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Allegheny County Living Wage: An Irresponsible Power Grab

Any government mandated living wage is an assault on the marketplace and taxpayers. It is a statist, collectivist policy cloaked in humanitarian pleas for economic justice. But the living wage ordinance (Bill 0126) proposed for Allegheny County is worse; it is an attack on the future of the County.

As currently proposed, the Democrats on Council would extend the requirement to pay a living wage to all employees of County government, any entity or Authority receiving County funds, all contractors or vendors doing business with the County and any firms subcontracting with any contractors doing business with the County. Moreover, all hiring for vacancies by affected suppliers would have to go through County approved hiring halls. This bill is nothing if not mind boggling in its scope and dazzling in its arrogance and disregard for the County's economic future.

If enacted, this ordinance will not enhance "economic justice". First of all, a modest rise to \$9.12 per hour will lift very few if any families who are well below the so-called poverty level of \$36,000 per year out of poverty. In fact, this figure was calculated for a family of four with two wage earners. How does the County plan to deal with families with only one wage earner? Are they entitled to \$18.24 per hour? Will the County adjust the wage for families of varying sizes? Where is the "economic justice" in giving this higher wage to workers who come from affluent families?

True beneficiaries of this policy will be those covered-sector employees who are currently earning above \$9.12 per hour. They will demand that they be compensated for their educational and work experiences. The "trickle-up" effect will maintain the hierarchy of the workplace, but do little to rectify what liberal's term "economic injustices". In fact it will only reinforce the patronage system that has plagued Allegheny County government for years. Current County workers who were unable to obtain pay raises through the bargaining table or traditional work stoppages will now be handed raises courtesy of legislation. In return, these workers can show their appreciation at the polls.

Second, where is the justice in raising the taxes or cutting government services for the elderly and others on low and fixed incomes in order to help people lucky enough to have County jobs or work for County contractors or Authorities? Increasing wages will increase the cost of doing business with and for the County. The reaction of service providers will be to raise prices or cut back the amount of the service. For citizens of Allegheny County this means an increase to an already burdensome tax load. A small percentage of residents actually work for the County. There is no economic justice in requiring the County's large elderly and fixed income population

to pay more or do without so that a small percentage of persons, who may not even need assistance, can benefit.

Furthermore, the proposed ordinance imposes many restrictions that will require an enormous amount of reporting and record keeping. So much so that enforcement of the bill will undoubtedly necessitate hiring an army of bureaucrats (increasing the cost and size of County government) just to make sure there is no skirting or sidestepping of the ordinance. The enforcement difficulties will be legion since the County will have no ability to force companies from other parts of Pennsylvania or in other states to comply. Thus, we will inevitably see the County forced to limit all contract and significant purchases to Allegheny County firms even if the needed product or service is not available locally. That in turn will become a bureaucratic nightmare of unimaginable proportions.

If the County restricts its choices of firms from which they will do business, it significantly reduces the ability to save money through competitive bidding. Some firms will not be able to afford to increase their labor costs and no longer do business with the County. The remaining firms, absent competition, will pass through the higher costs associated with compliance. The County will have little choice but to pay higher prices for contracts. The pass through will raise the cost of County government and ultimately the taxpayers foot the bill.

If the County adopts the living wage legislation at the behest of organized labor, its reputation as a bastion of hardcore unionism and union influence on government will be further solidified, making efforts to attract new capital investment and new companies all the more difficult. And, the cost of government and taxes will rise, thus making the County less attractive as a place to live. This legislative overreach and power grab should never be inflicted on the citizens and businesses of Allegheny County. No matter how well intentioned, this bill represents the worst possible public policy.

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Note: On September 26, the Allegheny Institute will host a luncheon featuring Victoria Hughes. Ms. Hughes is the founder and president of the Bill Of Rights Institute, and organization dedicated to educating students about the power and importance of the Bill of Rights. Contact the Allegheny Institute for details.

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