

**TESTIMONY OF NEW YORK CITY DEPUTY COMPTROLLER
RICARDO MORALES BEFORE THE NEW YORK CITY COUNCIL
COMMITTEE ON CONTRACTS
NOVEMBER 22, 2011**

Good afternoon Chairperson Mealy and members of the Committee on Contracts. My name is Ricardo Morales and I am the Deputy Comptroller for Legal Affairs and General Counsel to New York City Comptroller John C. Liu. With me today is Jeff Elmer, Assistant Comptroller for Labor Law, and Constantine Kokkoris, an attorney in the Comptroller's Labor Law Bureau. Comptroller Liu has spoken out on numerous occasions in support of this bill, most recently just last night at Riverside Church with thousands of people from the Living Wage Coalition. I thank you for the opportunity to offer our comments about Proposed Int. No. 251-A, the "Fair Wages for New Yorkers Act."

Every year, New York City taxpayers spend millions of dollars in the form of tax exemptions, subsidies and other economic aid to entice private businesses to invest in the City. This public aid helps private businesses build everything from offices to sports arenas and other types of development. Often, the jobs created by these subsidized projects are low-paying with no benefits. Many times, when projects pay poverty-level wages, it is New York City taxpayers who have to subsidize the private business again by providing public assistance and Medicaid to these workers, who may not make enough money to pay for essentials such as food, shelter and medical care for themselves and their families.

We realize this is a controversial subject. Last year, the Center for American Progress issued a report finding that nationwide, living wage laws have no negative effect on citywide employment levels. Earlier this year, the New York City Economic Development Corporation

released a \$1 million report written by Charles River Associates which found that a Living Wage Bill would cause significant employment losses. The Comptroller was highly critical of awarding the contract to write a report on wage requirements for publicly-subsidized economic development to Charles River Associates, a management consulting firm, and believes its report's claim of job losses is rhetoric at its worst.

It is time for New York City to require companies receiving substantial taxpayer assistance to pay their workers a living wage. New York City is already behind many other cities in trying to create living wage jobs associated with projects receiving substantial taxpayer support. At least 15 other cities, including Los Angeles, Minneapolis, Philadelphia and San Francisco, have enacted living wage laws. Even cities not known as being particularly worker friendly, such as San Antonio, Texas; Santa Fe, New Mexico, and Bozeman, Montana, have enacted laws living wage laws.

One of the many duties of the Comptroller's Office is to enforce the State's Prevailing Wage Laws, which require entities that contract with State and local governments to pay certain employees prevailing wages. Requiring prevailing wages for employees engaged in public works projects is not a new concept and is guaranteed in the New York State Constitution. Prevailing wage laws operate under the sound and reasonable rationale that public money should not be spent on hiring employers that pay wages that undermine local wage standards.

The Comptroller's office also enforces the City's existing living wage law, codified as §6-109 in the Administrative Code. The rationale for the existing prevailing wage and living wage laws should also apply to companies that receive substantial financial assistance from New York City taxpayers. As the enforcement officer in New York City for the State prevailing wage

laws and the City’s existing living wage law, the Comptroller supports Proposed Introduction No. 251-A, the “Fair Wages for New Yorkers Act,” a bill that would extend the guarantees of a living wage to employees who work for companies and other entities that benefit from substantial taxpayer assistance. Even today, many employers try to evade the requirements of the existing prevailing wage and living wage laws. Since the Comptroller took office, we have assessed almost \$10 million in wages owed to workers.

As the office that would enforce the Fair Wages for New Yorkers Act, we have suggestions on making Prop. Int. No. 251-A better and easier to enforce. In the interest of time, I will highlight several of our suggestions for improving the bill. For instance:

- The definition of “Financial assistance recipient,” in paragraph 7 of subdivision b of proposed §6-131 is too vague. It will be difficult for us to determine which entities fall under this definition and we recommend that the bill be amended to require the Department of Finance to not only publish a list of the types of financial aid that are subject to this bill, but also the entities that receive such aid and are subject to the proposed law.
- The bill gives the Comptroller the same investigatory, hearing and other powers as conferred on the Comptroller by State Labor Law §§234 and 235. However, some of the procedures in the bill may be inconsistent with the procedures created under State law and we request some clarity for enforcement purposes.
- This bill appears to be modeled after Administrative Code §6-109 and, as such, should be fully consistent. This bill has a mechanism for adjusting the living wage based upon the Consumer Price Index for All Urban Consumers for All Items and the Consumer Price Index for All Urban Consumers for Medical Care,

as published by the Bureau of Labor Statistics of the United States Department of Labor, based on the most recent twelve-month period for which data is available, but §6-109 caps the living wage at \$10 plus \$1.50 for the health benefit supplement. I realize this hearing is not about §6-109, but to prevent a two-tiered unequal Living Wage system, the wage adjustment provisions should be incorporated into §6-109.

There are other provisions in the bill that we think can be improved, and we would welcome the opportunity to work with Council Members and Council Staff on making these improvements. Thank you again for this opportunity for the Comptroller to express his support for the Fair Wages for New Yorkers Act.