

Economic Development Committee Meeting

Sullivan Chamber: Wednesday, April 29, 2015 at 4 pm

The Economic Development and University Relations Committee will conduct a public hearing to discuss recommendations to ensure that all positions hired directly by the City of Cambridge, or by outside vendors, uphold the same high employment standards that the City urges all businesses to uphold.

- I. Opening Remarks from Councilor Simmons**
- II. Remarks From SEIU**
- III. Remarks from Committee Members**
- IV. Public Comments**
- V. Councilor Simmons Closing Remarks**
- VI. Meeting Concludes**

COUNCILLOR SIMMONS - March 2, 2015

WHEREAS: The City of Cambridge has a solid reputation as an employer that treats its workers with dignity and fairness, and which can rightly boast that its workers are paid prevailing wages and given access to affordable health care coverage; and

WHEREAS: In the past year, the issue of the outsourcing of a number of the City's custodial positions to outside vendors has been raised by a number of concerned parties, and workers' rights advocates have cited concerns over rate of pay, job security, and advancement opportunities for those in these positions; now therefore be it

ORDERED: That the Economic Development and University Relations Committee schedule a meeting to discuss the City's practices surrounding the outsourcing of its custodial positions; and be it further

ORDERED: That the Economic Development and University Relations Committee consider making recommendations to ensure that all positions hired directly by the City of Cambridge or by outside vendors uphold the same high employment that the City urges all businesses to uphold.

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Sullivan Chamber: Wednesday, April 29, 2015 at 4 pm

The Economic Development and University Relations Committee will conduct a public hearing to discuss recommendations to ensure that all positions hired directly by the City of Cambridge, or by outside vendors, uphold the same high employment standards that the City urges all businesses to uphold.

GOOD EVENING.

I want to thank you all for joining us for this important discussion about ensuring fair treatment and livable wages for the janitors and custodians who clean the public buildings for the City of Cambridge. This meeting is a result of a policy order I introduced on March 2, 2015, in which I asked that we conduct a public hearing to ensure that all custodial positions hired directly by the City of Cambridge, and by outside vendors, uphold the same high employment standards that the City regularly urges all local businesses to uphold.

In the months since I introduced that policy order, some have been asking the questions: “Why have THIS conversation, and why have it NOW?” The implication seems to be that this is an issue that actually impacts only a small segment of our community, and maybe there are better ways to utilize our time and resources.

I would respond by saying that the time is ALWAYS right to have a conversation about how we treat our workers – and this is an issue that actually reverberates throughout our entire community. At the heart of the matter is the fact that the men and women who are employed in these positions depend on the meager wages they earn to pay for rent, to pay for

food, to pay for their children, to put gas in their cars, to pay down their credit card debt – just like you and me. It is **IMPERATIVE** that the City of Cambridge ensures that these positions are as fair and as stable as possible. Without that fairness and that stability, many of the people who work in these positions will be forced to apply for public benefits, for subsidized housing, they'll end up at our food pantries, and then the public tax dollars will be footing the bill to help these folks scrape by. The good news is that it doesn't **HAVE** to be this way. The City has **CONTROL** over these positions, and we can provide fairness and stability in a way that will truly benefit our employees, and that will make our City a national leader.

This is a particularly timely conversation to have, and I want to stress: this is not just a Cambridge issue. This is a **NATIONAL** issue. Just last week in Washington, we saw a historic strike by cafeteria workers for the United States Senate walking off the job to raise awareness of the poverty-level wages they are being paid. While we cannot do anything to impact the workers in DC, we can certainly impact those who work for the City of Cambridge. And, again, by doing so, we can be a national model.

In the past year, it has come to the City Council's attention that a number of our custodians, **ALL** of whom used to be hired directly by the City itself, are now hired by independent vendors who do business with the City. The vendors' contracts are awarded via a bid process, and the vendors that have contracts with us **THIS** year may not necessarily win the bid next year, or the year after. One of the things I would like to do is to **ENSURE** that, whether a custodian is hired directly by the City, or whether they're hired by one of these independent vendors, they are treated the same: the same wages, the

same job protections, the same opportunities for advancement. And if a person has been assigned to clean the Police Headquarters for the past five years and suddenly her vendor has lost its bid, she should **STILL** have the *opportunity* to continue cleaning the Police Headquarters working for the new vendor. She shouldn't just be thrown into the already-burdened social safety nets out there.

This is about fairness, this is about setting good employment policy, and this is about modeling the kind of behavior that we hope and expect and demand to see from **ALL** employers in this community. The **ONLY** way that the policymakers of this City can demand fairness and living wages from the companies and agencies in this community is to ensure that we hold ourselves to that same high standard.

I have invited some local labor leaders to come in and educate us all on what it means to be a custodian employed by the City, and what it means to be a custodian employed through an independent vendor. I am hoping we will learn more about the challenges these individuals face, the policies that are currently in place, and the possible adjustments we may need to be making. With that, I am going to invite Katie Belgard from the SEIU, who has been working closely on issues around best employment practices for custodians and janitors, to share some thoughts on these issues with us. Following her presentation, I will ask committee members to share their thoughts, and then we will have public comment. Ms. Belgard, would you like to come to the microphone?

Testimony before the Cambridge City Council
Committee on Economic Development and University Relations
Regarding best practices for upholding standards for contracted custodial and security workers

4/29/2013

Dan Nicolai

District Leader 32BJSEIU

I'd like to start by thanking Councilor Denise Simmons and Council Benzan for holding this hearing. My name is Dan Nicolai I am the District Leader for 32BJ SEIU and I am here on behalf of our Vice President Roxana Rivera.

32BJ is the largest property service local in the country representing 145,000 workers including 18,000 in Massachusetts including over 2,000 who clean and secure buildings here in Cambridge. Our members clean, maintain and secure our Universities, businesses and government buildings. Our members are proud of the work they do and have worked hard to earn wages and benefits they can support their families with.

Our union includes the full breadth of America today. We are a diverse group in every way. We come from dozens of countries all over the world – and from families with long histories in the U.S. We share the American Dream, a commitment to making life better for working families, and a fundamental respect for the dignity of all people.

I am here today to ask Cambridge to continue your history and commitment to lifting up all people. A city with a proud and progressive history defending the weak and prosecuted should be at the forefront promoting progressive legislation to make sure that the cleaners and security officer who make sure our library, police station remain clean, safe and sanitary can afford to pay their bills and support their families.

It may come as a surprise, but way too many service workers of this city struggle everyday even though they work full time. We have watched as city contracts have gone from responsible contractors to contractors who win their contractors in this low bid system by exploiting workers. Workers currently cleaning city buildings report issues like wages below the Cambridge living wage, possible misclassification and other problems workers were not facing when these buildings were cleaned by responsible contractors. Cambridge has strong living wage language but it is not enough to make sure that in the case of subcontracting for cleaning and security services the city is employing responsible contractors.

Subcontracting has prompted a race to the bottom that affects every day folks. And it is within your power to stop it. Cambridge can lead the way by amending your living wage to ensure that the city can employ responsible subcontractors.

Thank you for your time today.

Center for American Progress Action Fund



Best Practices for Upholding Standards for Contracted Custodial and Security Workers

Testimony before the Cambridge City Council Economic Development and University Relations Committee

Karla Walter
Associate Director, American Worker Project
Center for American Progress Action Fund

April 29, 2015

Thank you, Councilmember Simmons, Vice Mayor Benzan, and members of the Economic Development and University Relations Committee for this opportunity to present testimony. Today, I will provide context and recommendations for legislation to create a standard wage for building service workers in the city of Cambridge.

My name is Karla Walter. I am the Associate Director of the American Worker Project at the Center for American Progress Action Fund. CAP Action is an independent, nonpartisan, and progressive education and advocacy organization dedicated to improving the lives of Americans through ideas and action.

At CAP Action, I have conducted extensive policy research on how cities, states, and the federal government can use government spending to uphold high standards for workers, allow businesses to compete on an even playing field, and ensure taxpayers receive good value.¹

In my testimony today, I will make three main points:

1. Cities and states across the country are successfully using standard wage policies, often known as prevailing wages, to ensure that government purchasing does not support employers that drive down pay and benefits in specific industries.
2. The Cambridge standard wage proposal could expand on this successful model and establish the city as a national leader.
3. These laws are good for workers, taxpayers, businesses, and the economy.

Successful models

More than 120 cities and one state have adopted living wage laws requiring that public contractors pay their workforces a nonpoverty wage.² The city of Cambridge—with a living wage of \$15 per hour—is a national leader in upholding high standards. These laws make a significant impact on the lives of workers employed by contractors, uphold government’s promise to function as a model employer, and help raise standards throughout the economy.

But state and local leaders can do more to raise standards for government-supported work.

Growing numbers of state and local governments are adopting additional responsible contracting reforms to improve the quality of jobs generated by their procurement spending.

States and cities, such as Connecticut; California; New Jersey; New York state; New York City; Pittsburgh, Pennsylvania; and Jersey City, New Jersey, have taken another approach by extending industry-specific wage standard laws—long used to protect contracted construction workers—to certain types of service-sector contractors.³

These sector-specific wage standards typically focus on industries, such as building services, in which the pay and benefits attained in the private sector are higher than the level of most living wage laws. These laws require that contractors pay their workers at least the rates that are identified as the standard in the jurisdiction for the same industry and occupation. This ensures that government purchasing does not support employers that are driving down job standards in the sector. For example, Jersey City, New Jersey, passed a law that combines the best features of industry-specific wage standards and living wage ordinances in 2012.⁴

Some governments extend prevailing wage coverage even further to reach other jobs that are created by municipal taxpayer dollars. For instance, Pittsburgh enacted a service worker prevailing wage law that covers grocery, hotel, food service, and building service workers in economic development projects that receive more than a certain amount in city subsidies.⁵ Similar laws have been adopted in Hartford, Connecticut;⁶ New York City;⁷ Washington, D.C.;⁸ a number of cities and counties in New Jersey, including Jersey City;⁹ and Philadelphia, Pennsylvania.¹⁰

City of Cambridge proposal

Based on my experience and review of best practices in other jurisdictions, I encourage you to introduce language that would build on these best practices in order to ensure Cambridge's government purchasing does not drive down local industry standards. In particular, the legislation should ensure covered building services workers are paid no less than the standard wage rate paid in the local private-sector market, receive employer-provided health coverage or an hourly pay supplement in lieu of coverage, and receive paid time off.

The requirements should apply to city contracts, as well as projects that receive economic development subsidies and buildings where the city is a tenant.

The proposal should include strong enforcement mechanisms to help ensure that bad-actor contractors do not attempt to win contracts with bids so low that they would necessitate paying under the legal requirements. Bidders should be required to indicate the hours of work required to complete a contract and include the required pay for the work in covered contracts. Violations of the standard wage requirements should be considered a breach of contract and also be enforceable through the courts.

Impact of standard wage laws

When governments adopt wage standards, it is not only good for workers, but also for high-road businesses. Indeed, without strong standards, too often these companies are forced to compete against low-road companies that undercut the market by paying low wages.

For example, after Maryland implemented a contractor living standard, the average number of bids for contracts in the state increased 27 percent—from 3.7 bidders to 4.7 bidders per contract.¹¹ Nearly half of contracting companies interviewed by the state of Maryland said that the new standards encouraged them to bid on contracts because it leveled the playing field.¹²

Moreover, a review of state and local contracting practices by the National Employment Law Project found that adoption of contracting standards has often resulted in decreased employee turnover with corresponding savings in restaffing costs.¹³ For example, after the San Francisco International Airport adopted a wage standard, annual turnover among security screeners fell from nearly 95 percent to 19 percent—saving employers about \$4,275 per employee per year in restaffing costs.¹⁴

Finally, by raising workplace standards among government contractors, state and local governments can ensure that taxpayers receive a good value. When workers are poorly compensated, taxpayers often bear hidden costs by providing services to supplement workers' incomes, such as Medicaid, Earned Income Tax Credits, and food stamps.¹⁵

Opponents claim that these industry wage standards hurt the economy by raising contract costs and preventing businesses from creating jobs—helping a few workers receive wage increases at the expense of employing more workers. However, research does not bear this out. For example, research by the University of North Carolina's T. William Lester analyzed the impact of economic development wage standards in 15 cities, finding that the laws had no negative effect on citywide employment levels.¹⁶

Also, the costs of wage standards can be offset by improved worker productivity. A 2006 study of construction prevailing wage laws found that states with these laws had higher productivity than states without such laws, with as much as 15 percent more value added per worker.¹⁷

Finally, industry wage standards provide significant benefits to state and local economies. Researchers have estimated the economic benefits of state-level prevailing wage laws when opponents have attempted to repeal the laws. For example, one study estimated that the repeal of Missouri's prevailing wage law would cost the state between \$324 million and \$488 million in lost income to workers and tax revenues, including sales tax.¹⁸ Another study conducted this year found that repeal of West Virginia's law could cost the state up to \$84 million per year.¹⁹

Conclusion

Cities and states across the country are successfully using industry standard wages to ensure that government purchasing does not undercut fair market wages. These laws help ensure that workers have access to decent jobs, taxpayers receive a good value for their investment, and businesses that respect their workers are able to compete on an even playing field. Adoption of standard wage provisions by the city of Cambridge would build on this successful model and establish the city as a national leader.

Endnotes

- 1 See, for example, David Madland, Karla Walter, Paul K. Sonn, and Tsedeye Gebreselassie, "Contracting that Works: A Toolkit for State and Local Governments" (Washington: Center for American Progress Action Fund, 2010), available at <https://www.americanprogressaction.org/issues/labor/report/2010/03/31/7444/contracting-that-works/>; Karla Walter and others, "States at Work: Progressive State Policies to Rebuild the Middle Class" (Washington: Center for American Progress Action Fund, 2013), available at <https://www.americanprogressaction.org/issues/labor/report/2013/03/21/57375/states-at-work-progressive-state-policies-to-rebuild-the-middle-class/>; Karla Walter and David Madland, "Executive Order Protects Workers and Supports Law-Abiding Contractors," Center for American Progress Action Fund, July 31, 2014, available at <https://www.americanprogressaction.org/issues/labor/news/2014/07/31/94923/executive-order-protects-workers-and-supports-law-abiding-contractors/>; David Madland and Karla Walter, "Uncle Sam's Purchasing Power: How to Leverage Government Spending to Create Good Jobs," *Berkeley Journal of Employment and Labor Law*, 31 (2) (2010).
- 2 National Employment Law Project, "Local Living Wage Laws and Coverage," available at <http://www.nelp.org/page/-/Justice/2011/LocalLWLawCoverageFINAL.pdf?nocdn=1> (last accessed April 2015). For background on Maryland's State Living Wage Law, see Maryland Department of Labor, Licensing and Regulation, "Living Wage for State Service Contracts," available at <http://www.dlfr.state.md.us/labor/prev/livingwage.shtml> (last accessed April 2015).
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- 4 State Innovation Exchange, "2012 Jersey City Ordinance 90," available at <http://www.alicelaw.org/catalog/1498/living-wage/2012-jersey-city-ordinance-90> (last accessed April 2015).
- 5 Pittsburgh, Pa. Code § 161.40, "City of Pittsburgh Service Worker Prevailing Wage Ordinance," available at <http://pittsburgh.legistar.com/LegislationDetail.aspx?ID=644162&GUID=4600AAD3-EFA3-465A-ASD6-C57C9BDE75D2&Options=ID|Text|&Search=prevailing> (last accessed April 2015).
- 6 Municode, "Hartford, Connecticut – Code of Ordinances," § 2-761, available at <http://library.municode.com/index.aspx?clientId=10895> (last accessed April 2015); Municode, "Article XII. – Living Wage," available at https://www.municode.com/library/ct/hartford/codes/code_of_ordinances?nodeId=PTIIMUCO_CH2AD_ARTXII.LWA (last accessed April 2015).
- 7 Fair Wages for New Yorkers Act, N.Y.C. Admin. Code § 6-134; New York City Executive Order No. 7 (2014), available at http://www1.nyc.gov/assets/home/downloads/pdf/executive-orders/2014/eo_7.pdf.
- 8 DC Decoded, "Living Wage Requirements," § 2-220, available at <http://dcdecoded.org/l/2/2/X-A/> (last accessed April 2015).
- 9 Municode, "Jersey City, New Jersey – Code of Ordinances," § 3-51 G, available at https://www.municode.com/library/nj/jersey_city/codes/code_of_ordinances (last accessed April 2015). Hudson County and Bergen County in New Jersey also passed similar ordinances that are not published online but can be provided upon request.
- 10 Philadelphia Decoded, "§ 17-107 Contractors: Labor-Management Relationships," available at <http://phillycode.org/17-107/> (last accessed April 2015).
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- 12 Ibid.
- 13 Paul K. Sonn and Tsedeye Gebreselassie, "The Road to Responsible Contracting: Lessons from States and Cities for Ensuring That Federal Contracting Delivers Good Jobs and Quality Services." (New York: National Employment Law Project, 2009).
- 14 Michael Reich, Peter Hall, and Ken Jacobs, "Living Wages and Economic Performance: The San Francisco Airport Model" (Berkeley, CA: University of California, Berkeley, 2003), available at http://www.irle.berkeley.edu/research/livingwage/sfo_mar03.pdf.
- 15 UNITE HERE!, "Conduct Unbecoming: Sweatshops and the U.S. Military Uniform Industry" (2006); Carol Zabin, Arindrajit Dube, and Ken Jacobs, "The Hidden Public Costs of Low Wage Jobs in California" (Berkeley: University of California Institute for Labor and Employment, 2004).
- 16 T. William Lester, "The Impact of Living Wage Laws on Urban Economic Development Patterns and the Local Business Climate: Evidence From California Cities," *Economic Development Quarterly*, 25 (3) (2011): 237–254.
- 17 Peter Phillips, "Construction: The Effects of Prevailing Wage Regulations on the Construction Industry in Iowa." Working Paper (University of Utah, 2006).
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**Carlos Chacón, Testimony on Subcontracting of Janitorial Work
Cambridge City Council – 4/28/15**

Good afternoon, my name is Carlos Chacon; I have worked for many years in the city of Cambridge. I have seen how this city historically has welcomed immigrants, declaring itself a Sanctuary City where workers have felt able to work safely and contribute to the development of the city; and also facilitating good jobs for working people by bringing in responsible contractors especially in public buildings, many of them union companies.

I have worked in Cambridge in cleaning and in hotels, and I now work for a project of SEIU 32BJ. In this role I have had the opportunity to visit workers in their buildings and talk with them about their working conditions, including workers subcontracted by the City of Cambridge.

During these conversations, we have seen cases where the City administration is contracting with companies, specifically in cleaning, that are lowering the standards of these jobs. They don't pay benefits, the wages are low, and often they are not paying taxes as required by law.

I call on the city's administration to ensure that these companies offer their workers decent salaries and benefits so that those workers can meet their needs and support their families in dignity. I call on you to create jobs that live up to the principles and ideals that have characterized the city through the years.

In conclusion I want to tell you that when Cambridge renewed its commitment as a Sanctuary City for Immigrants, people said to themselves: "but immigrants no longer live here because it's so expensive". The answer is "we don't live in the city but we are the ones who clean the universities, work in the hotels, and staff the kitchens in the area restaurants. We are a vital part of the economy of the city and of the entire state of Massachusetts."

**Carlos Chacon, Testimony on Subcontracting of Janitorial Work
Cambridge City Council - 4/28/15**

Buenas tardes mi nombre es Carlos Chacón, he trabajado por muchos años en la Ciudad de Cambridge. He visto como esta ciudad históricamente le ha dado la bienvenida a los inmigrantes declarándose como una ciudad santuario, donde los trabajadores nos hemos sentido seguros de trabajar libremente contribuyendo al desarrollo de la ciudad y la vez ha facilitado buenos trabajos a la clase trabajadora, contratando especialmente en el área de los edificios públicos a compañías responsables, especialmente de unión.

Yo he trabajado en la ciudad en el área de limpieza y en hoteles y actualmente trabajo en un proyecto de la Union 32BJ. Así he tenido la oportunidad de visitar a trabajadores en sus edificios y hablar con ellos acerca de sus condiciones laborales, inclusive trabajadores subcontratados por la ciudad de Cambridge.

En estas conversaciones, hemos podido comprobar que la administración de la ciudad está contratando compañías, específicamente en el área de limpieza, que están bajando los niveles de buenos trabajos. No pagan beneficios, salarios bien bajos, y muchas veces no pagan los impuestos requeridos bajo la ley.

Hago un llamado a la administración de la ciudad para asegurar que estas compañías ofrezcan a sus trabajadores buenos salarios y beneficios para que puedan satisfacer sus necesidades y mantener a sus familias dignamente como seres humanos, y que se sigan creando trabajos, de acuerdo a los principios e ideales que ha caracterizado a la ciudad de Cambridge históricamente.

Para terminar quiero decirles que cuando esta ciudad se renovó como Ciudad Santuario de los Inmigrantes, la gente se preguntaba, pero si los inmigrantes no viven ahí, por es una ciudad muy cara para vivir y la respuesta es "los inmigrantes no vivimos en la ciudad pero somos los que limpiamos la universidades, trabajamos en los hoteles y estamos en la cocinas trabajando en los restaurantes del áreas. Por lo tanto damos nuestro aporte a la economía de esta ciudad y porque no decirlo del estado de MA