WHY LIVING WAGE IS WRONG FOR ALLEGHENY COUNTY

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Key Findings

Proponents of the living wage have been very vocal and very active. They have been successful in passing ordinances and initiatives in 46 cities and counties across the United States. Proponents claim that living wages are the quickest way to get low-skilled, low-wage workers out of poverty. Critics claim that these campaigns are devices being used by labor unions to achieve higher wages for their employees.

Analysis of living wage ordinances suggests that cities with such laws are lagging behind in terms of job growth, salary growth and tech output. In the annual Forbes ranking of the 200 Best Places for economic growth, only 24 of 36 cities with living wage ordinances made the list.

- The average rank of Northeastern cities with a living wage law is 125th. Pittsburgh currently ranks 147th.

A recent thorough study of current living wage ordinances using economic regression analysis concluded that:

- There is no evidence that living wage ordinances reduce poverty. In fact raising the minimum wage to a super- high level does not reduce the proportion of families living in poverty, and if anything increases it.

In Allegheny County, the proposed living wage would be the most inclusive of any of the existing ordinances, covering all County employees as well as all employees working for any firm receiving government assistance. Looking at the immediate effects:

- There are 828 County employees eligible for a living wage assisted pay raise. 63% have union representation and 35% are seasonal/temporary/part-time. To raise the wages of these employees to the Alliance for Progressive Action's proposal of $10.00 per hour, will increase the County payroll approximately $2 - 3 million.

- City projects, such as the Marketplace at Fifth and Forbes, that rely heavily on TIFs may be in jeopardy. Retailers may require more subsidies or they may back out of the development.

The principal justification offered by supporters for establishing a living wage in Allegheny County is the high turnover in the County's social services departments. This turnover is being blamed on competition from the private sector and stagnant state funding.

- Raising wages for all County employees as well as those working for firms receiving tax assistance in an effort to solve the problem caused by inadequate state funding of social services departments would be counterproductive. It will not increase state funding and could lead to a decline in service delivery.

Introduction

The living wage debate is one of the hottest topics in the country. At least 39 states and more than 100 cities and counties have either enacted legislation or have campaigns currently underway. Living wage ordinances usually require any business or firm that receives local government assistance to pay its employees a living wage. Typically, living wages are super-high minimum wages roughly between 50% and 150% greater than the federally imposed minimum wage. The concept of government assistance can be blurry. In its simplest form, government assistance is relegated to direct contracts between a firm and a government agency. In its more complex form, it can be in the form of tax abatements, tax increment financing (TIFs), direct subsidies, as well as any other indirect government assistance. In the recent debate over the Allegheny County Administrative Code, the concept of the living wage has surfaced. Specifically the Code states "It shall be the goal of Allegheny County to promote Living Wages for all employees supported by tax dollars." Before such a "goal" can be turned into legislation, thorough research must be undertaken.

Are the poor getting poorer?

The alleged purpose of any living wage legislation is to combat poverty. However, according to W. Michael Cox and Richard Alm, authors of Myths of Rich and Poor:

> Mathematics makes no compromises. It dictates that 20 percent of American households will lie at the tail end of the income distribution, always relatively 'poor' by the standards of society, no matter how much they consume. America's low-income families, however, are better off now that they were at any time in the past. Data from 1995 indicate that those in the lower fifth of the income distribution consumed over $13,000 worth of goods. Those in the middle fifth consumed about $25,000. Consumers in the upper fifth of the distribution consumed approximately $52,000 worth of goods and services. These consumption figures are up substantially from the 1970's. They also represent an increase of non-monetary benefits as a percentage of wages, which have increased by one-third in the last two decades. The data on consumption lead to an unmistakable conclusion: The poor are not getting poorer.

The authors also point out that most of the people who start out with low-income jobs rarely stay there for any length of time. Most people use these jobs as springboards to better paying careers. For those who are willing to work, they are afforded the chance to move into the upper income groups and often do so. Only 5% of those in the bottom 20% of income remained there years later. By contrast, 30% of this same group moved into the upper 20% of income earners. Even more rare is the idea of long-term hardship. Less than 1% of the people in the author's data remained in the bottom fifth every year from 1975 to 1991.

The best remedy for low-income workers is education, experience and tenacity. Of the top 20% income earners, 60% graduated from college. In the bottom fifth, only 6% graduated from college. Working full time and gaining experience is a quick way to advance through the working ranks. Most of the people in the top fifth of the bracket work at least 50 weeks per year while 84% in the lowest bracket only work part-time. Only 8% of people who are working part-time claim to be unable to find full-time work. The authors note that average income tends to rise quickly in life as workers gain experience and knowledge. A person between the age of 25 and 35 has twice the average earnings of someone under the age of 25, while those over the age of 45 earn nearly 3 times as much.

What about the common argument that our service sector economy is only producing jobs "flipping burgers"? A 1994 U.S. Bureau of Labor Statistics report noted that there were over 3 million people working in the fast food industry, on average earning wages that were higher than the prevailing minimum wage. In addition, approximately 70% of these workers were teenagers, working part-time, and remaining at their job for one year or less.

Supporters of the living wage

Who are the proponents of the living wage? Groups who are pushing hard for the living wage are labor unions, the Alliance for Progressive Action (APA) and a group known as the Association of Community Organizations for Reform Now (ACORN). ACORN, in an effort to eliminate poverty, has been very successful in pushing living wage ordinances through various communities in California. Ironically after the ordinance passed in their community, they petitioned the state to be exempted from having to comply. They argue that if they were required to pay higher wages to their employees, they would have to reduce their workforce and would be unable to continue to operate at the same level.

Labor unions may have a different agenda for the living wage. Critics have speculated that labor unions are either trying to gain wage increases for their members or trying to stem the trend toward privatization among local governments. In the 1990s businesses tended to become leaner by controlling costs, particularly salaries. Unions have been unable to gain wage increases for their members through traditional means such as bargaining and work stoppages. Therefore, they have turned their attention to the living wage. If living wages were enacted, it would cause a spill over effect for all workers, not just those earning the federally imposed minimum wage. As the lower end of the workforce obtains "raises" due to the living wage, those workers whose wages were at the mandated level before the ordinance will seek to gain raises to maintain the wage hierarchy that previously existed. This so-called "trickle-up effect" would benefit all of the union's rank and file and achieve the goal of raising everyone's wage without the bargaining process or a strike.

A second criticism of the labor unions is that they are using the living wage argument to halt the wave of privatization that is happening among local governments. As local governments look for ways to operate more efficiently, many are trying to cut costs through privatizing services. Government workers, many of whom are unionized, are facing outside competition for their jobs. By pushing for a living wage ordinance requiring all firms with government contracts to pay their employees an inflated minimum, governments will find that privatizing certain services is not a cost saving option.

Cities and counties with living wage ordinances

There are 36 cities and 10 counties with active living wage ordinances. They range from large cities (Chicago, Detroit, and Los Angeles) to smaller cities (Cambridge, MA; Dayton, OH; and Warren, MI). The area of the country with the highest concentration of cities or counties with living wage ordinances is the Midwest with 16, followed closely be the West (14) and the Northeast (9). The Southern region of the US has the fewest (7). The state with the most is California, which has 9. Wisconsin is a distant second with 4 and 4 states have 3 cities or counties with active living wage laws. Pennsylvania does not currently have a city or county with a living wage ordinance, but there are 5 campaigns underway, including the one in Allegheny County.

Living wage initiatives around the country are not one-size-fits-all. They vary widely. The wording of the Allegheny County Administrative Code would make its living wage law the most inclusive, covering all employees supported by tax dollars. This would include County employees; contractors; subcontractors; firms receiving tax assistance, such as tax increment financing; and firms receiving County assistance, such as nonprofit agencies. Currently, the most inclusive law belongs to Miami-Dade County. It applies to all county employees, contractors/subcontractors, and airport employees. By contrast one of the least inclusive is in Orange County, NC, which requires that only county employees be paid a living wage. A summary of the ordinances already in effect can be found in Appendix A.

Economic scrutiny of the current living wage laws are difficult due to the variety of coverage of each ordinance and the recentness with which they have been passed. At the time of this writing (June 2000), 41% (19 of 46) of the ordinances are one year old or less and 83% (38 of 46) are three years old or less. Pre-and post-ordinance figures are not readily available for variables such as employment levels and income growth. However, the one variable that can be tracked is population. Many cities with a living wage have also experienced negative population growth from the pre-to post-living wage era. This is especially true for cities in the Midwest and Northeast regions of the United States. The only exceptions are found in those cities that enjoy a costal or border location which gain from immigration. These cities include Miami, San Antonio, and Los Angeles.

As mentioned above, the differing levels of coverage makes comparing the proposal in Allegheny County and existing laws difficult. Allegheny County's broad wording would make it the most inclusive of any living wage ordinance if it were to pass in its present form. However, the fact that a local government has enacted a living wage law does provide useful information. Since the living wage is nothing more than the government regulating the price a firm must pay its workers, a living wage law signals to the business community that the local government is willing to be an active regulator in business operations. This information may be enough to dissuade a firm from locating in such an environment. In its annual ranking of the 200 Best Places, Forbes Magazine uses criteria including, job growth, salary growth and tech output. In its 2000 ranking, 24 of the 36 cities with a living wage ordinance are on the list.   The average rank of the cities located in the Northeast is 125th (Pittsburgh ranked 147th). It may be too early to conclude that a living wage ordinance is a deterrent to growth, but the early data points in that direction.

What's Happened in Other Places

Baltimore as a case study

Due to the recentness of the living wage on the public policy scene, there are few articles written on the subject. Mark Weisbrot and Michelle Sforza-Roderick of the Preamble Center for Public Policy conducted one of the first studies (1996, hereafter Preamble). Preamble's study focused on one of the nation's first living wage ordinance in Baltimore, MD. Baltimore requires any business with city contracts to pay their workers a minimum of $6.60 for contracts signed after July 1, 1996 ($7.70 per hour by 1999). Preambles focus centered on comparing 23 matched pairs of contracts before and after implementation of the ordinance. Preamble's conclusion follows: "In spite of the fact that labor input prices increased, contract costs *declined* rather than increased after implementation of the living wage ordinance."

This conclusion caused an immediate review of the Preamble study by the Employment Policies Institute (1998, hereafter EPI). EPI uncovered serious flaws in the Preamble study including erroneous price and bid information about covered contracts as well as the creation of a contract, which was the justification of their conclusion. According to the EPI report, at least 14 contract prices were incorrect by as much as $60,000. EPI also uncovered a contract that was used by Preamble as a "post" contract, which was actually an extension of an existing contract and exempted from the law. EPI notes that without the doctored contract and other misinformation, Preamble's conclusion is reversed: contract costs did rise after the implementation of the ordinance.

Chicago study

In their 1999 paper entitled "Economic Analysis of a Living Wage Ordinance," authors George Tolley, Peter Bernstein, and Michael Lesage attempt a thorough cost and benefit analysis of a 1996 living wage proposal for the City of Chicago. It is important to note here that the original proposal for Chicago was very similarly worded to the current

Allegheny County proposal.[1] Chicago's proposal would have required all firms that do business with the City of Chicago or receive assistance from the City through loans, tax abatements, or TIFs to pay their employees a livable wage of $7.60 per hour. In 1996 the federal hourly minimum was $4.25, the Chicago ordinance represented a 78% increase.[2]

The authors found that the labor costs for firms required to pay the living wage would increase. The firms were predicted to react in one of three ways: raise prices to cover costs, reduce costs by (among other things) reducing the number of employees, or reconsider doing business with the City. In the first scenario, the firm will be forced to raise its price. If the firm is operating with some market power, it will then pass the increase in labor costs onto its customers. If the firm's primary or sole customer is the City, then the City will see an increase in the cost of its contracts. This could translate into higher taxes for City residents. Tolley et.al. estimated that Chicago would have seen an increase in contractor costs of about $8.4 million.

If the firm does not have the luxury of passing the increase in labor costs to its customers, it will be forced to cut back on its use of labor. For example, the authors note that airport concessionaires would be limited by another ordinance that severely limits their ability to raise prices. Here the firm has three choices: cut back on hours, cut back on benefits[3], or cut back on employees. None of these choices will fulfill the original purpose of the living wage, which is to bring people out of poverty. Consequently, the authors estimate that of the 9,800 people who were eligible for the pay increase, at least 13.6% or 1,337 would lose their jobs.[4]

The final solution may be to avoid doing business with the city, which could entail moving into a community that does not have a living wage requirement. Firms receiving assistance from the City in the form of tax abatements or loans may find that the higher wage costs outweigh the benefits of the City assistance. The firm's decision to leave the City would depend upon the ordinance's impact on the firm's profits.

It is unclear who actually benefits from living wage legislation. Tolley, et al. show that when a worker's wages are increased, federal and state governments gain through increased income taxes collected and reductions in subsidies such as food stamps and Medicaid as well as reducing their earned income tax credits. The authors estimate that in the City of Chicago it would cost taxpayers (if contractors were able to pass costs completely) $7,213 per year for every affected worker. The federal and state government would have annual net gains (reduced subsidy payments and increased tax collections) of $4,471 and $909 respectively per worker. The workers themselves would each have an

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[1] The living wage ordinance that was eventually passed in 1998 was limited to contractors and subcontractors with 25 or more full-time workers. The amount remained $7.60 per hour.

[2] The current proposal in Allegheny County is unknown, but believed to be about $9.21 to $10.00 per hour. This would be an increase of at least 78% above the current federal minimum of $5.15.

[3] It is worth noting that almost 40% of the current ordinances (18 of 46) have a clause that forces a firm to pay a higher hourly wage if they do not offer their employees benefits.

[4] If the City chooses to reduce workforce instead of raising taxes, that number could swell by 500 workers to 1,833.

annual net gain of only $1,833. The local government does not receive any of the benefits.

<u>Detroit study</u>

In their 1999 preliminary paper entitled "Will the Detroit Living Wage Ordinance Reduce Urban Poverty? Lessons from Other Cities," David Neumark and Scott Adams attempt to determine whether or not there is evidence that living wage ordinances actually help poor or low- income families. They first note that the ordinance in Detroit, as well as the one in Allegheny County, is not flexible in response to family size. The ordinance is tied to statistics based on a family of four with two-wage earners. It does not address the possibility of having different family structures with only one wage earner. They also note that there will be some beneficiaries in families whose primary income earner is well above the poverty line.

Like the Tolley et al. study, Neumark and Adams note that firms being covered by the ordinance will look to do one of three things: substitute away from low-skilled, high-wage labor either through the cutting of hours or jobs; increase the price of output; or cancel city contracts. However, Neumark and Adams take the analysis one step further and note that the people who lose their jobs in the covered sector will most likely find employment in the non-covered sector. As a result of the new competition for low-skilled jobs in the non-covered sector, wages in the non-covered sector will fall.

The authors also claim that the living wage will cause a number of firms to no longer do business with the city. When this occurs, the number of firms bidding for city contracts will diminish, thereby reducing competition. Less competition leads to higher contract prices, which may get passed along to the taxpayers in the form of higher taxes.

Neumark and Adams attempt to look at the effects of a living wage ordinance through regression analysis. Their main result is that there is a significant negative effect for the lowest wage-workers. For the moderate wage workers the data detects a small to moderate increase in the wages of people affected by the living wage ordinance, especially one year after implementation.

However, they found no significant effects of living wages in providing income that is sufficient to lift either one or two parent families out of poverty as defined by the federal government. This conclusion is based on the notion that reductions in employment, hours and wages (in the non-covered sector) will, to a large extent, offset any gains made from the living wage law. The authors found no evidence that living wage ordinances reduce poverty. In fact raising the minimum wage to a super- high level does not reduce the proportion of families living in poverty, and if anything increases it.

Even though the prevailing literature on living wage is sparse, the conclusions are unanimous: the living wage will not meet the objective of reducing or eliminating poverty. Labor costs to firms covered by the living wage law will increase. Their subsequent reactions will depend on their market situation. If the firm has sufficient market power to be able to pass these costs onto consumers, be they private or government, they will do so. If they pass the higher prices to the government, taxes may be raised to handle the increased costs. If the firms do not have the luxury of passing costs to their customers, the firms will next look to decrease their reliance on low-skilled, high-wage labor by reducing hours, benefits, or jobs. Finally if none of the above is a possibility for the affected firm, that firm may elect to discontinue its relationship with the government or relocate to a non-regulated community.

Allegheny County's Proposed Living Wage

The current debate over the living wage in Allegheny County has found its way to the new Allegheny County Council. The Council, in drafting its operating manual for the County, is stressing that the goal of the new County government will be to promote living wages for all employees supported by tax dollars. Not one of the current living wage laws is incorporated in any government's administrative code. They were all passed as a ballot initiative or as an ordinance. One major advantage to an ordinance is that they are easily changed or amended. The same cannot be said of the administrative code

The implications of embedding the living wage into the governing body's operating manual can be very severe. For starters, the language of the Code is very broad. As currently written, the living wage would blanket any firm that receives any form of government assistance. As mentioned above, most current ordinances are more restrictive in their coverage and may have less of a negative economic impact on growth and development. Secondly, the actual wage has not been established. Again, it must be kept in mind that Council has not set a wage; it is just stating the "goal" of County government. The Alliance for Progressive Action has cited a University of Pittsburgh report that says a family of four in Allegheny County needs to earn $37,000 per year to provide basic needs. This breaks down to two wage earners to each earning $9.21 per hour or one bread-winner making $18.50 per hour.[5] How should the actual wage be determined? Should it be determined by family size, the number of wage earners, or by some other government imposed measure? The general language of the Code will cause endless litigation and debate in Allegheny County.

<u>The Countywide impact</u>

County employees

What would be the immediate impact if/when Allegheny County followed up on their living wage "goal"? The most immediate impact would fall upon County employees. The subsequent question is obvious: How many County employees would be eligible for

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[5] The APA has suggested the living wage be set at $9.21+10%, or about $10.00 per hour. At $10.00 per hour, the Allegheny County living wage would be one of only 7 ordinances above that level. Of the 6 current proposals above $10.00, 3 allow a lower wage if benefits are provided. Whether or not benefits are included will surely be a point of litigation in Allegheny County.

a raise? The theoretical answer is *all* hourly employees should look forward to a raise. As noted above, there will be a "trickle-up" effect associated with the living wage. In order to maintain workplace hierarchy, those employees whose hourly wage already falls above the new minimum wage will ask for an equivalent increase. However, for the time being, we will concentrate on those employees who would fall below the new super-minimum. According to the Office of the Controller of Allegheny County, there are 208 County employees who earn less than $7.00 per hour, 302 employees who earn less than $8.50, and 828 who earn less than $10.00. Table 1 provides a breakdown.

Since the APA is calling for the living wage to be in the neighborhood of $10.00 per hour, we will concentrate on those employees earning less that that amount. As can be seen from Table 1, there are 828 County employees in this category. Of these people, 35% (292) are classified as seasonal/temporary/part-time and 63% (524) belong to a union. Therefore the primary beneficiaries of any living wage "goal" will be those belonging to a union, which lends credence to the critics who claim that living wage campaigns are designed (and financed) by organized labor to give their members wage increases that could not have been gained through traditional means such as work stoppages and bargaining.

Table 1

	Hourly Wage		
Classification	**$10.00**	**$8.50**	**$7.00**
Seasonal/Temporary/Part-time	292	260	207
Union Represented Positions	524	42	1
Confidential Positions (Non-Mgmt)	12	0	0
Total	828	302	208

County contractors

There are over 2,000 different contractors doing business with or for Allegheny County. The list of contractors includes private firms, airport concessionaires, non-profit organizations, municipalities, and individuals. If the wording of the Code remains intact, they will all be required to pay their employees a living wage. As noted above in the Neumark and Adams study, some of these contractors will cease to do business with the County. One consequence will be less competition for these government contracts thus leading to higher prices being incurred by the County. Another result will be the contractor passing costs through to the County. Regardless of the end result, the County will be facing higher operating costs. Then the County will have three options to deal with the increase in costs: raise taxes, cut the level of services, or lay off employees.

Economic development

The next recipients will be those employees working for companies that receive County tax assistance; specifically the focus will be on tax increment financing (TIFs). As the City of Pittsburgh continues to evolve from its industrial past and grows into the future it does so through the heavy use of tax increment financing. In order to use a TIF, the City must also get the approval of the County and the local school board. These three entities agree to stimulate development through the sale of bonds. Bond sales are based on future tax revenues, and the governments agree to defer part or all of the new taxes on the development to pay off the bond. The City has been using TIFs to spur retail development including a Lazarus department store, a Home Depot, Station Square Mall, and the mall-like development of the Marketplace at Fifth and Forbes. These retailers all depend on low-skill, low-wage labor for their operations.

The Alliance for Progressive Action has publicly stated that Lazarus will be the target of any living wage campaign. Lazarus' financial condition is precarious at best. Recent news accounts show that Lazarus has fallen short of its sales goals and will not earn enough money to reimburse its government backed loans. A requirement causing Lazarus to raise the amount it pays its low-skilled workforce will cause further financial troubles and may lead to the closing of the store once referred to as the savior of Pittsburgh retail.

Once it became clear to the public that Lazarus was not going to meet its threshold of sales that would have triggered its repayment of debt, the architects of the project now claim that Lazarus was to be a starting point for a grander plan that will require more TIF money. This grand project is known as the Marketplace at Fifth and Forbes. The Fifth and Forbes project is primarily retail anchored by a movie theater and national restaurant and clothing chains. These retail ventures all rely on low-skilled, low-wage workers to be successful. Any living wage legislation put forth by the Allegheny County Council will increase the cost of doing business in the Fifth and Forbes project. Since the current language talks about the living wage being a goal, the prospective retailers in the Fifth and Forbes project may be unaware of the regulatory environment awaiting them. If the goal becomes law and the Fifth and Forbes project goes through, these retailers may wish to renegotiate the terms of their leases (ask for more subsidies) or back out of the project, leaving the City with a failed taxpayer-financed mall gracing the landscape.

Justification for the living wage

So, if a living wage is not in the best interest of the residents in Allegheny County, why is it embedded in the Administrative Code? The main reason given for the living wage push is the employee turnover in County social service departments. The turnover rate is blamed on inadequate wages and the inadequate wages are blamed on a lack of *state* funding. Social service departments receive funding from three sources: County, state, and federal. And 90% of the funding comes from state and federal sources. A recent Pittsburgh City Paper article by Rich Lord entitled "All the Wage," points to the fact that the growing economy has given social workers better paying alternatives to their government jobs.[6] This competition from the private sector has left positions unfilled and turnover rates high. Lord's interview of Judy Monahan of the Turtle Creek Valley MHMR Inc. sums up the problem best. Monahan says she'd "like to raise wages across

[6] Lord, Rich. "All the Wage. Workers who care for the least fortunate find themselves at the center of the living wage fight." April 14,2000. News story from the Pittsburgh City Paper Online.

the board, but stagnant state funding rates preclude that." She goes on to say that, "We need …to get the county council and Jim Roddey to pressure the state to increase the funds so we can pay more."

Alternatives to the living wage

If applying a countywide living wage program in an attempt to solve a state funding flaw for social service programs is not the correct solution, what are the options?   Again a look around the country may provide some alternatives. Recently, Harvard University rejected a living wage campaign in favor of a more direct approach to helping out its employees.[7] Harvard's alternative plan included increasing and extending benefits, such as healthcare, to its part-time employees. It also includes helping the low- skilled employees by offering literacy and GED courses with paid time off to take the courses.

In Montgomery County, Maryland, the county council scrapped a living wage proposal again in favor of a more direct approach to helping low-skilled, low-income residents. Among the programs adopted by Montgomery County include: earned income tax credits, child care, job training and education, health care, and housing assistance. They also voluntarily increased the wages of county employees to a level that was close to the one proposed in the living wage campaign. This package gained widespread support and easily passed through the county council and the chief executive.

Conclusions

In recent years living wage campaigns have spread throughout the country. Supporters claim that only by artificially raising the minimum wage can poverty be effectively be dealt with. These supporters have the attention of the newly elected Allegheny County Council and the Chief Executive. However, before these elected officials act hastily and enact a living wage law, they should conduct a thorough study. This paper attempts such a study.

It is difficult to look around the country and assess the impacts current living wage ordinances have had on their communities. They vary greatly in terms of coverage and wage levels. As written into Allegheny County's Administrative Code, the living wage "goal" would be one of the most expansive in the country, covering any and all firms receiving any tax assistance.

Even though the prevailing literature on living wage is sparse, the conclusions are unanimous: the living wage will not meet the objective of reducing or eliminating poverty. Labor costs to firms covered by the living wage law will increase. The prevailing literature points that when firms are required to pay living wages, they react in one of three ways: reduce labor costs by reducing, among other things, workers themselves; cease to do business with the government imposing the new wage; and passing costs along to customers.

[7] "Harvard University releases plan to help its lowest paid workers." May 4, 2000. News story from CNN.com.

The living wage clause in Allegheny County's Administrative Code is not in the best interest of County residents. If the goal is to help low-skilled, low-income workers or residents of the County, then there are better options such as educational programs, earned income tax credits, and job training. The living wage is not the most direct approach in dealing with the problems in the County's social services department. If, as the evidence suggests, the problem is with state level funding, then Allegheny County should adopt measures that seek more funding from the state.

Appendix A