



A Proposal For a Livable Wage For Alachua County Workers

Revised January 2nd, 2016

No business which depends for existence on paying less than living wages to its workers has any right to continue in this country. - President Franklin Delano Roosevelt, 1933

All working Floridians are entitled to be paid a minimum wage that is sufficient to provide a decent and healthy life for them and their families, that protects their employers from unfair low-wage competition, and that does not force them to rely on taxpayer-funded public services in order to avoid economic hardship. - [FL Constitution, Article X, Section 24](#)

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Endorsing Organizations:

- [ACTION Network](#)
 - Dayspring Missionary Baptist Church
 - Faith Missionary Baptist Church
 - Gainesville Friends Meeting
 - Mount Carmel Missionary Baptist Church
 - Open Door Ministries
 - St. Patrick Catholic Church
 - United Church of Gainesville
 - [Unitarian Universalist Fellowship of Gainesville*](#)
 - Westminster Presbyterian Church
 - [Emmanuel Mennonite Church*](#)
- [Alachua County Labor Coalition](#)
- [Interfaith Alliance for Immigrant Justice](#)
- [International Brotherhood of Electrical Workers Local 1205](#)
- [North Central Florida Central Labor Council](#)
- [Veterans for Peace - Gainesville Chapter 14](#)
- [Civic Media Center](#)
- [Pride Community Center of North Central Florida \(PCCNCF\)](#)
- [Suwannee – St. Johns Group/Sierra Club](#)
- [Alachua County Green Party](#)
- [Gainesville Industrial Workers of the World](#)
- [Pure Energy Solar](#)
- [Cultural Arts Coalition](#)
- [Phoenix Rising Gainesville](#)
- [Humanist Society of Gainesville](#)
- [The North Central Florida Coalition for the Homeless and Hungry](#)
- [Grace Marketplace](#)
- The Rosa Parks Quiet Courage Committee
- [United Faculty of Florida - University of Florida](#)
- [Paddiwhack](#)
- [Gainesville Branch of the NAACP](#)
- [National Women's Liberation, Gainesville chapter](#)
- [Amalgamated Transit Union 1579](#)
- [Graduate Assistants United at the University of Florida](#)
- [Communications Workers of America 3170](#)
- [Karma Cream](#)
- [Rabbi David Kaiman of B'nai Israel](#)
- [Alachua County Democratic Executive Committee](#)
- [Gainesville Area NOW](#)
- Darin Cook, CEO of [Infinite Energy](#)
- Rick Nesbit, [Alta Systems Inc](#)

*Endorsed individually as well.

Statement of Purpose:

Throughout the nation a movement has been fomenting around the need for a living wage. Thousands of workers have gone on strike, politicians have stumped, and large companies such as McDonalds and Walmart have given token raises; but little has been done in Florida to make a living wage a reality. In Alachua County a coalition of religious organizations, businesses, labor unions, and economic justice activists have come together to make a tangible change for Alachua County workers. Our ambitious goal is to have the 10 largest employers in the County pay a Living Wage by 2020. We aim to enforce [Article X, Section 24 of the Florida Constitution](#) which is currently being scorned by many of our elected officials.

All working Floridians are entitled to be paid a minimum wage that is sufficient to provide a decent and healthy life for them and their families, that protects their employers from unfair low-wage competition, and that does not force them to rely on taxpayer-funded public services in order to avoid economic hardship.

Within this document we lay out our vision for a living wage and our plan for achieving that in Alachua County.

Ten Largest Employers in Alachua County

	Company	Industry	Number of Workers
1	University of Florida	Education	14,723
2	Shands Hospital	Healthcare	12,588
3	Veterans Affairs Medical Center	Healthcare	4,317
4	Alachua County School Board	Public Education	4,299
5	City of Gainesville	City Government	2,200
6	Publix Supermarkets	Grocery	2,056
7	North Florida Regional Medical Center	Healthcare	1,700
8	Nationwide Insurance Company	Insurance	1,300
9	Alachua County	Government	1,120
10	Santa Fe Community College	Education	796

Source: [Gainesville Chamber of Commerce \(retrieved 4/27/2015\)](#)

Executive Summary:

Poverty is the inability to pay for all of life's necessities without the use of public subsidies or private charities. In Alachua County there are an estimated 61,000 people living under the federal poverty threshold. This represents roughly 26% of all residents, including 1 in 4 children. As a society we decided long ago that we will not allow people to starve, go without emergency health care, ignore the early education of any child, or forgo the necessities of life for anyone who cannot afford them due to disability or low wages.

Most of the families who use government assistance are the working poor. Nearly 7 in 10 households in Alachua County who received Food Stamps/SNAP had 1 or more workers in the past 12 months. This is unsurprising when a whopping 75% of the labor force who is in poverty is employed. While unemployment is a major contributing factor to poverty, even once a job is found it's often not enough to make ends meet. Census data estimates that in Alachua County alone it would take over \$74 million for those below the poverty threshold to overcome their income deficit and meet their basic needs without outside help.

The campaign for a living wage seeks to address the concerns of the working poor by ensuring that all workers can live a dignified life by earning a living wage. In doing so, thousands of workers will be lifted out of poverty and taxpayers will save millions in public assistance to subsidize these artificially low wages.

Achieving a living wage for the 10 largest employers in Alachua County will require varying tactics, strategies, and constant reevaluation. This document will be regularly updated to reflect these ever-changing circumstances. As of January 2016, the City of Gainesville has a Living Wage Ordinance (LWO) which sets the minimum wage at 100% of the Federal Poverty Level (FPL), currently at \$11.66 an hour. However, there are numerous loopholes that allow contractors to avoid paying the mandated living wage.

In 2015 the County Commission increased the lowest wage paid to County employees to \$12.00/per hour from the previous \$10.22/hour. While this is a step in the right direction it is still well below a living wage for Alachua County. The issue of low wages for county workers is so severe that in 2013 6% of County employees fell within 10% of that level and qualified for government assistance programs. ([Report of Compensation Team for Alachua County Board of County Commission Retreat, 2013](#))

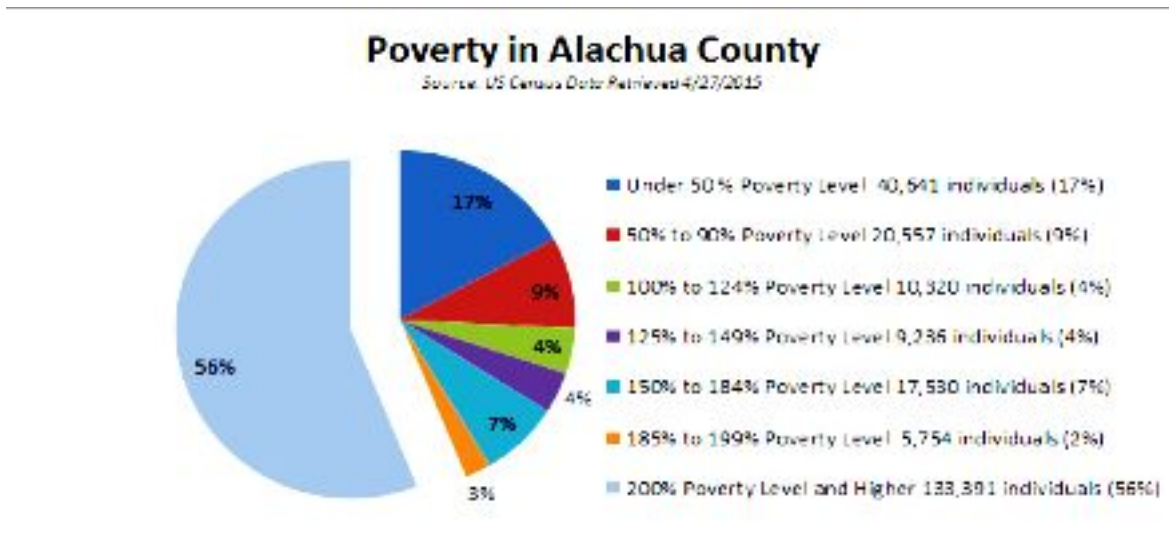
The Coalition's proposed ordinance, to be phased in gradually over the next five years, sets a living wage standard of 125% above the FPL for a family of four. Today, 125% of the poverty level would mean a starting wage of \$14.57 an hour take home pay plus benefits. Once fully implemented in for the Alachua County Commission, the living wage ordinance would lift 110 workers and their families out of poverty and increase direct local consumer spending by over

\$500,000. This ordinance will also apply to the workforce for over \$8 million in contracts the County currently has.

This proposed living wage ordinance would benefit the entire county by bolstering the economy and tax base. Hundreds of thousands of dollars in revenues would be added to businesses and service providers throughout the county and thousands of dollars in government subsidies would be unnecessary

A Snapshot of Poverty in Alachua County

One in four residents of Alachua County live in poverty. While the majority of county residents make more than 200% the poverty level, there are still many residents who are below this threshold.



Alachua County has a large college community which skews statistics on poverty. A study produced by the [Census Bureau in 2013](#) found that when college students are excluded the poverty rate for Alachua County drops from 25% to 16%. While the latter number might bring comfort to some it is very misleading as college students are a vital section of the Alachua County economy and labor market. When those not in the labor market such as students, children, and those not seeking work are excluded the poverty rate is still 17%. This is much higher than the poverty rate for the Florida labor force of 11% ([see chart one of the appendix](#)).

Those below the poverty line include:

- 2,364 veterans.
- 1 in 4 children.
- 10% of the employed labor force.
- 35% of African Americans.

- 19% of the female workforce.

Poverty has numerous ill effects on physical and mental health. Sandhil Mullainathan, a prominent poverty researcher describes poverty as the equivalent of pulling an all-nighter everyday. ([Washington Post, 2013](#)). His research has shown that the stress of being poor alone can cause a 13 point drop in IQ levels. Some of the ill effects of living below the poverty line are:

- Short term decision making is negatively affected resulting in excessive borrowing. ([Shah 2012](#))
- Stress due to poverty causes permanent effects of childhood development, even for those who overcome their circumstances. ([Evans, 2013](#))
- For veterans poverty contributes more to developing mental illness than being exposed to war. ([Trani, 2013](#)).
- Those living in poverty are twice as likely to be diagnosed with depression and 6% more likely to suffer from asthma and obesity ([Brown, 2013](#)).

County workers were asked [a series of questions](#) regarding poverty, wages, and what their income level means for their families. When asked what living near the poverty line means to them and their families the most common responses were that it was a struggle to pay the bills each month and that they felt unappreciated. One worker said that she feels “constant stress... Paying basic bills is a challenge. One major setback could bankrupt me.” Another worker said that living near the poverty line “means not being able to get to the doctor as often. Not being able to travel to see family”. Other workers talked about the constant struggle to try to make ends meet and being forced to live in substandard housing.

When asked what it would mean for their family to make \$11.66 an hour one worker said that she would have less stress, an ability to visit family, and be able to pay off some lingering debt. When workers were asked what it would mean for their family if they made \$14.58 an hour (125% the FPL) the responses shifted from being able to buy better food and clothing for family to being able to purchase cars and houses.

When County workers were asked how being forced to rely on government assistance makes them feel one worker summed up his feelings succinctly:

“[Although] it was personally embarrassing, I also felt like the government was subsidizing the low wages of my employer.”

The Need for a Living Wage Ordinance for the Alachua County Commission

A report from the Commission retreat on December 13th, 2013 found that there are serious issues within the County workforce stemming from low wages. Among the findings are that:

- There was a 40% increase in the employee turnover rate since 2010.
- A 14% increase in use of employee sick leave since 2007.
- Decreased employee morale.
- Increased work stress as employees are doing more due to increased turnover.

A living wage ordinance would help decrease all of these trends at a great savings to the County. When Los Angeles passed its living wage ordinance in 1997 savings from decreased turnover alone offset 16% of the total cost of the ordinance. Also there was an increase in morale, less absenteeism, and workers were more productive ([Fairris, et. al 2005](#)). San Francisco Airport's living wage had the effect of decreasing turnover from 95% to 19% for their security screeners ([Reich, et al., 2003](#)).

The cost of replacing these County workers is estimated to be between 16% and 20% of their salaries ([Boushey and Glynn, 2012](#)). Furthermore, savings from the increases in productivity and decreases in absenteeism are predicted but currently not quantified.

Contracts With the County

Alachua County currently pays nearly \$8 million in 115 contracts which could be affected by this ordinance. While many of these contracts are for services whose workers are already paid more than the living wage ordinance would require, the Coalition's proposal would require businesses with new County contracts to pay a living wage to their workers providing the service. It would not allow exemptions for businesses who benefit from tax incentives or economic development dollars.

Contracts most affected by this ordinance would be those that are labor intensive and employ low-paid workers such as janitorial and security services. It might appear that labor costs for these contracts would drastically increase the cost to the County, but, evidence from over 120 municipalities that have passed living wage ordinances shows that there is little to no effect on the costs of contracts years after implementation.

- When Baltimore passed a living wage ordinance in 1996 it was found that contract prices rose by 1.2% less than inflation ([Niedt et. al, 1999](#)).
- Increases in the costs at three New England cities which passed living wage ordinances were traced to the use of unit-cost bidding process ([Brenner and Luce, 2005](#)).
- Cost pass-throughs from county service contracts from 12 municipalities with living wage ordinances rose less than 0.04% of their overall budgets. ([Wicks-Lim, 2013](#)).

Increased Consumer Spending

Consumer spending represents 70% of the US Gross Domestic Product each year. The Federal Reserve Bank of Chicago estimates that for each \$1 increase in hourly pay, consumer spending increases \$3,500 the following year ([Aaronson et.al, 2011](#)). Using these estimates, we predict that once it is fully implemented, the living wage ordinance will result in over \$700 thousand in increased consumer spending. The ripple effect of this money being spent throughout the local economy will spur economic growth, create jobs, and grow the tax base of Alachua County.

Estimated Costs to Implement:

With these base calculations built in we estimate that a six year plan to implement a wage increase to 125% of the Federal Poverty Level for a family of four will cost \$473 thousand over six years and increase consumer spending by over \$700 thousand.

Proposed Living Wage Ordinance Timeline Chart 1

Year	Percentage of Poverty Level	Hourly Wage	Average Hourly Wage Below	Average Raise Dollar	Average Hire Date	Number of workers affected
2017	105%	\$12.24	\$12.04	\$0.20	4/9/2012	32
2018	110%	\$12.83	\$12.43	\$0.40	12/18/2011	52
2019	115%	\$13.41	\$12.87	\$0.53	1/29/2011	64
2020	120%	\$13.99	\$13.45	\$0.54	11/4/2010	89
2021	125%	\$14.58	\$14.05	\$0.53	12/8/2010	110

* Average salary for affected employees once previous year's benchmark is met.

Proposed Living Wage Ordinance Timeline Chart 2

Year	Percentage of Poverty Level	Increase in Spending*	Cost to County**
2017	105%	\$21,127.10	\$13,394.24
2018	110%	\$69,461.36	\$44,037.39
2019	115%	\$116,780.28	\$74,036.83
2020	120%	\$164,652.95	\$104,387.33
2021	125%	\$201,094.54	\$127,490.72
Total:		\$573,116.23	\$363,346.52

* \$3,500 hourly increase based on [Federal Reserve Bank of Chicago estimate](#).

** An upper end estimate calculated as increased payroll costs plus 10% for benefits minus 16% saving from turnover. This estimate does not include savings from increased productivity and decreased absenteeism.

Conclusions

The crux of the living wage movement is the belief that workers should be able to live a dignified life from their earnings. There is no doubt that this proposal will increase labor costs, but productivity, turnover, absenteeism, and morale are all improved by enacting a living wage ordinance, resulting in substantial savings overall. Furthermore, as these low-wage workers are pulled up from poverty they will help to stimulate the local economy by over \$500 thousand from Alachua County Alone.

The Alachua County Commission, as the 9th largest employer in the county, has the opportunity to be a standard-bearer for a living wage for all. We cannot rely on the state and federal governments to lead the way. We must act locally to make the minimum wage a living wage.

For more information on this study, including links to the data used, please see laborcoalition.org/living-wage-campaign. To download the data used for this study please [follow this link](#).

Frequently Asked Questions:

Does raising the wage increase inflation?

The economic term for this is *cost push inflation* in which increases in labor costs are passed through to consumers. Inflation happens for a number of reasons but as this chart shows changes to the minimum wage aren't a driving force.

Year	Percent Change to Minimum Wage	Minimum Wage	Inflation
2004	0.00%	\$5.15	3.30%
2005	0.00%	\$5.15	3.40%
2006	0.00%	\$5.15	2.50%
2007	7.8%	\$5.85	4.10%
2008	11.97%	\$6.55	0.10%
2009	10.69%	\$7.25	2.70%
2010	0.00%	\$7.25	1.50%
2011	0.00%	\$7.25	3%
2012	0.00%	\$7.25	1.70%
2013	0.00%	\$7.25	1.50%
2014	0.00%	\$7.25	0.80%

Why are the Florida and Federal Minimum Wages Different?

The minimum wage was first set in 1938 at \$0.25 per hour. It takes an act of Congress to change the Federal minimum wage, which last happened in 2007, raising the minimum wage from \$5.15 to \$7.25 over 3 years.

In 2004 Florida passed Amendment 5 which indexed the Florida minimum wage, then at \$6.35, to inflation. [Article X, Section 24](#) passed in 2004 with 71% of the vote and is the reason the Florida minimum wage is \$0.80 higher than the federal minimum wage.

Why not a living wage for all of Alachua County?

The Florida Constitution clearly states that all workers are to be paid a living wage:

All working Floridians are entitled to be paid a minimum wage that is sufficient to provide a decent and healthy life for them and their families, that protects their employers from unfair low-wage competition, and that does not force them to rely on taxpayer-funded public services in order to avoid economic hardship.

[-FL Constitution. Article X, Section 24](#)

Unfortunately, [FL Statute 218.077](#) preempts local governments from enacting a living wage that isn't solely for their workers, their contractors, or entities receiving tax incentives. Due to this provision, the wages in this state have remained stagnant for decades, and workers are finding themselves falling farther behind even as our economy grows. Because the state is unwilling to live up to the Constitution, many local governments have sought ways to create a living wage standard in their communities.

The Coalition is working with organizations throughout the state to repeal statute 218.077 as we believe that it violates the spirit of the Florida Constitution and unnecessarily interferes in the right to home rule.

Appendix

Sources:

All data, unless otherwise noted, was gathered and compiled using the US Census data. Below are links to the tables and charts used.

- [SNAP/Foodstamps and employment status.](#)
- [Aggregate Income Deficit by Family Type](#)
- [Income to Poverty.](#)
- [Poverty and Employment Status.](#)
- [Poverty, Education, and Race.](#)
- [Age Breakdown of Poverty.](#)
- [Poverty by Age and Veteran Status](#)

Defining a Living Wage:

A living wage is defined in this document as the wage needed for a full time worker to live a dignified life without having to rely on charity or government subsidies. In short, a living wage is the opposite of a poverty wage. There are many frameworks that seek to quantify this Living Wage but the most scientifically apt is the Massachusetts Institute of Technology (MIT) Living Wage Calculator.

This measurement calculates a living wage based on a communities cost for housing, healthcare, childcare, and other important measures that are applicable to families. The MIT Living Wage Calculator currently puts a living wage in Alachua County at \$14.43/hour ([MIT Living Wage Calculator For Alachua County retrieved 5/18/15](#)) for a family of 4 with two working adults. This calculation includes the cost of housing, healthcare, daycare, and other typical expenses in Alachua County. This number also assumes that there is employer provided health care with the health care expenses coming from employee out of pocket expenses. See below for typical expenses of households for Alachua County. Even though the MIT Poverty Calculator is more robust, it isn't used by any government agency when determining qualifications for programs.

A similar metric often used is Asset Limited Income Constrained Employed (ALICE), published by United Way. According to their [report in 2014](#), the survival budget for a family of four is \$23,050 or \$11.10 an hour.

The Federal Poverty Level (FPL) is the most widely used metric for poverty in the United States. It is currently used by Head Start (130% of FPL), the Supplemental Nutrition Assistance Program (SNAP) (130% of FPL), the National School Lunch Program (185% of FPL), Affordable Care Act healthcare subsidies (400% of FPL) and many more.

The FPL was first developed by Mollie Orshansky of the Social Security Administration in 1963. Her framework used the U.S. Department of Agriculture's (USDA) economy food plan for 1963

as the base. She then multiplied this number by three because at the time it was found that families of 3 or more spent roughly one third of their income on food. Each year after 1963 the Health and Human Services adjusts the FPL by multiplying the previous year's level by the change in the Consumer Price Index ([HHS.gov](https://www.hhs.gov)). The current FPL for a family of four is \$24,250 or \$11.66 an hour.

The FPL varies slightly from the Federal Poverty Threshold (FPT), which is used for statistical purposes for the census tracking of poverty. The current poverty threshold is \$24,008 or \$11.54 an hour.

For a complete [list of programs that use the FPL see the HHS website](#).

Chart 1: Income, Poverty, and Employment Status of Alachua County and Florida

	Florida Estimate	Florida Estimate Percent	Alachua Estimate	Alachua Estimate Percent
Below the poverty level	2,218,476	15%	49,293	25%
In labor force:	998,696	45%	20,817	42%
Employed	631,749	63%	15,510	75%
Unemployed	366,947	37%	5,307	25%
Not in labor force*	1,219,780	55%	28,476	58%
Above the poverty level	12,949,579	85%	146,366	75%
In labor force:	8,273,677	64%	101,727	70%
Employed	7,550,088	91%	96,674	95%
Unemployed	723,589	9%	5,053	5%
Not in labor force*	4,675,902	36%	44,639	30%
Total labor force below poverty level	998,696	11%	20,817	17%
Total employed labor force below poverty as total labor force	631,749	7%	15,510	10%

**Not in labor force: All people 16 years old and over who are not classified as members of the labor force. This category consists mainly of students, homemakers, retired workers, seasonal workers interviewed in an off season who were not looking for work, institutionalized people, and people doing only incidental unpaid family work (less than 15 hours during the reference week).*

Chart 2: Typical expenses for Alachua County families using 2014 estimates.

Annual Expenses	1 Adult	1 Adult 1 Child	1 Adult 2 Children	1 Adult 3 Children	2 Adults (One Working)	2 Adults (One Working) 1 Child
Food	\$3,022	\$4,457	\$6,704	\$8,887	\$5,540	\$3,022
Child Care	\$0	\$6,494	\$10,381	\$14,267	\$0	\$0
Medical	\$2,423	\$7,523	\$7,312	\$7,376	\$5,526	\$2,423
Housing	\$7,980	\$10,428	\$10,428	\$13,932	\$8,208	\$7,980
Transportation	\$4,697	\$8,554	\$9,859	\$11,553	\$8,554	\$4,697
Other	\$2,253	\$3,916	\$4,284	\$5,178	\$3,916	\$2,253
Required annual income after taxes	\$20,375	\$41,373	\$48,969	\$61,193	\$31,745	\$20,375
Annual taxes	\$2,347	\$4,766	\$5,641	\$7,049	\$3,657	\$2,347
Required annual income before taxes	\$22,723	\$46,139	\$54,610	\$68,243	\$35,402	\$22,723
2 Adults (One Working) 2 Children						
Annual Expenses	2 Adults (One Working) 2 Children	2 Adults (One Working) 3 Children	2 Adults	2 Adults 1 Child	2 Adults 2 Children	2 Adults 3 Children
Food	\$8,903	\$10,835	\$5,540	\$6,898	\$8,903	\$10,835
Child Care	\$0	\$0	\$0	\$6,494	\$10,381	\$14,267
Medical	\$7,376	\$7,343	\$5,526	\$7,312	\$7,376	\$7,343
Housing	\$10,428	\$13,932	\$8,208	\$10,428	\$10,428	\$13,932
Transportation	\$11,553	\$11,037	\$8,554	\$9,859	\$11,553	\$11,037
Other	\$5,178	\$4,838	\$3,916	\$4,284	\$5,178	\$4,838
Required annual income after taxes	\$43,438	\$47,986	\$31,745	\$45,276	\$53,819	\$62,252
Annual taxes	\$5,004	\$5,528	\$3,657	\$5,216	\$6,200	\$7,171
Required annual income before taxes	\$48,442	\$53,513	\$35,402	\$50,492	\$60,019	\$69,424

Chart 3: [The Household Survival Budget for Alachua County Used for ALICE Poverty Reporting](#)

Household SURVIVAL Budget, Alachua County, Florida, 2012						
	Single Adult	Married Couple	Adult, One Child	Adult, One Child Care	Two Adults, 2 Children	Two Adults, 2 Child Care
Housing	\$648	\$715	\$715	\$715	\$814	\$814
Childcare	0	0	\$321	\$542	\$642	\$971
Food	\$176	\$365	\$355	\$301	\$609	\$531
Transportation	\$350	\$699	\$437	\$437	\$699	\$699
Healthcare	\$107	\$213	\$267	\$267	\$426	\$426
Miscellaneous	\$144	\$192	\$223	\$241	\$330	\$357
Tax	\$161	\$188	\$140	\$151	\$105	\$125
Monthly Total	\$1,586	\$2,110	\$2,476	\$2,653	\$3,625	\$3,924
Annual Total	\$19,026	\$25,318	\$29,708	\$31,837	\$43,503	\$47,092

Note: One childcare refers to an infant; two childcare refers to one infant and one 4 year old.
 For an additional infant add 16 percent; for an additional 4 year old add 5 percent; and for an additional child add 13 percent.
 Sources: HUD, NACARRA, USDA, BLS, IRS and state treasury.

Chart 4: Poverty by Race and Ethnicity

Alachua County Residents below 125% the Poverty Level By Race/Ethnicity

Source: Census data retrieved 4/29/2015

