avenue, Room 210
Cleveland, OH 44114

January 10, 2006

Cleveland City Council
President Martin J. Sweeney

Re: Fair Employment Wage Ordinance Review

Dear President Sweeney,

The FEW Ordinance, in Section 189.07, provides that an impact evaluation and review of the law shall take place three years after passage. This would have been sometime in 2004. Two years have passed without a review of the law and what adjustments, if any, should be made.

The Fair Employment Wage Board (FEWB) began this review process nearly two years ago. The following steps were taken:

1. A public hearing was held on February 18, 2004.
2. Policy Matters Ohio prepared a three-year evaluation in May 2004.
3. The FEWB prepared an outline and time line for this process on June 23, 2004.
4. A comprehensive draft of proposed changes was completed in Dec. 2004.
5. The Dept. of Economic Development was asked in June 2004 to prepare a comprehensive review of the law, including the service contracts and financial assistance contracts during the period 2001 through 2003.

Only minimum progress was made by the FEWB until August 2005. There are a number of reasons that contributed to this lack of progress, the most significant being a number of changes in Board and Administration staff personnel.

At any rate, the FEWB has now completed its review and has approved the following documents, which we are now providing the Council and Administration.

Attached are:

- The Fair Employment Wage ordinance.
- A Report from the FEW Board
- Proposed Changes in the Law by the FEWB.
- Service Contract Data, 2001 through 2004.
- Financial Assistance Contract Data, 2001 through 2004.
- A summary of Service and Assistance awards.
- A three-year review by Policy Matters Ohio.

We are confident that Council will take the appropriate steps to review our recommendations and determine which measures are to be taken to improve the FEW ordinance. We will be available for any consultations as to our findings.

Sincerely

John Gallo, Chairman,
Fair Employment Wage Board
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Cc: Mayor Frank G. Jackson
Council Member Fannie M. Lewis, Chair
Employment, Affirmative Action & Training Committee

FAIR EMPLOYMENT WAGE BOARD REPORT – 2005

Adopted October 19, 2005

Background

The Fair Employment Wage Law (FEWL) went into affect January 1, 2001, following approval of ordinance 2009-A-99 by Cleveland City Council on June 19, 2000. The ordinance is the product of collaboration between the City, local labor unions, the business community, and Cleveland residents. Designed to reduce poverty in Cleveland, the FEWL requires the City of Cleveland and certain employers in the City of Cleveland that receive financial assistance or provide contractual services to the City to pay all of their employees no less than the Fair Employment Wage (FEW). Initially \$8.20/hour, the FEW is to be adjusted every October to adjust for inflation; the current fair employment wage is \$10.00/hour.

Employers subject to the FEWL (“Covered Employers”) include certain employers that receive financial assistance from the City, or that are providing contracted services work to the City. The law is only applicable to employers receiving financial assistance with an aggregate gross benefit of \$75,000 or more that are either: 1) for-profit companies that have 20 or more employees; or 2) non-profit organizations that have 50 or more employees, with a salary ratio of five-to-one between the highest and lowest paid employee. Financial assistance can be in the form of a low-interest loan (the value of the assistance is calculated as the interest savings over market rate, over the life of the loan), grant, tax abatement (the value of the assistance is calculated as the taxes not paid over the life of the abatement), or rebate.

Service contractors are Covered Employers and subject to the FEWL if the contract is valued at \$25,000 or more and: 1) they are a for-profit company with 20 or more employees; or 2) they are non-profit organizations contracted for services that have 50 or more employees and the highest-to-lowest-paid-employee ratio is five-to-one. In addition, service contractors are Covered Employers subject to the FEWL only if providing the contract with the City is for the following, including if performed on City-owned premises such as the: airports, parking lots, municipal parks, recreational facilities, and City-owned buildings:

food service, janitorial, security services, parking lot attendants, home health care, health care aides, waste management, automotive repair services, landscaping, towing contracts, building and maintenance services, carpentry, clerical services, urban forestry, housekeeping, street maintenance and repair, and sidewalk maintenance and repair.

Contracts that are primarily for the purchase of goods or other property are not considered Service Contracts for purposes of this Chapter.

Section 189.04 of the FEWL calls for the formation of a Fair Employment Wage Board (FEWB). The board is made up of seven members: two representatives from the business community, two from labor organizations, one from City Council, one from the Mayor’s office, and one from community groups. The board’s responsibilities include reviewing the effectiveness of the FEWL to ensure that the community is informed of whether Covered Employers are adhering to the FEWL, and making recommendations to City Council on issues and policy related to the FEWL.

A member of the Department of Economic Development has been assigned to monitor and record the City assistance and service contracts, determine whether the contract is subject to the FEWL, and track

compliance with the FEWL. This individual reviews various documents related to the contract to determine if the contract is subject to the FEWL. All relevant documents are collected and filed. The appropriate City official notifies employers subject to the FEWL, and also reviews steps the Covered Employer must take to ensure compliance.

It is from this information that the FEWB and the Department of Economic Development have assembled this report to provide a measure of the effectiveness of the FEWL to date.

Financial Assistance Contracts

In 2001, 17 companies received financial assistance. The FEWL applied to one of those companies. The FEWL did not apply to the others because either the value of the financial assistance was less than \$75,000 and/or the company had fewer than 20 employees (for-profit) or fewer than 50 employees (non-profit).

In 2001, 20 companies received financial assistance. The FEWL did not apply to any of those companies, again, because either the value of the financial assistance was less than \$75,000 and/or the company had fewer than 20 employees (for-profit) or fewer than 50 employees (non-profit).

In 2003, 15 companies received financial assistance. The FEWL applied to five of those companies. The FEW did not apply to the others because they received less than \$75,000 in financial assistance and/or had too few employees to qualify.

In 2004, 23 companies received financial assistance. The FEWL applied to 7 of those companies. The FEWL did not apply to the others because either the value of the financial assistance was less than \$75,000 and/or the company had fewer than 20 employees (for-profit) or fewer than 50 employees (non-profit).

There were 33 instances where no award dates were provided. The FEWL applied to 3 of these companies. The FEWL did not apply to the others because either the value of the financial assistance was less than \$75,000 and/or the company had fewer than 20 employees (for-profit) or fewer than 50 employees (non-profit).

Since the FEWL went into effect through 2004, 3,791 employees of companies that received financial assistance have been impacted by the FEWL.

Service Contracts

In 2001, there were 21 service contracts for services that are described in the FEWL. Of the 21 contracts, 8 were affected by the FEWL. The other contracts were exempt because they either had fewer than 20 employees (for-profit) or fewer than 50 employees (non-profit).

In 2002, there were 29 service contracts for services described in the FEWL. Of the 29, the law applied to 14 contracts. Those unaffected had fewer than 20 employees (for-profit) or fewer than 50 employees (non-profit).

In 2003, there were 22 service contracts for services described in the FEWL. Of the 22 contracts, 15 were subject to the FEWL. Those unaffected had fewer than 20 employees (for-profit) and fewer than 50 employees (non-profit).

In 2004, there were 10 service contracts for services described in the FEWL. Of the 10, the law applied to 6 contracts. Those unaffected had fewer than 20 employees (for-profit) or fewer than 50 employees (non-profit).

Since the FEWL went into effect through 2004, 10,120 employees of entities that received applicable service contracts have been impacted by the FEWL.

City Employees

Since the FEWL went into effect through 2004, between 100-200 City of Cleveland employees have received wage increases as per the FEWL.

Fair Employment Wage Board Hearing, 2004

On February 19, 2004, an oversight public meeting was held to discuss the FEWL and its effectiveness. In attendance were the members of the FEWB, City staff, and representatives of labor, business, the community and Policy Matters Ohio. The meeting was open to the public.

Policy Matters reported that of the over 9,500 employees of the City of Cleveland, only 100 were below the initial \$8.20 an hour pay rate, and therefore were given an increase. They presented data for the first three years of the law on the number of covered service contracts and financial assistance awards, and the number of employees affected. But the records available to them were inadequate and additional data was subsequently found. *[See the attached "Summary of Service Contracts, Financial Awards and Affected Employees, 2001 through 2004".]*

Recommended Changes in the FEW Law

The Board discussed potential amendments to the FEWL to broaden its impact. One proposal is the addition of a "health care wage." The proposed amendment would give Covered Employers the option of offering health care benefits for employees, with an employee contribution of no more than 15% of the employee's wage. The FEW for employers who offer health insurance at the proposed level would be one dollar less than the FEW for the current wage at that time.

Other recommendations include changing the definition of "Covered Employees" to include: those working 20 hours or more per week rather than 30 hours per week; employees of large retail establishments; and tenants of recipients of assistance.

John Gallo, a member of the FEWB, drafted proposed amendments to the FEWL as a first step to implementing the changes discussed. This draft was discussed at subsequent meetings of the Board on December 8, 2004, August 10, 2005, September 21, 2005 and October 19, 2005. A copy of the recommended amendments as adopted by the FEWB is attached to this report.

The purpose of this report is to inform those who monitor the Fair Employment Wage law and are interested in improving its effectiveness and positive impact. The information in this report was collected from the reports prepared by the Department of Economic Development's Fair Employment Wage officer, the Fair Employment Wage Board, and Policy Matters.

Attachments:

1. Fair Employment Wage Ordinance.
2. Service Contract Data from 2001 to 2004.
3. Financial Assistance Contract Data from 2001 to 2004.
4. Fair Employment Wage Board Hearing Minutes from February 17, 2004.
5. Proposed Changes to the FEWL as adopted by the Fair Employment Wage Board.
6. Summary of Service Contracts, Financial Awards and Affected Employees, 2001 through 2004.

Proposed Changes to Living Wage Law

Adopted by the FEWB on October 19, 2005

I. Adding a health care wage

189.01(m) (new)

“Health Care Benefits” mean providing or offering to provide health care benefits for employees at employer cost or requiring an employee contribution toward the purchase of such health care benefits for employees, provided that the employee cost or contribution equals no more than fifteen percent (15%) of the employees’ wages.

Note: This incorporates the language of the Lakewood statute meaning of ‘Health Benefits’ in the definition section.

189.02 (a) (1) (A) (new)

Beginning October 1, 2006, the Fair Employment Wage for covered employees who do not receive health care benefits from their employer shall be calculated on an hourly basis and shall be at least \$10.50 per hour. Thereafter, the Fair Employment Wage shall be adjusted by the City of Cleveland on an annual basis, beginning October 1, 2007 and each year thereafter in proportion to the Consumer Price Index for Northeast Ohio, as published by the Bureau of Labor Statistics, U.S. Department of Labor.

Delete section 189.02 (d) and (d) (1) through (d) (3).

Delete section 189.031.

189.02 (d) (New) Fair Employment Wage When Health Care Benefits are Provided:

- (1) Beginning October 1, 2006, the Fair Employment Wage for covered employees whose employer provides health care benefits shall be calculated on an hourly basis and shall be at least \$9.50 per hour. Thereafter, the Fair Employment Wage shall be adjusted by the City of Cleveland on an annual basis, beginning October 1, 2007 and each year thereafter in proportion to the Consumer Price Index for Northeast Ohio, as published by the Bureau of Labor Statistics, U.S. Department of Labor.
- (2) Evidence of health care benefits provided or offered to employees must include the number of employees eligible for the benefit, the monthly costs to employees, the number of employees currently enrolled in the plan, and a copy of the health care insurance plan(s) offered. Such information shall be submitted to the Applicable Department prior to any determination by the Department.

Note: A wage of at least \$9.50 for employees of employers providing health care benefits is important to avoid dilution of the law.

II. Compliance

189.03

(a) All bids, proposals and applications for City Service Contracts or for Assistance shall contain the following:

(1) the number of persons employed in Ohio by the applicant ~~for a service contractor or assistance~~ and their subcontractors, respectively, and, if different, the number of persons who will be employed if the applicant obtains the contract;

(2) whether the employer provides or offers to provide health care insurance for its employees, the number of employees eligible for the health care plan, the number of employees enrolled in the plan, the amount of employee contribution to the health care plan, and the basic outlines a copy of any health care the plan(s) that indicates, the amount of any co-payments, deductibles and ranges of services covered; and

(3) a sworn declaration signed by a duly authorized officer of a covered employer that all covered employees will be paid the Fair Employment Wage and that the applicant will comply with the requirements of this Ordinance.

(b) (New) Reporting to Council:

(1) Information collected under section 189.03(a) shall be provided to City Council for consideration in connection with any ordinance authorizing a contract for Assistance. The information will be maintained in the Council legislative file for the ordinance and shall be provided by the Applicable Department to the Fair Employment Wage Board.

(2) Information collected under section 189.03(a) shall be provided to the Clerk of City Council for any applicant that has been awarded a service contract.

Delete 189.03(a)(5)

Renumber 189.03 (b) through (f) as (c) through (g).

(b) [current] All city Service Contracts and Assistance Agreements subject to this chapter shall contain the following language:

[After first sentence, insert the following:] Service Contractors are responsible for compliance with the Fair Employment Wage Law by their subcontractors; recipients of City Financial Assistance are responsible for compliance with the Fair Employment Wage Law by their contractors, subcontractors, tenants and leaseholders.

Note: Purpose here is to ensure compliance by subcontractors and to hold the contractors liable for failure of their subcontractors to follow the law.

*Also note that the May 2001 memo addressed to contractors and subcontractors from FEW Coordinator Tanya Jones specifically says, "Please find attached to the bid invitation a **Notice to Bidders** which explains the Fair Employment Law and the necessary forms contractors and subcontractors must complete and return if seeking to obtain a service contract from The City of Cleveland." The city apparently has not been requiring these records from subcontractors despite this notice.*

III. Covered Employees

Amend third sentence of 189.01(b) to read as follows:

For purposes of determining coverage under this Chapter, financial assistance shall be valued to the extent the recipient of the assistance derives a monetary benefit from the City that has an aggregate value of at least \$75,000.

Amend 189.01(d)(3) to read as follows:

Any person employed by a Covered Employer, ~~who is a Recipient of Assistance from the City.~~

Amend 189.01 (e) (1) to read as follows:

Any person or entity that is a Recipient of Assistance from the City ~~that has an aggregate value at least \$75,000~~ that has not been granted....etc.

IV. Employees of Commercial Retail Establishments

189.01 (d) (4) (E)

employees of commercial retail establishments of less than 40,000 sq.ft.;

V. Employees working less than 20 hours per week

189.01

(d) (4) (I) persons employed by a Covered Employer who, on average, work less than ~~thirty (30)~~ twenty (20) hours per week,.....

VI. Monitoring and Enforcement

189.05 (a) (1) ~~Assistance.~~ Semi-annually the Applicable Department shall inspect the payroll records of each Covered Employer ~~receiving Assistance~~ to determine whether the Covered Employer is in compliance with the requirements of this Chapter. Semi-annually, the Applicable Department shall file a report with the Fair Employment Wage Board and with the Clerk of City Council stating whether each Covered Employer ~~receiving Assistance~~-inspected by the Department within the preceding six months is in compliance and, if not, the specific reasons that cause the determination of noncompliance.

(2) ~~Service Contracts. As to Service Contractors who are Covered Employers, enforcement of the provisions of this Chapter will primarily depend on e~~Charges of noncompliance may be filed by Covered Employees who will have been informed of their rights through posting of the notice of such rights and other such educational efforts as may be undertaken by the FEWB. Such charges will result in investigations by the Applicable Department as described below.

VII. Notice of Current Living Wage to All Covered Employees

189.03

(e) Notice Requirements

(1) Covered Employers shall be required to provide notice to Covered Employees of their rights arising from this Chapter, and the amount of the current Fair Employment Wage. Etc..

Attachment 1

Declaration of Number of Persons Employed by Applicant

(All persons declared here must be all employees who work a minimum of 20 hours per week.)

Please complete the following information listed below:

1. Is your ~~company/organization~~ this a for-profit _____ or a non-profit entity?
2. Total Nnumber of current/active employees on payroll in entity? _____
3. Number of employees to be added if contract is awarded? _____
4. (NEW) Current total number of employees in Ohio? _____
5. ~~If your company/organization is a non-profit entity, w~~ What is the lowest amount paid to any employee (please, etc...)
6. (Same as number 4 in current form.)
7. (NEW) How many employees in Entity are paid less than the current living wage (\$10.50/hr.)?

Note: The FEWB should give administrative direction to the city to make the additions to the affidavit form contained in Attachment 1, both currently and if the contract is awarded. The point here is to provide additional information that will allow for a better analysis of the law's impact. This should be done through administrative action, as opposed to a change in the ordinance.

1/9/2006

FEWB - Service contracts

Contr #	Vendor	Type of work	Dept	Amount	law apply?	Why not?	result	EE in Cleve	EE if awarded	contr start	ends
57769	Bradley Construction	pavements	CPP	249,177	No	under 20 EE					
	World Resource	recycling	public service	pending	No						
	Recycle America	recycling	public service	pending	No						
	Norton Environmental	recycling	public service	pending	No						
	Penn Window washing	window washing	citywide	pending	No						
	Janitorial Services	window washing	citywide	pending	No						
	All Star Window Washing	window washing	citywide	pending	No						
58889	Valley Ford Trucks	tire repair	MVM	71,155	Yes						
58948	Tire Distributors	tire repair		99,180	No	under 20 EE					
58342	Tab Pest Control	exterminating	Safety	39,988	No	under 20 EE					
	J&J Refuse	recycling	public service	pending	No						
57491	Nozzel New Co.	stationary generatio	MVM	334,513	No	under 20 EE					
	Zaremba	Tree trimming	Parks	pending	No	under 20 EE					
57249	Wise Intl Trucks	transmissions	MVM	226,546	Yes		awarded				
	J&S Landscaping	Tree trimming	Parks	pending	No			5	5		
	Berbakos Tree Service	tree trimmig	Parks	pending	No	under 20 EE					
57318	Wise Intl Trucks		MVM	490,000	Yes						
	JTO	Tree trimming	Parks	pending	No	?					
58905	Tom Paige Catering	prison meals	Safety	513,359	Yes						
58907	Gardiner Svce	A/C repair	Port Controls	189,940	Yes						
58974	Dueco	auto repair	CPP	250,000	Yes						
57864	Tom Paige Catering	meals summer progr	Parks	225,400	Yes						
57863	Hillcrest Food Svce	food items	Parks	69,577	Yes						
58186	G&M Auto	towing	MVM	84,650	No	under 20 EE					
57908	Domest. & Foreign Auto	dump body rehab	city wide	126,000	No	under 20 EE	awarded	6	6	2001	2003
57858	Park Works	vacant lots	Parks	227,000	No	prior to law	awarded			2001	2002
	Nozzel New Co.	repairs	MVM	122,700	No	under 20 EE	awarded	4	4	2001	2002
	Advanced Tire	tire repair	MVM	62,000	No	under 20 EE	awarded	9	9	2001	(2002)
58939	Millar Elevator Svcs	elevator svce	Property	152,712	Yes		awarded	2500	2500	2001	2002
57918	Cyngier	Maint of A/C	Port	46,000	No	under 20 EE	awarded	17	17	2001	6/5/11

FEWB - Service contracts

1/9/2006

Contr #	Vendor	Type of work	Dept	Amount	law apply?	Why not?	result	EE in Cleve	EE if awarded	contr start	ends
58989	American Natl Fleet	Auto repair	CPP	250,000	Yes		awarded	54	54	2001	2002
58224	West Park Auto	auto parts	CPP	999,000	No	under 20 EE	awarded	17	17	2001	2004
57635	RAN Associates	temp workers	Parks	617,494	No	prior to law	awarded			2001	2002
57634	Ameritemps	Temp workers	Parks	1,588,940	No	prior to law	awarded			2001	2002
	Kurtz Bros.	disposal of debris	Public Service	67,200	Yes		awarded	517	157	2001	10/9/04
	Able Contracting	install fencing	Eng Constr	107,511	Yes	(prev. wage)	awarded	42	42	2001	4/27/01
57907	Cyngier	Maint of HVAC	WPC	100,000	No	under 20 EE	awarded	11	11	2001	6/22/01
57940	Asplundh Tree Experts	tree trimming	Parks	109,237	Yes		awarded	306	306	2001	6/27/01
58233	Park Works	Wade Park Sch	CD	120,000	No	under 50 EE	awarded	17	17	2001	8/31/01
58348	Tab Pest Control	exterminating	Safety	88,088	No	under 20 EE	awarded	6	6	2001	10/12/01
58364	Republic Svces	Waste	Waste	1,497,500	Yes		awarded	100	100	2001	10/17/01
58370	Republic Svces	Waste	Waste	3,812,500	Yes		awarded	100	100	2001	10/18/01
58426	American Landfill	waste	Waste	6,270,000	Yes		awarded	37	37	2001	10/31/01
57796	Park Works	Iowa Maple Sch	CD	40,000	No	under 50 EE	awarded	17	17	2001	5/11/01
58313	Licursi, Inc	plant trees	Parks	42,064	No	under 20 EE	awarded	4	4	2001	10/5/200
58997	Getco Inc	Waste	Water	186,907	No	Under 20 EE	awarded	8	8	2002	2003
	Custom Clutch	Hydraulic repairs	MVM	92,097	No	Under 20 EE	awarded	19	19	2002	2003
58885	Brom Truck	Auto repair	MVM	165,000	No	Under 20 EE	awarded	8	8	2002	2003
	Advance Auto Glass	Auto repair	MVM	53,000	No	Under 20 EE	awarded	19	19	2002	5/9/02
	Republic Waste	Waste	Waste	160,000	Yes		awarded	100	100	2002	9/2/02
	Cooper Landscaping	landscape maint	CPP	350,000	No	under 20 EE	awarded	7	7	2002	11/8/02
	Klein Radiator	Auto repair	MVM	60,000	No	Under 20 EE	awarded	3	3	2002	4/3/02
	Apollon	Painting	Architect	38,830	No	Under 20 EE	awarded	8	8	2002	5/14/02
	Action Automatics	repair garage	Port	69,600	No	under 20 EE	awarded	7	7	2002	1/18/02
	Tenable	Security guards	city wide	829,431	Yes		awarded	1893	1893	2002	11/5/02
	KONE, Inc.	Elevator Maint.	Port	1,619,955	Yes		awarded	59	59	2002	3/18/02
	Perfecturf, Inc	landscape	Water	289,450	No	Under 20 EE	awarded	100	100	2002	3/21/02
	Apex Construction	painting	Architecture	140,980	No	Under 20 EE	awarded	3	3	2002	3/22/02
	Northcoast Empl Leasing	Temps	Parks	320,500	Yes		awarded	63	320	2002	4/11/02
	Flex-Tech	Temps	Parks	1,483,125	Yes		awarded	75	480	2002	4/11/02

FEWB - Service contracts 1/9/2006

Contr #	Vendor	Type of work	Dept	Amount	law apply?	Why not?	result	EE in Cleve	EE if awarded	contr start	ends
	Norton Environmental	Waste	Waste	464,000	Yes		awarded	198	198	2002 4/12/02	5/7/04
	West Roofing Systems	repair roofing	Port	73,545	Yes		awarded	60	60	2002 5/14/02	5/22/04
	T&F Systems	Roofing	Port	266,810	Yes		awarded	36	36	2002 5/14/02	5/22/04
	A. W. Farrell	Repair roofing	Port	237,240	Yes		awarded	88	216	2002 5/14/02	5/22/04
	Hal Jones Construction	Roofing	Port	121,950	Yes		awarded	55	55	2002 5/23/02	12/31/03
	Warren Roofing	Roofing	Port	62,500	Yes		awarded	85	85	2002 5/24/02	5/31/04
	Republic Waste	Waste	Waste	6,220,500	Yes		awarded	100	100	2002 9/20/02	9/20/03
	American Landfill	waste	Waste	1,136,800	Yes		awarded	37	37	2002 9/20/02	10/1/03
	Republic Waste	Waste	Waste	3,687,500	Yes		awarded	100	100	2002 9/21/02	9/21/03
	Licursi, Inc	landscape maint	Forestry	43,099	No	under 20 EE	awarded	4	4	2002 10/11/02	10/16/03
	Licursi, Inc	landscape maint	Parks	43,099	No	under 20 EE	awarded	4	4	2002 10/11/02	10/16/03
	Gen'l Tree Service	landscape maint	Parks	82,768	No	under 20 EE	awarded	10	15	2002 10/13/02	10/16/03
	Gen'l Tree Service	landscape maint	Forestry	82,768	No	under 20 EE	awarded	10	15	2002 10/13/02	10/16/03
	Innovative Foods	Food service	Parks	18,000	No	under 20 EE	awarded	4	4	2002 12/20/02	5/8/05
	RAN Associates	temp workers	Parks	2,773,445	Yes		awarded	34	84	2003 4/3/03	5/3/04
	Perfecturf	tree trimming	Parks	75,749	No	under 20 EE	awarded	16	20	2003 4/3/03	4/4/04
	City Auto Frame Service	auto repair	MVM	41,750	No	under 20 EE	awarded	4	4	2003 6/9/03	6/13/04
	Custom Clutch	Hydraulic repairs	MVM	82,450	No	Under 20 EE	awarded	19	19	2003 7/3/03	7/9/04
	Nozzel New Co.	fuel pump repairs	MVM	627,966	No	under 20 EE	awarded	4	4	2003 8/8/03	8/13/05
	Parkworks	vacant lot maint	Park	153,000	No	under 20 EE	awarded	17	17	2003 5/30/03	5/30/05
	Simpex Grinnel	Life Safety repair	conv ctr	64,400	Yes		awarded	121	121	2003 11/5/03	11/5/04
	G&M Auto	towing	MVM	213,750	Yes		awarded	25	25	2003 2/10/03	2/18/05
	T&F Systems	Roofing	city wide	1,108,908	Yes		awarded	80	80	2003 4/14/03	4/14/11
	Energy Mechanical	HVAC repair	city wide	925,000	Yes		awarded	20	23	2003 4/25/03	4/25/05
	Allstar Window Cleaning	window washing	City Wide	247,600	No	under 20 EE	awarded	10	20	2003 4/25/03	
	Aaron Landscaping	landscape maint	city wide	161,814	Yes		awarded	23	20	2003 4/25/03	5/21/03
	Buiding Technicians	Repair roofing	city wide	297,975	Yes		awarded	30	30	2003 5/30/03	5/30/11
	Action Door Co.	rep. overhead doors	city wide	825,000	Yes		awarded	44	44	2003 6/17/03	6/19/05
	York Bldg Maintenance	cleaning WS Market	Conven Ctr	432,000	Yes		awarded	200	210	2003 6/20/03	7/1/06
	American. Waste Mgmt	waste	Waste	174,225	Yes		awarded	21	21	2003 7/1/03	7/2/04

FEWB - Service contracts

1/9/2006

Contr #	Vendor	Type of work	Dept	Amount	law apply?	Why not?	result	EE in Cleve	EE if awarded	contr start	ends
	Advance Auto Glass	Auto repair	MVM	90,242	No	Under 20 EE	awarded	19	19	2003 7/22/03	8/4/05
	Kenmore Construction	streets	streets	1,520,000	Yes		awarded	172	172	2003 9/17/03	9/26/05
	Republic Svcs	Waste	Waste	1,956,500	Yes		awarded	100	100	2003 9/22/03	9/25/04
	Republic Svcs	Waste	Waste	12,584,25	Yes		awarded	100	100	2003 9/22/03	9/25/04
	Republic Svcs	Waste	Waste	7,718,750	Yes		awarded	100	100	2003 9/22/03	9/25/04
	American Landfill	Waste	Waste	133,830	Yes		awarded	37	37	2003 9/23/03	9/25/04
	Wackenhut Corp	Security guards	citywide	775,777	Yes		awarded	251	271	2004 1/13/04	1/26/06
	KONE	elevator maintenance	Con. Center	206,604	yes		awarded	59	59	2004 1/13/04	1/12/07
	Gardiner Services	Repair boilers	Port	44,580	yes		awarded	129	129	2004 3/29/04	4/6/06
	MPW Industrial Svcs	Scale pit cleaning	Waste	32,000	yes		awarded	1226	1226	2004 3/30/04	4/7/05
	Perfecturf	landscaping	Water	250,557	no	under 20 EE	awarded	16	21	2004 4/14/04	4/14/06
	Snider-Blake	temps	city wide	2,240,058	yes		awarded	500	200	2004 4/14/04	12/31/04
	Aaron Landscaping	landscape maint	WPC	45,174	no	under 20 EE	awarded	15	15	2004 4/22/04	4/22/06
	Precision Maintenance	Maintenance	Water	50,456	no	under 20 EE	awarded	4	8	2004 5/26/04	5/26/06
	Tenable	Security guards	Port	300,330	Yes		awarded	3176	3176	2004 6/18/04	10/27/04
	Granger Trucking	waste	WPC	194,625	yes		awarded	33	33	2004 7/14/04	7/15/05
	Van Curen Services	Landscaping	Park	153,995	no	under 20 EE	awarded	18	18	2004 8/24/04	8/15/05
	United Labor Agency	Temporary service	Parks	600,000	No	under 50 EE	awarded	40	140	2005 1/1/05	12/31/05
	Staffing Service Inc	temporary service	Parks	1,546,507	Yes		awarded	86	386	2005 1/1/05	12/31/05
	Cleveland Door Control	door repair	Port	50,606	No	under 20 EE	awarded	14	14	2005 5/5/05	5/5/06
	Recycle America	recycling	public service	139,000	yes		awarded	49233	49233	2005 6/8/05	6/29/05
	Kurtz Bros.	recycling	Public Service	74,550	Yes		awarded	181	181	2005 6/22/05	6/29/05
	BJB Enterprises	window washing	citywide	pending	No					2005 ?	
	RAN Associates	Temps	Parks	0.00	n/a	no contract	nothing	28	393	N/A	N/A
	N. Coast Employee Leasin	Temps	Parks	0.00	n/a	no contract	nothing	18000	18000	N/A	N/A

FEWB - Financial Assistance

1/9/2006

vendor	type assistance	\$\$ amount	total city assist	law apply	why not	result	ee in cleve	ee if awarded	contr start	end date
2900 Ltd.	abatement	287,650	287,650	Yes		awarded	121	125	2004	
3500 Group Ltd.	loan - grant	600K - 200K	669,657	No	under 20 EE					
4208 Prospect	loan	512,000	0.00	No	under 20 EE	awarded	9	15	2002	2017
A-1 Affordable Plumbing	loan	126,000	57,478	No	under 20 EE	awarded	3	3	2001	2010
Agora Promotions	loan - grant	93K - 62K	72,033	No	under 20 EE	awarded	2	5	2002	2012
Aqui Systems	loan	250,000	52,882	No	under 20 EE	awarded	0	50	2003	2010
Artefino Inc	loan	30,000	?	No	under 20 EE	awarded	0	6	2002	2009
Arthouse	grant	25,000	25,000	No	under 50 EE	awarded	2	3	2003	2003
Barbizon	grant	49,750	49,750	No	under 75,000	awarded	15	15	2003	2003
Bellaire Puritas Development	loan - grant	200K - 150K	350,000	No	under 50 EE	awarded	11	11	2002	2022
Bingham Bldg, Grocery Store	loan	380,000	88,672	No	retail	pending	19	19	2004	
Bingham-Burnside LLC	NDIF	2,000,000	2,000,000	No	housing	awarded	0	0		
Braden Supphin Ink	loan - abatement	196K - 46K	71,379	No	under 75,000	awarded	131	131	2001	2011
Buckeye Area Development	NRF grant	243,000	243,000	No	under 50 EE					
CEAM Investment Corp	loan	380,000	86,672	No	retail		19	19		
Cement Masons Local 404	loan	120,000	11,590	No	under 20 EE	awarded	4	4	2002	2022
Century Antiques	NRAP grant	32,800	32,800	No	retail					
City Rose Ltd	loan	400,000	55,725	No	under 20 EE	awarded	0	0	2002	2012
Cleve. Health Museum	HUD loan-EDI grant	5M - 1.2M	2,517,945	No	under 50 EE	awarded	41	41	2001	2016
Cleveland Growers	loan - grant	4.6M - 1.4M	2,012,063	Yes	unable 2 help	unable	38	38	none	
Cleveland Industrial Park	EDP	130,020	130,020	No	City project					
Cleveland Restor Society	loan - grant	60K - 70K	85,215	No	under 50 EE					
Collinwood Development	grant	400,000	400,000	No	under 50 EE	awarded	5	5	2004	2004
Community Assessment	grant	30,000	30,000	No	under 75,000	awarded	54	54	2003	2003
Consolidatde Graphics	abatement	592,471	592,471	Yes		awarded	128	158	2004	
Container Compliance	loan - grant	160K - 25K	25,000	Yes	unable 2 help	unable	21	26	none	
Cudell Improvement	loan	260,000	22,982	No	under 50 EE	pending	10	10	2004	
Cudell Improvements	loan	50,000	13,795	No	under 50 EE	awarded	9	9	2002	2017
Dave Saltzman Realty	loan	1,200,000	862,891	No	retail	awarded	0	0	2002	2013
Downtown Cleve Partnership	grant	10,000	10,000	No	under 75,000	awarded	8	8	2004	2004
Downtown Cleve Partnership	grant	10,000	10,000	No	under 20 EE	awarded	8	8	2002	2012
Dr. Gergory Hall	loan - grant	93K - 62K	62,000	No	under 20 EE	awarded	1	4	2002	2012
Educational Lending Grp	loan - abatement	300K - 232K	283,812	Yes		awarded	110	160	2004	

FEWB - Financial Assistance

1/9/2006

vendor	type assistance	\$\$ amount	total city assist	law apply	why not	result	ee in cleve	es if awarded	contr start	end date
Elabed LLC	loan	313,320	54,366	No	under 20 EE	pending		15	2005 ?	
Eliza Bryant	HUD loan, EDI grant	5M - 1.25M	1,816,706	No	Housing					
Euclid-St. Clair Development	NRAP grant	10,000	10,000	No	under 75,000					
Fairfax Renaiss. Develop.	loan - grant	594K - 396K	95,021	No	under 50 EE	awarded	12	12	2002	2007
Famicos Foundation	loan - grant	200K - 50K	44,105	No	under 50 EE	awarded	23	23	2001	2010
Farid Elabed (Access Link)	loan - grant		29,130	No	under 75,000					
Flats Realty	loan	160,000	50,084	No	under 75,000					
Friendly Inn Settlement	loan - grant	960K - 240K	328,311	No	under 50 EE	awarded	29	29	2001	2016
Fries & Schuele LTD (housing)	grant - abatement	100K - 202K	202,186	No	retail	awarded	9	9	2001	2010
Gateway Electric	loan - abatement		231,673	Yes		awarded	0	0	2003	2013
Gateway Electric (duplicate?)	loan	210,000	3,048	No	under 75,000		0	0	70	
Gebauer Co.	abatement	934,786	934,786	Yes		pending	33	33		
Gravity LLC	grant	200,000	200,000	No	under 20 EE	awarded	7	7	2002	2003
Greater Cleve Media	grant	75,000	75,000	No	under 50 EE					
HAB Mfg	loan	35,000	6,498	No	under 75,000					
Hahn Manufacturing	loan	130,000	12,762	No	under 75,000					
Happy Times Day Care	loan - abatement	251K - 84K	198,149	No	under 75,000	pending	26	40	2005 ?	
Hard Hat Self Car Wash	NEF grant	160,000	160,000	No	under 20 EE	awarded	6	14	2001	2016
Heidman Steel	abatement	4,706,979	4,706,979	Yes						
Helen Moss & R. Fleischman	loan	29,952	8,173	No	under 75,000	pending	0	80		
Intermuseum Conservation	grant	10,000	10,000	No	under 50 EE	awarded	18	18	2001	2012
ISG	loan - abatement	4,500,000	4,500,000	Yes		awarded	15	15	2002	2002
Kinbess LLC	Clean Ohio grant	1,500,000	1,500,000	No	Clean Ohio	awarded	0	800	2003	2023
K-Mart	abatement	1,121,903	1,121,903	No	retail	awarded	0	100	2001	2001
Kolbus American	loan	300,000	46,396	No	under 75,000					
Lakeview Square Lid	Loan	1,400,000	167,571	No	under 20 EE	pending	2	25	2004	
Lassi Enterprises	loan - abatement	1.2M - 800K	277,190	No	under 20 EE	awarded	3	2	2005 ?	
LeLoLai Bakery	loan - grant	13K - 7K	10,133	No	under 75,000	awarded	5	3	2002	2012
Lessco	loan	750,000		No	under 75,000	awarded	0	5	2002	2015
Linsey Furniture Gallery	grant	30,686	30,686	No	under 75,000	awarded	0	260	2004	
Loftwoks	loan	100,000	100,000	No	under 75,000					
Lonnie Coleman	loan - grant	220K - 55K	55,000	No	under 75,000	pending	0	0		
Maingate Business Developme	NEF grant	3,500	3,500	No	under 50 EE	awarded	55	55	2002	2017

FEWB - Financial Assistance

1/9/2006

vendor	type assistance	\$\$ amount	total city assist	law apply	why not	result	ee in cleve	ee if awarded	contr start	end date
McGuffey School	abatement	318,102	318,102	No	under 50 EE	awarded	15	15	2001	2011
Merrick Hosue	grant	150,000	150,000	No	under 50 EE	awarded	40	40	2003	2003
Midland Steel	abatement	1625811		No		bankrupt				
Mimolia Bus Solution	abatement	263,036	263,036	Yes		awarded	96	101	2003	2014
Moskey Dental	loan	30,000	6,741	No	under 75,000					
MPCL, LLC	loan - abatement	175K - 187K	345,889	No	under 20 EE					
Mt. Pleasant NOW	loan	200,000	101,063	No	under 50 EE	pending	16	16	2005 ?	
Mt. Pleasant NOW	loan	142,000	55,153	No	under 50 EE	pending	16	16	2005 ?	
Mt. Pleasant NOW	grant	6,000	6,000	No	under 50 EE	awarded	15	15	2004	2004
Nadia One	loan	75,000	11,072	No	under 20 EE	awarded	5	40	2003	2010
NEON	Loan, grant	3.2M - 419K	613,462	Yes		awarded	248	248	2003	2018
New Village Development	loan-grant-abatemt	2.5M - 310K	1,581,928	No	housing	awarded	13	13	2002	2017
Northeast Shores	grant	10,000	10,000	No	under 50 EE	awarded	7	7	2002	2002
Nottingham Spirk Project	loan - abatement	350K - 962K	1,108,959	Yes		awarded	40	40	2004	2014
Oatey Warehouse	abatement	2,384,492	2,384,492	Yes		awarded	276	303	2004	2014
Ohio City Near West	grant	150,000	150,000	No	under 50 EE					
Old Brooklyn Developmt Corp	grant	15,000	15,000	No	under 75,000					
Old World Foods	loan	50,000	6,469	No	under 75,000	awarded	5	8	2003	2013
Otto Konigslow Mfg	loan - grant	30K - 30K	37,230	No	under 75,000	awarded	29	29	2001	2010
Parkview Town Center LLC	abatement	65,029	65,029	No	under 75,000	awarded	21	21	2004	2014
Patricia Gibson	loan	23,299	4,242	No	under 20 EE	awarded	3	3	2001	2008
PCD Properties (Cefaratti)	loan - abatement	400K - 187K	298,536	No	under 20 EE	awarded	0	0	2001	2010
PNP Realty	loan	84,000	17,123	No	under 20 EE	pending	10	16	2005 ?	
Pumps and Equipment	loan	52,700	5,452	No	under 75,000	awarded	13	13	2004	2014
Quark Biotech	loan - grant	2.1M - 525K	525,000	No	under 20 EE	awarded	13	13	2001	2016
RSI Co.	abatement	123,000	123,000	Yes		pending	36	55	2005 ?	
Satraj Ltd	abatement	228,673	228,673	No	under 20 EE	awarded	0	0	2002	2012
Second Growth Inst.	loan	1,000,000	139,312	No	under 50 EE	awarded	1	1	2001	2021
Segway	grant	1,500	1,500	No	under 20 EE	awarded	3	3	2004	2004
Simbionix	loan	1,500,000	1,500,000	No	under 20 EE					
Slavic Village Delopment	NEF grant	90,000	90,000	No	under 75,000					
Slavic Village Development	loan	95,000	656	No	under 50 EE	pending	30	30	2005 ?	
SR Products	grant	6,780	6,780	No	under 20 EE	awarded	15	15	2004	2004

FEWB - Financial Assistance

1/9/2006

vendor	type assistance	\$\$ amount	total city assist	law apply	why not	result	ee in cleve	ee if awarded	contr start	end date
Stager Beckwith Assoc	loan	5,000,000	1,027,409	No	under 20 EE	awarded	0	0	2003	2023
Stanley Jackson	loan - grant	75K - 50K	61,669	No	under 20 EE	awarded	4	4	2001	2011
State Industrial	abatment	119,414	119,414	Yes		awarded	261	287	2004	2014
State Industrial	loan	250,000	250,000	Yes		pending	261	287		
Sterling Data Center/Bluebridg	abatment	56,677	56,677	No	under 20 EE	awarded	4	8	2004	2011
STL Medical LLC	loan	5,000,000	159,050	No	under 20 EE	awarded	0	0	2002	2017
Sutton Builders	abatment	47,373	47,373	No	under 20 EE	awarded	0	5	2004	2014
Sweet & Assocs.	loan	50,000	50,000	No	under 20 EE		5	6		
SYSCO	abatment	3,550,000	3,550,000	Yes		awarded	0	893	2003	2010
Tastebuds	loan - grant	42K - 8K	2,805	No	under 20 EE	pending	2	4	2005 ?	
Techmplate	loan	170,000	5,020	No	under 75,000					
TEG Properties	loan	232,000	145,794	No	Housing,retail					
Third Dunkin Donuts Realty	abatment	77,573	77,573	No	retail	awarded	50	50	2004	
Three C's Mgt & Developmt	loan	197,120	27,461	No	under 75,000					
US Cotton	abatment	44,690	44,690	No	exempted	awarded	350	350	2003	2013
Valley Ford Truck	abatment	7,155		No						
VGS	HUDloan-EDI grant	5M - 1.2M	2,517,945	Yes		awarded	206	206	2001	2016
Westown	grant	95,000	95,000	No	under 50 EE	awarded	6	6	2004	2004
Westown Comm. Devel. Corp.	grant	6,900	6,900	No	under 75,000	awarded	9	9	2003	2003
William Rosby	loan	115,000	31,728	No	under 75,000	awarded	0	0	2004	2019
Wimbleton Investments	loan	50,000	2,749	No	under 75,000	pending	24	30	2005 ?	
Wire-Net	grant	15,000	15,000	No	under 50 EE	awarded	5	5	2004	2004
Zen Industries	loan	46,500	5,450	No	under 20 EE	pending	11	11	2005 ?	

**Summary of Service Contracts, Financial Awards and Affected Employees
2001 through 2004 (**)**

Service Contracts (106)

<u>Year</u>	<u># Contracts</u>	<u># Covered</u>	<u>EE covered</u>	<u>Under 50 EE</u>	<u>Under 20 EE</u>	<u>Prior to law</u>
01	21	8	3,296	2	8	3
02	29	14	3,739		14	
03	22	15	1,167		7	
04	10	6	1,918		2	
no date of award	24	8	129 (for 1 co.)		7 (no reason)	
Totals	106	51	10,249	2	38	3

Financial Awards (108)

<u>Year</u>	<u># Awards</u>	<u># Covered</u>	<u>EE covered</u>	<u>Under \$75,000</u>	<u>Under 50 EE</u>	<u>Under 20 EE</u>
01	17	1	206			
02	20	0	0			
03	15	5	2,112			
04	23	6	1,023			
no date of award	33	3	400			
Totals	108	16	3,741	28	25	34

Other reasons why not covered: Retail: 8
 Housing: 3
 Exempted: 1
 No reason: 4
 Unable to Help: 2

** Data obtained from reports to FEWB from Dept. of Economic Development

A REPORT FROM

POLICY MATTERS OHIO

CLEVELAND'S LIVING
WAGE LAW:
A THREE-YEAR REVIEW

DANA WILLIAMS
MAY 2004

Executive Summary

Three years after Cleveland's Fair Employment Wage Ordinance went into effect, this new report from Policy Matters Ohio finds that it has resulted in modest pay raises for a small number of workers, has not resulted in a substantial increase in contract costs, and has prevented only one financial assistance agreement from going forward according to the city. Loose record-keeping requirements in the law have made it difficult to fully assess the impact of the ordinance and limited enforcement has reduced the law's effectiveness.

The ordinance, passed in June 2000 and popularly referred to as the Living Wage law, requires that a higher minimum wage be paid by the city and certain employers contracting with or receiving financial assistance from the city. The current required wage, \$9.34 an hour, is indexed to the Consumer Price Index to rise with inflation.

Of the roughly 9,500 people working for the city of Cleveland, previous Policy Matters research found that about one percent, slightly less than 100 employees, received wage increases as a result of the ordinance. Eight city employees received raises last year after the most recent required increase in the wage, and some employees may have benefited from earlier increases. All other city employees were already earning above the threshold.

Service Contracts

Over three years, the Cleveland ordinance has covered 39 service contracts with 27 contractor companies who together employ 7,392 workers, according to data reported by the vendors. This is roughly three percent of the contractors with whom the city does business. Other contracts were not covered because they were for uncovered services, for goods instead of services, or because the size of the employer or the size of the contract was too small. Not all of the 7,392 employees are covered, but the exact total is uncertain because of the way the data is currently reported. The vast majority of covered employees were already paid above the required wage.

The city's purchasing department reported that contract costs have not increased, and that no employers with whom the city contracts have voiced concerns to them about the requirement. Although the law covers subcontractors, they have not been monitored.

Financial Assistance Agreements

Out of 47 financial assistance deals reviewed for compliance by the city, the law covers only six – Gateway Electric, International Steel Group (ISG), Minolta Business, NEON, Sysco, and Vocational Guidance Services (VGS). These six covered agreements apply to an estimated 2,318 employees and total \$39,560,164. The non-profit Vocational Guidance Services increased the wages of twelve of its 206 workers by about 45 cents an hour each to comply with the second living wage level of \$8.70 per hour.

Some financial assistance agreements that would be covered have remained "contract pending" during the law's three-year period, and others were exempt because the firms employed too few people. The lion's share of covered financial assistance is for a \$35

million tax abatement for Sysco, a large food distributor that is moving to Cleveland from Bedford Heights.

Only one employer, Container Compliance, appears on the city's list of "Financial Assistance Projects the City was unable to Assist". The company produces steel, plastic, and fiber drums for recycling, and employed 21 people, some of whom earned less than the required wage, when it applied for a \$160,000 loan and \$25,000 grant from the city. The city reported that the loan and grant would have allowed the firm to add five additional employees.

Health Insurance

Most companies covered under the law offer health insurance, although at least four do not. One company, US Cotton, requested and was granted an exemption from the living wage requirement because it argued that if health insurance costs were included in its hourly compensation to employees, the hourly employee payment would exceed the living wage even though hourly wage payments did not.

More than half of the 111 communities with living wage ordinances include a provision that requires higher wage compensation for those employers that do not provide health insurance. In those ordinances, the average required increase in hourly compensation for workers not provided insurance is \$1.46.

Recommendations

1. The ordinance should be amended to require higher compensation for employees who are not provided with affordable health insurance.
2. To enable better monitoring and enforcement, reports should be enhanced as follows:
 - A. Those bidding on service contracts or requesting financial assistance should be asked to report, clearly and directly:
 - i. Number of Ohio-based employees
 - ii. Wages of all Ohio-based employees
 - iii. Percent of new hires to come from the city of Cleveland
 - B. After being granted a contract or a financial assistance agreement, all employers should be asked to report semi-annually:
 - i. Number of Ohio-based employees
 - ii. Wages of all Ohio-based employees

Conclusion

The living wage ordinance has had a modest positive impact on a small number of Cleveland workers. The city has not detected increased contract costs and the city has recorded only one financial assistance agreement that could not proceed because of the requirement. Improved reporting and monitoring should improve the effectiveness of this ordinance.

Introduction

In June 2000, Cleveland City Council passed Ohio's first living wage law, the Fair Employment Wage Ordinance. The law required that the city and certain employers doing business with the city pay their employees at least \$8.20 an hour, adjusted annually for inflation, to a current hourly level of \$9.34. One year after the law went into effect in January 2001, Policy Matters conducted and published a review of the law, called *Minimal Enforcement: The Cleveland Living Wage Law's First Year*. This report is available on-line at: <http://www.policymattersohio.org/lwintro.html>

This new report reviews the impact of the ordinance during the three years it has been in place. The law called for a review now, and the Fair Employment Wage Board (FEWB), the committee that oversees the functioning of the law, is in the process of writing its own report, as well.

As with our earlier report, we found it difficult to gather some of the information needed to fully understand the effects of the law on workers in the city of Cleveland. From what we were able to ascertain, the law is applied to a very small percentage of employers who do business or receive assistance from the city. For the small numbers of employees covered by the ordinance, the law has had a modest positive effect.

This report concludes by making a number of concrete recommendations to improve the law, such as to enhance reporting requirements for companies, require submission of payroll records for companies with service contracts, and mandate a higher wage for employers who don't provide health insurance care for their employees.

Background on Living Wages ordinances

The federal minimum wage has not kept up with inflation – since 1968 it has lost close to 40 percent of its value. Had it kept pace with inflation since then, the minimum wage would have been worth \$8.46 last year instead of \$5.15. At current levels, a full-time minimum-wage worker earns \$10,712 a year, far below the \$18,850 federal poverty line for a family of four.¹ Getting above that level would require payment of about \$9.06 an hour for a full-time year-round worker. Other research has put the real cost of staying out of poverty considerably higher.

In the mid-1990s, partly in response to state and federal governments' failure to index the minimum wage to inflation, workers' rights activists in many communities began trying to enact living wage ordinances. These ordinances required that municipal employees and employees of companies doing business with local governments be paid a minimum wage that was slightly or somewhat higher than the federal minimum wage. The first ordinance, passed in Baltimore, required that workers be paid \$6.10/hour (now \$8.70).

¹ Department of Health and Human Services, "Annual Update of the HHS Poverty Guidelines". <http://aspe.hhs.gov/poverty/04fedreg.htm>

There are now 111 municipal, county, or township living wage ordinances in 30 different states around the country. The wage levels required under the ordinances range from a low of \$7.06 in Milwaukee County, WI to a high of \$13 in Fairfax, CA. Eighty-seven of these ordinances were passed at the city or township level, while 24 of the ordinances went through at the county level. Ordinances vary in scope – some communities cover only municipal employees, other communities have gone so far as to require that all businesses operating within their borders pay a higher minimum wage. Most of the ordinances, however, cover municipal employees and employees of companies receiving contracts or economic development assistance from the municipality. The ordinances that do cover contracts usually cover only service contracts, but some communities have tried to also enforce the wage standards on businesses from which they are purchasing goods. Some ordinances require that businesses pay a higher hourly wage if they fail to provide health insurance to their workers. In short, the laws vary quite a bit, but all are designed to provide higher wages to certain employees within a community.

There are several economic reasons to create these wage floors. First, paying workers well provides resources to be spent, often locally, which can strengthen the local economy. Second, paying higher wages can often lead to more efficient service provision, as the Economic Policy Institute found in one study.² Third, higher wages can reduce turnover. Finally, wage floors can encourage "high road" businesses that invest in their workforce and create a high-productivity, high-wage model, and can create a disincentive to "low road" businesses that compete by offering low wages and low quality. Without wage floors, it can be difficult for high-wage businesses to compete, even if those businesses provide better services.

Local context

Despite the low level of the official poverty line, 26 percent of Cleveland individuals and 24 percent of Cleveland families fell below this threshold in 2002, according to the U.S. Census Bureau. Rates for children were higher, at 41 percent. The median income of households in Cleveland was \$26,529, according to this survey.³

George Zeller, a researcher at the Council for Economic Opportunities in Greater Cleveland, reported that the average 2001 income for tax returns in the Cleveland school district was \$26,331. That was down 9.0 percent from \$29,935 in 1986, adjusted for inflation. For the state as a whole, average taxpayer income started much higher at \$39,718 in 1986, and grew in the late 1990s, peaking at \$44,000 in 2000 and dropping to \$42,602 in 2001.⁴ It is clear that many Cleveland residents are struggling economically.

² Jared Bernstein, 2000. "Higher Wages Lead to More Efficient Service Provision – The Impact of Living Wage Ordinances on the Public Contracting Process".

http://www.epinet.org/content.cfm/issueguides_livingwage_alexlivwg

³ US Census Bureau, 2003. "Population and Housing Profile: Cleveland city, Ohio".

<http://www.census.gov/acs/www/Products/Profiles/Single/2002/ACS/Narrative/160/NP16000US3916000.htm>

⁴ See <http://www.ceogc.org> for more information. Also, see the Ohio Department of Taxation. All numbers in this paragraph are in 2001 dollars.

Partly because wages and income have been low in the city of Cleveland, the city council passed what is popularly referred to as a living wage ordinance in the year 2000. The ordinance required that a minimum wage of \$8.20 an hour be paid to employees of the city, of some companies holding service contracts with the city, and of companies receiving economic development assistance from the city. Service contracts for less than \$25,000 and financial assistance agreements of less than \$75,000 are exempt from the ordinance, as are employers with small numbers of employees. The Cleveland living wage is now \$9.34 an hour, and is indexed to the Consumer Price Index so that it will increase in value along with inflation.

Proponents of the ordinance argued that the requirement would improve living standards for some workers and help establish a climate that valued workers. Opponents of the ordinance argued that it would impede economic development efforts, increase the costs of city contracts, and establish a bad business climate. This evaluation assesses the ordinance at the three-year mark.

Evaluation of the Cleveland's ordinance

Policy Matters Ohio has done ongoing monitoring of the city's living wage law. We often had trouble getting good information about city contracts, economic development recipients, and covered employees. Access to data and relevant personnel within the city was at times difficult and slow. As a result, key features about the law's impact cannot be analyzed. Deficits in reporting and record keeping make it impossible to know exactly how many workers have benefited from the law and how much. The city's Fair Employment Wage coordinator, Tanya Jones, has been helpful in providing much of the information upon which this report is based.

City employees

Over 9,500 people currently work for the city of Cleveland.⁵ Most did not receive a raise from the first living wage increase, as they were already making over \$8.20 per hour. Policy Matters previously found that the ordinance brought about a pay increase for nearly one hundred workers, roughly one percent of all employees. Eight city employees received raises last year after the most recent required increase. It is likely that some employees received raises when the living wage was adjusted in 2002, but the exact number is not available from the city.

Service contracts

A national study by the Brennan Center for Justice concluded that living wage laws resulted in a negligible increase in the cost of contracts.⁶ Cleveland's Purchasing

⁵ Interview with Jenison Brown, Assistant Personnel Director, 1/21/04 (layoffs had been announced in the city and were taking place at this time).

⁶ Brennan Center for Justice, 2003. "Living Wage Laws and Communities: Smarter Economic Development, Lower Than Expected Costs".

http://www.brennancenter.org/programs/living_wage/elmorereport.html.

Department concurs, saying that the ordinance has not had any effect upon the cost of contract bids. The department reported that no contractor has voiced concerns to them about the ordinance.⁷

Over three years, the Cleveland ordinance has covered 27 service contractor companies out of roughly a thousand total service contractors, or about three percent of the city's total⁸. There have been 39 individual covered service contracts, totaling \$59,804,364, as Table 1 shows. Many contracts are not covered because the ordinance does not apply to for-profit employers with fewer than 20 employees, non-profits with fewer than 50 employees, or contracts worth less than \$25,000. The ordinance does not cover vendors of goods to the city, and applies only to certain kinds of services. Finally, the living wage only applies to full-time employees who work at least 30 hours per week. This limits the number of employees covered by the ordinance.

Service contracts falling under the living wage law cover a total of 7,392 employees, according to data reported by vendors. This includes employees to be hired after the contracts were awarded. Companies receiving these contracts have stated that receiving them would increase their employment by a total of 772 employees.⁹ Nearly two-thirds of the total covered employees work for only two firms, Millar Elevator Service and Tenable Protective Services. Some employees reported by these two companies do not actually work in the state of Ohio, and are thus not covered (some also may not be covered because they work less than 30 hours a week).¹⁰ Therefore, the reported total figure of covered employees is a good deal larger than the actual number of employees covered by the law. As will be noted in the "Monitoring and Enforcement" section, it would be very useful for employers to report the number of covered employees, as opposed to merely how many employees there are in total.

According to city records, Republic Waste Services has had more covered contracts than any other vendor, with eight, and also by far the highest total dollar amount of covered contracts (\$37,601,500). Three covered companies (American Landfill, American Waste Management Services, and Republic Waste Services) received twelve service contracts for waste and debris disposal, totaling \$45,316,355, more than 75 percent of the total value of covered service contracts. Republic has had city waste disposal contracts since before the living wage law and has been paying its 100 area employees more than the living wage. Republic is a national company with other operations in Ohio, all of which are covered by Cleveland's law. Although Ronald Luri, general manager of Republic's Cleveland operation, said that most Republic employees are in unions, which tend to pay high wages, he does not know what other Republic operations in Ohio were paying their

⁷ Interview with Commissioner Myrna Branche, 1/14/04.

⁸ This number and the information in the next paragraph is drawn from presentations by the city's living wage coordinator at quarterly meetings of the Fair Employment Wage Board (FEWB).

⁹ More than 90 percent of these employment gains are in three temporary agencies. If these employees have seen wage increases, this is a substantial contribution to improved labor remuneration for covered employees. Some other employers may also have hired new workers to meet contract needs, but the data does not make this clear.

¹⁰ The ordinance states that all Ohio-based employees who worked for covered employers are to get the living wage.

employees. Luri said that he likes the living wage law because it “keeps companies that are paying good wages” in the city.

The living wage law also covers subcontractors. However, subcontractors have not been monitored, since the law has been interpreted to mean that such record keeping is not required.¹¹ Table 1 below provides information reported by the living wage coordinator on service contractors covered by Cleveland’s living wage ordinance during the first three years of the law. The table relies on information provided by the contractors and is at times confusing – for example many of the employers report no change in employment levels after receiving large contracts. One explanation for this may be that the employer has ongoing contracts with the city, so new staff isn’t hired upon contract receipt, but employment levels would certainly decline if the contract were not awarded.

The city’s three-year review report contains some minor errors that make it difficult to get a clear understanding of the law’s impact.¹² Future reports from the city should clarify how many workers received wage increases, what current and previous wage levels are, and how employment levels have changed.

The reported data does not show how many employees received wage increases, or even what the wages of employees are before or after a contract is awarded. However, some companies reported that data to us. For example, Tenable Protective Services increased to the mandated level only those wages paid to the roughly 50 employees working directly on the city contract. Some of these employees likely dropped below that wage rate once the contract was up, according to CEO Peter Miragliotta. He estimated that only ten to fifteen percent of Tenable’s employees were making at least as much as Cleveland’s living wage at the time of its contract.¹³ Although the law is supposed to cover all full-time Ohio employees of a covered company working at least 30 hours a week, the city has not reported that Tenable was out of compliance. Miragliotta nonetheless voiced strong criticism of the ordinance, because he does not feel that the city should dictate what employees are paid.

¹¹ Interview with Fair Employment Wage coordinator Tanya Jones, 3/2/04.

¹² Two covered contracts not mentioned previously in the coordinator’s quarterly reports to the FEWB were in the coordinator’s three-year report: Able Contracting Group Inc and Asplundh Tree Expert Co. Four previously reported contracts were removed from the living wage coordinator’s three-year report, because each dealt with providing a good – and not a service – to the city. Also, a landscaping contract with Perfecturf, Inc. from 2002 to 2004 was noted as not covered because it had “less than 20” employees, although the same report noted the company had 100 employees. Policy Matters’ earlier report on the living wage showed that two temporary agencies (Ameritemps and Ran Associates) received covered contracts during the law’s first year. The companies did not complete their affidavits, declining to fill out how many employees they had. At the time, the city briefly pursued Ameritemps under the law’s provision for paying their other Ohio employees a living wage. But on the coordinator’s three-year report these contracts are denoted “Bid went out prior to FEWL”, even though the contracts were awarded after the law went into effect.

¹³ Interview with CEO Peter Miragliotta on 3/31/04.

Table 1. Companies with Covered Workers Awarded Service Contracts with the City of Cleveland, 2001 to 2003

Company	Number of contracts	Contract description	Contract value	Employees		Change in number of employees
				Before contract awarded	After contract awarded	
A. W. Farrell & Son	1	Repair roofing	\$237,240	216*	216	0
Aaron Landscaping	1	Landscape maintenance	\$161,814	23	20	-3
Able Contracting Group	1	Installation of Fencing	\$107,511	42	42	0
Action Door	1	Repair overhead doors	\$825,000	44	44	0
American Landfill	3	Disposal of waste	\$7,540,630	37	37	0
American National Fleet	1	Automotive repair	\$250,000	54	54	0
American Waste Management Services	1	Disposal of debris	\$174,225	21	21	0
Asplundh Tree Expert	1	Tree trimming	\$109,237	306	306	0
Building Technicians	1	Repair roofing	\$297,975	30	30	0
Energy Mechanical	1	NVAC repair	\$925,000	20	23	3
Flex-Tech	1	Temporary workers	\$1,483,126	75	480	405
G&M Auto	1	Towing services	\$213,750 ¹⁴	25*	25*	0
Hal Jones Construction	1	Repair roofing	\$121,950	55	55	0
Kenmore Construction	1	Street grinding	\$1,520,000	172	172	0
KONE	1	Elevator maintenance	\$1,619,955	59*	59*	0
Kurtz Brothers	1	Disposal of debris	\$67,200	157	157	0
Millar Elevator Service	1	Elevator maintenance	\$152,712	2,500	2,500	0
Northcoast Employee Leasing	1	Temporary workers	\$320,500	63	320	257
Norton Environmental	1	Waste disposal services	\$464,000	198	198	0
RAN Associates	1	Temporary workers	\$2,773,445	34	84*	50
Republic Services of Ohio	8	Waste disposal services	\$37,601,500 ¹⁵	100	100	0
SimplexGrinnel	1	Life safety system repair	\$64,400	121	121*	0
T&F Systems	2	Roof repair & replacement	\$1,375,718	80*	80	0
Tenable Protective Services	1	Unarmed security guards	\$829,431	1843	1893	50
Warren Roofing and Insulation	1	Repair roofing	\$62,500	85	85	0
West Roofing Systems	1	Repair roofing	\$73,545	60	60	0
York Building Maintenance	1	Cleaning West Side Market	\$432,000	200	210	10
Total	39		\$59,804,364	6,620	7,392	772

Source: FEWB. Notes: Contract values for companies with more than one contract have been added together. Contract values have also been rounded to the nearest dollar. The above employment figures are from the living wage coordinator's three-year report and (*) denotes where a different employment figure has previously been reported. Previous figures suggested an additional 475 covered employees than shown above.

¹⁴ Previous city reports had valued the G&M contract at \$123,750.

¹⁵ One Republic contract was previously reported as valued at \$104,930, but on the coordinator's three-year report was \$160,000.

Financial assistance

Out of a total 47 assistance agreements reviewed by the living wage coordinator for compliance, the law covers only six – Gateway Electric, International Steel Group (ISG), Minolta Business, NEON, Sysco, and Vocational Guidance Services (VGS). These six agreements apply to an estimated 2,318 employees and total \$39,560,164. This is shown in Table 2 below. A number of financial assistance deals that would be covered by the living wage ordinance have remained “contract pending” during the law’s three-year period. As with service contractors, this number is low due to small employment sizes.

Table 2. Employers covered by the living wage ordinance receiving financial assistance from Cleveland, 2001 to 2003

Employer	Type of assistance	Total value of assistance	Employees	
			Before assistance given	After assistance given
Gateway Electric	Loan & tax abatement	\$231,721	70*	70
ISG	Loan & tax abatement	\$434,000	0	800
Minolta Business	Tax abatement	\$263,036	96	101
NEON	Loan & grants	\$613,462	248	248
Sysco	Tax abatement	\$35,500,000	0	893
Vocational Guidance Services	Loan & grant	\$2,517,945	206	206
Total		\$39,560,164	620	2,318

Source: FEWB. Note: (*) The three-year review report from the living wage coordinator shows zero employees for Gateway Electric before receiving assistance, although the company’s affidavit lists 70.

The vast majority of this assistance money is in the form of a \$35 million tax abatement for Sysco, a large food distributor. Sysco stated in its affidavit that it had no covered employees, although it has other locations throughout Ohio and is moving to the city from Bedford Heights. Sysco is building a new facility and is not yet receiving financial assistance, although it has been declared as covered by the coordinator’s three-year report.

Sysco’s workforce will be relocating to Cleveland and will not be significantly changing in size. Vice-President of Finance Jeff Moore estimated that the average wage for Sysco’s approximately 600 employees was \$24 an hour, more than twice the living wage. The city of Cleveland will be gaining a significant \$30 million payroll from this move.¹⁶

Another large employer, International Steel Group (ISG), had no employees before receiving assistance because it is a new company formed in 2002, consolidated from the assets of bankrupt steel companies, like LTV Steel, Acme Steel, and Bethlehem Steel.¹⁷

¹⁶ Interview with Jeff Moore, 4/28/04.

¹⁷ David Prizinsky, 8/11/03. “ISG on lookout for more bargain buys”. *Crain’s Cleveland Business*.

All of the approximately 1,150 union members at ISG in Cleveland are already paid much more than the living wage.¹⁸ The living wage ordinance was of little relevance to either the Sysco or the ISG agreements because both already paid all employees above a living wage.

Besides Tenable, the only employer that we were able to confirm as having provided a wage increase due to the ordinance is the non-profit Vocational Guidance Services (VGS). VGS increased the wages of twelve workers (of 206 total) for the second living wage increase (to \$8.70 per hour). These employees were making on average 45 cents an hour less than the living wage prior to the raise. Gateway Electric and ISG have also submitted payroll records, although prior wage levels are unknown. The other financial assistant recipients have yet to do so.

Although some companies and employer groups have claimed that the living wage is an obstacle to assistance deals, only one employer, Container Compliance, appears on the living wage coordinator's "Financial Assistance Projects the City was unable to Assist" report. The coordinator stated that when the Economic Development Department's project coordinator informed the company about the living wage law, the firm decided not to pursue any financial assistance. She stated that she is "99 percent sure" that is why it backed out.¹⁹ The company produces steel, plastic, and fiber drums for recycling, and employed 21 people, some of whom earned less than the required wage, when it applied for a \$160,000 loan and \$25,000 grant from the city.

Neither opponents of the law nor the city have identified additional examples of projects that the city could not assist because of the ordinance. The Greater Cleveland Growth Association's Carol Caruso testified at a FEWB hearing that: "We are often asked for data to support our position. How many businesses have been impacted by such regulations? ... Have those impacts been negative or positive? Unfortunately, this data is extremely hard to come by. As is evidenced by the relatively low number of cases you have reviewed, not many companies are impacted."²⁰

Policy Matters reported in 2002 that financial assistance contracts were often awarded to Limited Liability Companies (LLC's), which typically have far fewer than twenty employees, and are therefore not covered under the living wage. Although LLC's are technically the recipients of assistance, a tenant or leaseholder of the LLC may be the company actually benefiting from that assistance. The extent to which this loophole in the law has been used more recently is unknown. The city did not provide information in response to a request for this study about the number of LLC's receiving financial assistance. However, this issue could be avoided by clarifying the law to include employees of the company benefiting from the financial assistance.

¹⁸ Interview with Pat Gallagher of United Steel Workers of America Local 979, 4/27/04. The lowest union wage at ISG is \$15.50/hour.

¹⁹ Interview with Tanya Jones, 10/8/03.

²⁰ Testimony delivered by Carol Caruso to the FEWB three-year review hearing, 2/18/04.

Reporting & monitoring

Some cities have attempted to improve upon prior shortcomings in their laws and implementation, especially in the areas of reporting, bookkeeping, and monitoring. Where appropriate, Cleveland should also tighten up loopholes to better fulfill the initial intent of the law.

At present, potential contractors fill out an affidavit that asks how many current employees the employer has and how many it expects to employ if the contract is received. The question does not ask how many non-Cleveland employees the company has in Ohio or the number of subcontracted employees working on the contract. Also, since the second answer is an estimate, it is possible that the listed number will differ somewhat from the final number employed after the contract is granted. The affidavit also fails to ask about subcontractors who are doing work on service contracts.

Service contract and financial assistance reports by the living wage coordinator have listed employment for employees working “in Cleveland”. However, the affidavit does not ask for employment by location, so it is impossible to conclude that all workers listed on the affidavit are Cleveland employees, and not somewhere else in Ohio or out of state. As noted earlier, the reports have also occasionally had omissions and errors. While these mistakes are often corrected immediately, they make it difficult for outsiders to know what this law has meant to covered employees in Cleveland. Attachment 1 at the end of this report provides a suggested revised affidavit that would enable the city to better address these concerns.

Since we do not know the number of workers covered or their current or prior wage levels, it is impossible to fully understand the impact of the law. Brief phone interviews with a few companies confirmed that initial affidavit employment figures were no longer accurate.

The current method for monitoring the compliance of covered financial assistance recipients is through submission of semi-annual payroll records. Service contracting companies, on the other hand, are monitored by worker complaints. Other communities have instead required municipalities to monitor compliance, by also analyzing payroll records of service contractors. This is similar to how the federal government monitors conformity with the minimum wage. The coordinator has stated that as of the three-year mark of the law, there have been no worker complaints submitted.

As mentioned above, the law requires companies receiving financial assistance to submit semi-annual compliance reports to the FEWB and the Clerk of City Council. Although the living wage coordinator gives reports at the quarterly FEWB meetings on the status of both service contracts and financial assistance deals, semi-annual compliance reports have not been submitted to the clerk of city council as required.²¹ Otherwise, both service contracts and financial assistance reports from the coordinator have improved over time

²¹ Interview with Tanya Jones, 3/2/04. Jones stated that she wanted the reports to have the “correct information” before she submitted them.

with the provision of additional information not found on earlier reports, although changes were sometimes made during FEWB meetings that corrected various figures on the reports handed out.

Covered employers are not asked on affidavit forms what percentage of new hires will be residents of the city of Cleveland. The law recommends employers should aim for 40 percent of their new employees to be Cleveland residents, an important factor for Cleveland's economy. There is also no other mechanism for knowing if this is taking place.

The living wage coordinator does site visits at covered companies to verify the posting of the ordinance. She has found all worksites have it posted somewhere.

Health insurance

Although records received from the city are incomplete, of the 27 service contractors covered by the law, at least four do not offer some form of health insurance to employees. This indicates that most companies do offer some form of insurance. While insurance may be offered almost universally, it is less clear whether it is affordable.

Only twelve service contractor companies covered under Cleveland's law specified health insurance cost information on the affidavit in a comparable fashion. Thus, even for employers who offer health insurance, it is difficult to fairly compare plans to judge affordability. For those where a premium could be determined, costs do not vary widely, with a low-range annual premium for individuals around \$276 and a high-range of nearly \$1,700. Adding in the cost of deductibles and co-payments can increase the cost of health care; the median cost of health insurance (premium + deductible) becomes \$426, with a high-end cost of \$1,930. The information available for financial assistance recipients generally reflects a similar range.

For a comparison, the city of Lakewood defines reasonable health care in its living wage ordinance as being no more than 15 percent of one's income.²² A full-time, single employee making \$19,427 per year would pay no more than \$2,914 for a premium.²³ At most workplaces where health care costs could be determined, health insurance falls well below this threshold for individuals. Costs for a family of four are considerably higher. However, one financial assistance recipient offers as its cheapest health care package a premium of \$3,428 for a single, hourly employee. A provision like Lakewood's would help prevent such wild deviation.

Only one company, US Cotton, has come forward to seek an official exemption from the living wage law because its insured employees make under a living wage. Although 33 percent of its current workforce didn't earn an hourly pay rate that conformed to living wage requirements, the company stated: "When the health insurance and employee benefit package are added based on an hourly rate, 100% of the employees meet the

²² Lakewood Charter, Chapter 113: Living Wage.

²³ It also specifies "single health care benefits", not for a larger family.

Living Wage”.²⁴ The company was granted a living wage exemption from City Council on February 4th, 2004, and thus is able to receive financial assistance from the Department of Economic Development despite paying less than a living wage.

Nationally, the vast majority of living wage ordinances have health care components, something that the Cleveland law does not.²⁵ The Cleveland law states that a preference is given to employers who offer employees health insurance, but does not require employers to provide it. The other four living wage ordinances in Ohio (Cincinnati, Dayton, Lakewood, and Toledo) have two-tiered health insurance provisions, which require higher wages for employees without health insurance. Over half of the 111 living wage ordinances in place require higher wages if employees are not offered health insurance. The average differential required is \$1.46 more per hour for uninsured employees.

Recommendations

Policy Matters Ohio offers the following suggestions to improve the Living Wage ordinance:

1. Enhance reporting requirements for employers.

Reports should be expanded upon to guarantee accuracy, completeness, and usefulness of submitted data. Affidavit questions should be more carefully worded to clarify employee numbers on employers’ forms, and to gauge how many employees are benefiting from the law. (Please see the attached sample form for specific suggestions on how to address this.) Space should be made on the affidavit to address the percentage of new hires to come from the city. There should also be suitable follow-up to know if such hiring is taking place.

2. Require submission of payroll records for employers with service contracts.

The law should require service contractors and any subcontractors to submit semi-annual payroll records, as opposed to the “complaint-only” method currently used for enforcement. We recommend that the city require a simple, semi-annual report detailing how many workers have received pay increases and for how much. This would help monitor the law and allow citizens to understand its impact. Keeping track of the number of employees currently employed in Ohio would also be a helpful change, since at the moment we do not know how many workers each employer has actually added since filling out its affidavit.

3. Adapt the law to require a higher wage for employers without affordable health insurance for their employees.

Covered employers who do not offer affordable health insurance should pay employees more than employers who do offer it. Without such a provision, employers who offer health insurance are subject to being undercut by competitors who do not. Requiring higher compensation of uninsured workers provides employers with an incentive to offer

²⁴ City of Cleveland Memorandum, Re: US Cotton, LLC, 8/25/03, from Steven Sims to Jane Campbell.

²⁵ Jen Kern, Director of ACORN’s Living Wage Resource Center, interview 1/04 by Zach Schiller.

insurance and provides uninsured workers with greater means to purchase insurance on their own. The Lakewood law provides a reasonable guide to follow.

Conclusion

Contrary to the predictions of some opponents, there is no evidence to suggest that the Cleveland Living Wage ordinance has caused large numbers of employers to locate elsewhere. Further, it has not caused any appreciable increase in price of contracts.

The law should be strengthened by including health insurance provisions and by requiring better monitoring and enforcement. In its current form, the law appears to have had a modest impact on a small number of workers in Cleveland. There is also evidence that some covered employees should have been paid the living wage, but weren't. More reporting is necessary in order to better understand how workers are being affected by the ordinance.

Attachment 1

[Policy Matters Ohio offers the following suggestions for updating the affidavit for covered employers, to provide a more accurate and richer count of employees. Changes to the current form are shown in bold.]

Declaration of Number of Persons Employed by the Bidder

(All persons declared here must be full-time employees, who work a minimum of 30 hours per week)

1. Is this a for-profit _____ or a non-profit _____ entity?

2.

CURRENTLY

... IF AWARDED

Current Total Employees in Entity

Total Employees to be added in Entity if awarded contract

Current Total Employees in Ohio

Total Employees living in Cleveland to be added if awarded contract

Current Total Employees working in Cleveland

Total Subcontractor Employees to be added if awarded contract

Current Total Employees living in Cleveland

3. **What** is lowest amount paid to any employee (please identify in what increment that amount is paid)? _____

4. If this is a non-profit entity, what is the highest amount paid to any employee (please identify in what increment that amount is paid)? _____

5. **How many employees are paid less than the living wage (\$9.34/hour)?** _____

Entity name: _____

Your Name: _____

Your Title: _____

Date: _____

LIVING WAGE AFFIDAVIT

_____ being first duly sworn, deposes and says that
Authorized Officer

he/she is _____ of _____
(Owner, Partner, President, etc.) Company Name

the party making the foregoing proposal or bid does hereby certify in accordance with the Living Wage Ordinance (30-03) that:

1. The current number of persons employed by company is: _____
2. The number of persons employed if applicant obtains this contract will be: _____
3. Company provides Health Insurance Benefits for employees: ____ Yes ____ No
 - A. If yes, does employee cost or contribution equal or exceed fifteen percent (15%) of the employees monthly wages: ____ Yes ____ No

Please initial both paragraphs (a) and (b) or one of the exemptions set forth in paragraph (c):

- (a) ____ Any person who is an employee of our company or any employee working for a subcontractor of our company will be paid a "living wage" of no less than **\$10.56** per hour and be provided single health benefits that do not cost the employee more than 15% of his/her monthly wages, except those employees within an established probationary period that does not exceed sixty (60) work days.
- (b) ____ Any person who is an employee of our company or any employee working for a subcontractor of our company and **not** provided single health benefits that do not cost the employee more than 15% of his/her monthly wages, will be paid a "living wage" of no less than **\$11.70** per hour.
- (c) Our company and all of our subcontractors qualify for one or more of the **exemptions** to the Living Wage ordinance (please initial all of the exemption(s) that are applicable):
 - 1) ____ Employ fewer than 20 persons
 - 2) ____ A not-for-profit employer with less than 50 employees
 - 3) ____ Employ only volunteers
 - 4) ____ Pay employees the prevailing wage rate or a wage rate pursuant to the Davis Bacon Act.
 - 5) ____ Employees are covered by a collective bargaining agreement or Railway Labor Act.

- 6) _____ Employer is a commercial Retail establishment.
- 7) _____ Employees are not employed in the State of Ohio.
- 8) _____ Employees are enrolled full-time in high school or college and are under the age of 22.
- 9) _____ Provide less than \$25,000 in services within a calendar year.

The Living Wage rate will be revised annually in January. Employer is required to pay the current Living Wage rate, as set forth by the City of Lakewood, OH.

I further certify that 1) there shall be no retaliation against any employee of our company or our subcontractors who claim violation of the provisions of the Living Wage ordinance or reports or testifies regarding an alleged violation; 2) our company will post a notice provided by the City stating that the employees may be subject to this Living Wage ordinance, and 3) that our company will twice yearly give to our employees a notice stating that the employee may be subject to the living wage ordinance and explaining the current living wage amount with and without single medical coverage.

Affiant

Sworn and subscribed before me this _____ day of _____, 200__.

Notary Public

County

State

Expiration Date



COMMISSIONERS
Jimmy Dimora
Timothy F. Hagan
Peter Lawson Jones

Greetings,

We are asking businesses that have contracts with Cuyahoga County to answer the questions in the enclosed survey. This survey will provide the county with useful information to help us set future procurement policy. Cuyahoga County has contracted with Policy Matters Ohio, a nonprofit research group in Cleveland, to handle this survey and evaluation.

There are three easy methods you may choose to use in filling out this survey:

- Mail. Simply fill out the paper survey and mail it to Policy Matters Ohio in the enclosed pre-paid envelope.
- Fax. Fill out the paper survey and fax it to Policy Matters Ohio at 216-361-9810.
- Online. Go to www.policymattersohio.org/surveys/cuyahogacounty.htm. Type in your user ID, which is located on the paper survey. Follow the directions to fill out the survey.

We thank you for taking time to complete this survey. If you have any questions or comments regarding this survey, please contact David Rothstein at Policy Matters Ohio at 216-361-9801.

Sincerely,

Dennis Madden
Cuyahoga County Administrator

Section A: Characteristics of the Establishment

A1. Which category best describes your establishment?

- _____ 1. For-profit organization
- _____ 2. Government organization (including public educational institutions)
- _____ 3. Other non-profit organization
- _____ 4. Other (please specify: _____)

A2. Which description best fits your establishment's situation?

- _____ 1. It is an independent, single establishment firm.
- _____ 2. It is owned by a multi-establishment firm.

A3. What is your establishment's main product or service? Please be as specific as possible:

A4. Is your business a Small Business Employer (SBE) registered with the County?

- 1. YES
- 2. NO
- 3. DON'T KNOW

Section B: Employment and Wages

B1. How many employees were on the payroll for the last payroll period, excluding temporary employees and contract workers, but including full-time and part-time?

- 1. Total Number of Employees _____
- 2. Of the total, how many were full-time (35 hours per week or more): _____
- 3. Of the total, how many were part-time (less than 34 hours per week): _____

B2. How many temporary and/or contract employees do you have? _____

B3. How many of the following do any direct work on your Cuyahoga County service contract?

- 1. Employees on your payroll _____
- 2. Temporary and/or contract employees _____

B4. Please put ALL managerial and non-managerial employees on your payroll into the following wage/salary categories as of December 2006. Do not include temporary and contract employees, but please include salaried employees:

Employees who earn:	Full-time Employees	Part-time Employees	On average, how many hours do part-time employees work per week?
Less than \$7.00			
\$7.01 to \$10.00			
\$10.01 or more			

B5. Please do your best to estimate the following:

1. What proportion are wages and benefits as a percent of your total costs? _____%
2. What proportion of your gross receipts does your service contract with Cuyahoga County represent? _____%

B6. Please estimate the following information on your workforce:

1. How many workers have been newly hired or recalled from lay-off since January 2004?

2. How many workers have quit, been discharged, or laid-off since the start of January 2004? _____
3. If you were to replace an existing non-managerial worker with a new worker, what is your best estimate of the total costs of such an action (including search, training, severance, legal and other costs)? \$_____
4. Have you experienced any labor shortages since January 2004?
 - a. YES
 - b. NO
 - c. DON'T KNOW
5. Have you raised your starting wages since January 2004 to attract more workers?
 - a. Yes, only to comply with recent minimum wage increase
 - b. Yes, for reasons other than recent minimum wage increase
 - c. No
 - d. Don't know

B7. Please answer the following questions regarding the benefits that you provide for employees:

1. Are health benefits offered by your company?
 - a. YES, Individual Coverage
 - b. YES, Both Individual and Family Coverage
 - c. NO, Health Benefits Not Offered
2. What percentage of non-managerial employees receive health benefits?
_____%

C. Costs

Please answer the following questions about your costs. This information is simply for statistical purposes and will remain completely confidential:

C1. What were your total gross receipts in 2005? \$_____

C2. Approximately what were your total operating costs in 2005 (include labor, material, depreciation of machines, computers and other equipment, rent or mortgage and amortization, utilities, telephone, mail, and other costs)? \$_____

D. Operations

D1. What do you see as your biggest concern about operating your business today?

D2. How would you like to see your current workforce enhanced? Circle no more than 3.

- a. More skills, experience, training, or education
- b. Better effort or more positive morale
- c. Better spoken English skills
- d. More dependability, less absenteeism
- e. Less turnover
- f. Stronger applicant pool
- g. Other (Specify: _____)
- h. Other (Specify: _____)
- i. Nothing

D3. In addition to Cuyahoga County, do you do business with the City of Cleveland?

- 1. YES
- 2. NO
- 3. DON'T KNOW

Thank you for your time. Please return this survey in the prepaid envelope included or fax it to 216-361-9810. This survey can be completed on the Internet at:

www.policymattersohio.org/surveys/CuyahogaCounty.htm

If responding via e-mail, please send the attached survey to survey@policymattersohio.org.

Policy Matters Ohio
Attn: David Rothstein
3631 Perkins Avenue, Suite 4C-East
Cleveland, Ohio 44114

Phone: 216-361-9801

Federal/State Funded Economic Development Programs at Cuyahoga County

And within the Department of Development

I. FEDERAL PROGRAMS

A. HUD

- 1) Entitlement Grants (are available annually)
 - a. Community Development Block Grants
 - b. HOME (affordable housing)
 - c. HUD 108 loan funding capacity for a project
- 2) National Application Awards
 - a. HUD 108 BEDI - a total of \$6 million for development of Tinkers Creek Commerce Park in Bedford.
 - b. HUD Office of Lead Hazard Control Grants to County Health Department with Dept of Develop as applicant partner.

B. EPA

Competitive National Applications
Brownfield Revolving Loan Fund Grants to the county that provides actual funding to cities and property owners to do physical remediation of identified environmental hazards.

II. STATE OF OHIO PROGRAMS

- A. Energy Assistance program funding – such as Home Weatherization Assistance Program where State of Ohio is pass through for distribution of DOE and HHS funding.
- B. Powers under Ohio Revised Code
Enterprise Zone Tax Abatement projects are induced via vote of B.of County Commissioners.
- C. State of Ohio TANF funding for lead remediation work (US Dept. of HHS pass through funding)
- D. State of Ohio Clean Ohio Revitalization Funding