

PROPOSAL TO RESEARCH THE EFFECTS OF A LIVING WAGE ORDINANCE ON THE
CITY OF GAINESVILLE, THE GAINESVILLE REGIONAL UTILITY, AND ALACHUA
COUNTY

Submitted by:

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UNDERSTANDING AND APPROACH OF THE RESEARCHER

I understand the objective of the RFP to be to obtain information on the likely consequences of passing a living wage ordinance, or ordinances, covering the city of Gainesville, its utility, and the county. The ordinance would require that a “living wage” be paid to all employees of these public entities and to the employees of all who contract for services and construction work with them.

An appropriate level for a living wage is to be determined, and likely costs to the various parties (public entities and contractors) are to be calculated at wage levels equal to the living wage and at levels 10%, 20%, and 30% higher. In addition to strictly financial impacts, the study is to detail other potential and likely impacts, such as employment impacts on the population receiving the wage increases, potential loss of government transfer payments, competitiveness of the bidding process, impacts on families, etc. The issuers of the RFP also wish the research report to explore alternatives to the living wage ordinance and to attempt to determine, and control for, any distortions of the Alachua County economic profile from the large student profile in the county.

My general approach to research of this nature is to design the research with the following objectives:

(a) To keep costs down, consistent with quality controls. Thus, when two different research designs will both produce acceptably precise costs estimates, the simpler and less expensive will be chosen. Complicated econometric equations will be avoided unless simpler but accurate procedures are not available.

(b) To rely on objective government data, when possible, rather than subjective opinions or potentially biased sources of information or data. Given the choice, official government figures are preferable to data sources that cannot be verified or checked.

(c) To avoid highly ideological approaches to controversial questions such as this, but also to make all assumptions underlying the calculations done completely transparent and clear.

Translating these objectives into the specific tasks outlined in the RFP, I would use the following methods:

(1) For average family size in the Gainesville MSA, I will use federal government statistics.

(2) To determine minimum living expenses, I will utilize both government poverty level statistics and the many studies that have been done in a number of geographic locations in the United States to arrive at specified levels. Weighing the studies and the arguments for different levels, I will come to a defensible figure. I will not do a specific study of the Gainesville area living costs, because comparable studies have already been done elsewhere, and readily available government statistics on the local cost of living will permit adjustment of figures arrived at elsewhere. This is much more cost efficient than doing a new study, and will arrive at a figure that is close enough to be usable. No study would achieve perfection anyway.

(3) Likewise, I will rely on government statistics for Alachua county to arrive at “family of four” data.

(4) A designated living wage (LW) will be determined from the steps taken in numbers 1 through 3 above. It will take into account all data, and will also rely on scholarly arguments over the "true" poverty level.

(5) I will determine costs to the three public entities through calculations performed on payroll data provided. Other impacts will concern potential efficiency, community, and "business climate" impacts.

(6) and (7) Here I will utilize the Public Use Microdata Sample (PUMS) data on Alachua County from the 1990 Census. This data will be updated to 2000 levels using ES202 data by increasing the wage levels, industry by industry, the same amount they have increased locally in the 11 year period since the 1989 data in the PUMS sample. This will create an updated, year 2000, data base on wage levels in the county. With this updated data base, I will utilize federal government "Census of . . ." publications to determine employment levels per \$100,000 of work performed. The resulting "employment per \$100,000" fractions can then be applied to existing contracts (adjusted to a yearly cost basis) to determine the approximate number of workers working on each contract. The updated 2000 PUMS data base will indicate how many of these workers are earning less than the LW, and how much less. From there, it is relatively simple to determine the cost of raising wages to the various levels (LW, LW + 10%, LW + 20%, etc.) FICA and other increased costs will be added, for a final cost. Possible efficiency effects and other effects will also be calculated to arrive at a final cost impact. This will be done separately on two sets of contracts: MBE/SBE, and the rest. Discussion will also address the question of an differences between MBE/SBE firms and others which might create a differential impact.

(8), (9), and (10) Effectiveness will be measured by comparing the costs to the likely decreases in poverty. Several measures will be used: not simply overall poverty reduction, but the reduction of "working poverty" (a more direct intent of living wage legislation), and "public policy" justifications having to do with a public example for the private sector and the use of taxpayer money. Alternatives to the living wage will be explored, noting which are practicable on the local level and which must be done at a federal or state level. The relative costs and benefits of various alternatives will be enumerated on a broad scale. Impacts from a reduction of government benefits as one's wage rises will be included in the analysis of impacts on the worker (or family) gaining the LW.

(11) This question is of a different nature than most of the preceding. It will be approached by utilizing data and estimates of student populations, family size, permanence, etc. to determine any distortions introduced into the economic profile of the county. The analysis of these data and estimates will be more theoretical than most previous tasks, but it will provide an answer to the likely differences in results likely obtained from withdrawing student populations from the overall population.

In undertaking the above tasks, I will be assuming full cooperation from the three public entities in promptly supplying the data they have that will be needed for the analysis. Deliverables will be written reports, gathered into one overall report, on the 11 tasks enumerated in the RFP. The reports needed for each task will likely range from less than a full page to 30-40 pages per task. Generally speaking, the costs for each task (given later) correspond with the length of the final deliverable report.

SCHEDULE

If the award is granted on May 14, the following schedule pertains to the researcher's promised deliverables:

Task #1: Delivered by May 21

Task #2: Delivered by June 4

Task #3: Delivered by June 4

Task #4: Delivered by June 4

Task #5: Direct financial costs to payrolls delivered by June 25. Other costs (or benefits) delivered at the same time as delivery of Tasks #8, 9, and 10.

Task #6: Delivered by August 6

Task #7: Delivered by August 6

Task #8: Delivered by August 24

Task #9: Delivered by August 24

Task #10: Delivered by August 24

Task #11: Delivered by August 24

If required to make verbal presentations of results, this can be done as tasks are completed, according to the above timetable.

DESIGNATED CONTACT

Contact person and principal consultant (principal investigator, or PI):

Dr. Bruce Nissen
Center for Labor Research and Studies
Florida International University
University Park
Miami, FL 33199
phone: 305-348-2616
fax: 305-348-2241
e-mail: nissenb@fiu.edu

QUALIFICATIONS OF THE RESEARCHER

The Principal Investigator (PI) for this project will be Dr. Bruce Nissen. Dr. Nissen is a Program Director at the Center for Labor Research and Studies at Florida International University. He has a long career in the area of labor-related issues, and has published prolifically in the field. He is the author of six scholarly books in the years since 1989, five of which are still in print. He has published 28 scholarly articles or book chapters in academic journals or academic books. He is the editor of Labor Studies Journal, the main academic journal in the field in the United States.

In addition to purely scholarly studies, Dr. Nissen has applied his professional expertise to a wide variety of public policy and community issues and activities. He has testified at Congressional hearings on economic impacts of economic development policies and has consulted with a number of public officials and governments on labor and community issues. He served for six years on the Indiana Governor's Workforce Proficiency Panel, and also published a widely disseminated and studied monograph on the Indiana tax system and its overall suitability to the state's needs.

Dr. Nissen's numerous scholarly and public activities have resulted in his being widely quoted in national and local media on labor and community affairs. He has been quoted in national media outlets such as Time magazine, U.S. News and World Report, the National Journal, the Christian Science Monitor, the Chicago Tribune, and numerous regional and local daily newspapers. Since his move to Florida in 1997, he has been quoted in at least 13 newspapers in the state.

Dr. Nissen produces an annual Labor Report on the State of Florida, whose 1999 and 2000 editions are available on the Florida International University Center for Labor Research's web site. He also did the labor market analysis for Miami-Dade County as a contracted researcher in its successful 1998 application to the federal government for Empowerment Zone status. This labor market analysis was the "heart" of the proposal, and was essential to the eventual successful outcome.

Perhaps most relevant to this particular RFP, Dr. Nissen produced the 1999 report, The Economic Impact of a Living Wage Ordinance on Miami-Dade County, a 62 page monograph that was widely referred to as that county was considering passage of a living wage ordinance. He has also done a much shorter report for the Housing Authority of Broward County when it was considering adopting a living wage policy for its own employees. Recently he has been consulting with the mayor and city commissioners of Miami Beach, who is presently considering living wage legislation.

Dr. Nissen's full resume is available upon request.

REFERENCES

Charles Craypo, Chair of the Notre Dame Economics Department, retired
10600 Sorrel Drive
Granger, IN 46530
219-271-7113

(Professor Craypo has seen a number of my economics publications and reports, including the Miami-Dade living wage report.)

Cynthia W. Curry
CWC & Associates, Inc.
150 S.E. 2nd Avenue, Suite 913
Miami, FL 33131
305-613-5318

(Cynthia Curry was the individual who hired me to do the labor market analysis for the county of Miami-Dade's successful 1998 Empowerment Zone application. She oversaw my work for that project, through to completion.)

Natacha Seijas, County Commissioner
Miami-Dade County District 13
Stephen P. Clark Center
111 NW First Street
Miami, FL 33128-1963
305-375-4831

(Natacha Seijas was the county commission who worked most closely with my research on the economic impact of a living wage on Miami-Dade County. She, or he chief of staff, Terry Murphy, could speak to the quality of my research in that report.)

PRICE OF THE TASKS

Task #1	\$150.00	Completion by May 21
Task #2	\$500.00	Completion by June 4
Task #3	\$200.00	Completion by June 4
Task #4	\$200.00	Completion by June 4
Task #5	\$5,000.00	Direct financial costs to payrolls completed by June 25. Other costs (or benefits) completed at the same time as Tasks #8, 9, and 10.
Task #6	\$10,300.00	Completed by August 6
Task #7	\$10,300.00	Completed by August 6
Task #8	\$800.00	Completed by August 24
Task #9	\$800.00	Completed by August 24
Task #10	\$900.00	Completed by August 24
Task #11	\$900.00	Completed by August 24
TOTAL	<hr/> \$30,050.00	

Anticipated additional charges: the only extra charges anticipated would be costs of travel (and lodging and meals if overnight) of travel to and from Gainesville, should you be requiring oral presentation of findings, or other face-to-face contact in Gainesville. Reimbursement would not be required for time spent, but for actual travel costs and meal and lodging costs. Beyond that, there should be no extra charges.

Payment is to be made to Florida International University.

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BUDGET
(May 14-August 24, 2001)

	<u>Request</u>
SALARIES:	
Bruce Nissen (.53 FTE)	9,667
Fringes (27.5%)	2,659
Katherine Condon (Overload)	4,943
Soc.Sec. (7.65%)	378
OPS (Temporary):	
Research Assistants	
\$ 10./hr x 60hrs./pay period	
x 7.5 p.pds.x 2 ea:	9,000
Soc.Security/Medicare (7.65%)	689
EXPENSES:	
Postage/phones	314
Printing/Reproduction	1,100
Research materials and supplies	<u>1,300</u>
TOTAL REQUEST:	30,050

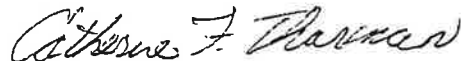
DRUG-FREE WORKPLACE FORM

The undersigned vendor in accordance with Florida Statute 287.087 hereby certifies that

Florida International University does:
(Name of Business)

1. Publish a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the workplace and specifying the actions that will be taken against employees for violations of such prohibition.
2. Inform employees about the dangers of drug abuse in the workplace, the business's policy of maintaining a drug-free workplace, any available drug counseling, rehabilitation, and employee assistance programs, and the penalties that may be imposed upon employees for the drug abuse violations.
3. Give each employee engaged in providing the commodities or contractual services that are under bid a copy of the statement specified in subsection (1).
4. In the statement specified in subsection (1), notify the employees that, as a condition of working on the commodities or contractual services that are under bid, the employee will abide by the terms of the statement and will notify the employer of any conviction of, or plea of guilty or nolo contendere to, any violation of Chapter 893 or of any controlled substance law of the United States or any state, for a violation occurring in the workplace no later than five (5) days after such conviction.
5. Impose a sanction on, or require the satisfactory participation in a drug abuse assistance or rehabilitation program if such is available in the employee's community, by any employee who is so convicted.
6. Make a good faith effort to continue to maintain a drug-free workplace through implementation of this section.

As the person authorized to sign the statement, I certify that this firm or independent contractor complies fully with the above requirements.



Catherine F. Thurman, Director, DSRT
Bidder's Signature
(Authorized Representative)

03/28/01

Date

CITY OF GAINESVILLE, FLORIDA

ADDENDUM NO. 1

Date: March 21, 2001

RFP Date: March 30, 2001
3:00 P.M. (Local Time)

RFP Name: RFP for Impact of Living
Wage Study

RFP No.: 010218-HRDX-RW

NOTE: This Addendum has been issued only to all holders of record of the Specifications.

The original Specifications remain in full force and effect except as revised by the following changes which shall take precedence over anything to the contrary:

- Q.1. In Section II. C. task 2 are you expecting an empirical study to be done on Gainesville, or use of the government's official poverty level, or use of various studies done elsewhere?
- A.1. We are leaving the methodology of obtaining a Living Wage rate to the proposers. Our expectation is that whatever methodology is used that it will support whatever rate the proposer recommends. Obviously the least costly alternative for arriving at a credible rate, the more competitive the proposal.
- Q.2. In Section II. C. task 5, will the City, Utility, and County be providing payroll data and what form will it take?
- A.2. We have the ability to download payroll data into an Excel or Access spreadsheet which would allow the consultant to manipulate it as necessary. We will supply as much raw data as the selected proposer needs that is within our ability to furnish.
- Q.3. Can you supply the researcher with a list of all minority or small business service and construction contracts? Also a list of contracts with non-minority or local businesses providing services or construction? Can these be identified with SIC Codes?
- A.3. We can provide the researcher with as much raw data as they require that is within our ability to furnish. Government utilizes NIGP commodity codes rather than SIC codes. The listing of all contracts could be marked up to indicate whether a particular vendor is a minority or local business vendor. The number of contracts changes over time as some contracts are let on a yearly basis while others are for a specific project.
- Q.4. In Section II. C. tasks 8 and 9 do you want a discussion of poverty alleviation effects and a similar discussion of alternatives?

A.4. We are interested in knowing how, or if, the poverty level in other communities who have enacted a Living Wage Ordinance has been reduced or affected. Where Living Wage Ordinances were not enacted did the community employ any other methods for improving the wage rate opportunity, such as vocational training, tuition reimbursement, pay for classroom time, or other alternatives?

Q.5. In Section II. C. task 11 is rather a different type of task than the others. Can you be more specific about what you are looking for and why this task is here?

A.5. If the University student population did not exist in our community what effect would this have on the factors that need to be considered in arriving at a credible Living Wage rate?

ACKNOWLEDGMENT: Each Proposer shall acknowledge receipt of this Addendum No. 1 by his or her signature below, **and shall attach a copy of this Addendum to its proposal.**

CERTIFICATION BY PROPOSER

The undersigned acknowledges receipt of this Addendum No. 1 and the Proposal submitted is in accordance with information, instructions, and stipulations set forth herein.

PROPOSER: Bruce Nissen

BY: Bruce Nissen

DATE: March 28, 2001

