

# THE LIVING WAGE DIFFERENCE

## *Estimating the Impact of a \$12.45 Living Wage December 2013*

The recently proposed Living Wage Ordinance for Milwaukee County would establish a floor on wages of \$12.45 per hour for the work done in support of the public priorities achieved through county contracts, leases, and concessions. Using the best estimates of covered workers available, this paper simulates the **impact of the \$12.45 living wage on covered workers.**

Projections are necessarily speculative. Still we are certain there will be positive impact on wages, workers lives, and the broader economy:

- A substantial number of very low-wage workers would secure higher wages as a result of the proposed ordinance. Estimates suggest that **at least 8000 workers stand to gain.**
- For the vast majority of these 8000 workers, the wage increase to \$12.45 would significantly increase earnings and improve the standard of living. Estimates suggest that the increase in wages would be in the 35-40 percent range, as most workers currently earn roughly \$9.00 per hour. **The wage increase will be sufficient for their jobs to lift full-time workers and their families out of poverty.**
- The collective impact of the Living Wage would increase income by some tens of millions of dollars annually, providing a boost to the local economy as well. Estimates put the **income increases in the range over \$38 million per year.**

The implementation of the Living Wage Ordinance could improve the living standards of covered low-wage workers in Milwaukee County. It also makes a **clear statement about the minimal standard of job quality expected when public money or public ends are being pursued through private businesses.**

### SIMULATED IMPACT OF LIVING WAGE AT \$12.45 PER HOUR

	Estimated Number of Workers	Estimated average hourly wage	Estimated average hours of work per week	Estimated Current Annual Earnings (Average Worker)	Estimated Annual Earnings at \$12.45 Wage (Average Worker)	Estimated Increase in Earnings Due to Living Wage	Estimated Total Income Impact of Living Wage (Annual)
Home Health Personal Care Workers	5,500	\$9.00	22	\$10,296	\$14,243	38%	\$21,707,400
Airport Subcontractors, Lesees, and Concessions	2,545	\$9.10	35	\$16,562	\$22,659	37%	\$15,516,865
Food Service, Janitorial and Security Contractors	235	\$9.05	37	\$17,412	\$23,954	38%	\$1,537,276
Total workers	8,280						\$38,761,541

## About the Data

The data used in this paper was developed by worker advocates in Milwaukee via a two-step process. First, a review of existing Milwaukee county contracts was conducted to identify the worksites, contractors, and other sources of employment for workers who would be covered by the ordinance. Second, over the course of five months (April to August, 2013), roughly 900 covered workers were interviewed to develop a picture of workers' pay and hours and total employment at these various worksites. These interviews took place at worksites, on the phone, or in workers' homes. The data then was summarized by worksite to generate reasonable estimates of the number of workers, their average wages, and the usual hours per week of work on an employer/contractor basis.

Worker advocates in Milwaukee approached COWS to provide this analysis of the living wage ordinance. These advocates provided a comprehensive set of estimates of current wages and employment at covered Milwaukee County contractor and leases as well as the covered home health workforce. Given COWS expertise on low wage jobs in Milwaukee, and understanding of the workings of the living wage ordinance, we provide this simulation of what the impact of the increase for covered workers to \$12.45 would be.

## About COWS

Based at the University of Wisconsin-Madison, COWS is a national think-and-do tank that promotes "high road" solutions to social problems. These treat shared growth and opportunity, environmental sustainability, and resilient democratic institutions as necessary and achievable complements in human development. COWS is nonpartisan but values-based. We seek a world of equal opportunity and security for all.