

Testimony to Commercial Activities Panel  
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***A Federal Living Wage Campaign***

*Prepared by ACORN  
Living Wage Resource Center*

**Background: the Living Wage Movement**

While the strong economy has delivered benefits to some, many American workers are still struggling to support families on minimum wage or near-minimum jobs with no benefits. While Congress has failed to enact even a tiny minimum wage increase, a powerful living wage movement has spread like wildfire across the country.

- Since 1994, community organizations like ACORN, labor unions and religious leaders have formed powerful new coalitions to win local living wage ordinances in more than 60 cities and counties across the country such as St. Louis, San Francisco, Boston, Oakland, Chicago, Miami, St. Paul and Minneapolis, Los Angeles, Denver, Detroit and Milwaukee.
- These ordinances require that companies benefiting from public tax dollars in the form of large service contracts or economic development subsidies (tax abatements, loans, grants) pay their workers a living wage.
- Living wage figures have varied from city to city, but are well above the minimum wage -- ranging from around \$6.50 to as high as \$12 an hour. Many living wage ordinances require a higher wage be paid by firms that do not provide health benefits to their employees.
- Evidence shows that these ordinances can help workers and their families become self-sufficient while not causing jobs loss or costing city governments too much.
- Currently, there are **over 75 living wage campaigns underway** in cities such as Dallas, Syracuse, Sacramento, Pittsburgh, New Orleans, New York City, and Little Rock, as well as efforts in state legislatures like Maine, Washington, Kentucky and Illinois and even on college campuses like Harvard, Brown and Johns Hopkins.

**Federal Living Wage Legislation**

We believe the federal government's policies should mirror the simple principle being established across the country by the grassroots living wage movement—that better

wages and benefits should be required in return for profiting from public funds. In that vein, ACORN supports a Federal Living Wage for federal government contractors.

- Each year the federal government spends billions of dollars to companies to provide janitorial, cafeteria, security, and other services, primarily in federal buildings. We must insure that these taxpayer-supported jobs are not poverty jobs. The federal government should set an example for the rest of the country by doing business only with employers that are committed to paying their workforce a living wage—at least enough to raise a family of four above the federal poverty level.
  - According to a recent report by the Economic Policy Institute, as many as 1 in 10 federal contract workers make less than a poverty wage. Combined with low-paid members of the direct federal workforce, an estimated 500,000 federal employees and workers employed on federal contracts earn less than \$8.20 an hour.
  - This year, Rep. Gutierrez (D-IL) has introduced – and Senator Wellstone will introduce -- the “Federal Living Wage Responsibility Act” (H.R. 917), which requires firms holding federal contracts worth at least \$10,000 to pay employees at least \$8.50 an hour with fringe benefits -- enough to lift a family of four above the federal poverty line. The bill provides exemptions for small businesses and most non-profits. The bill also insures that a living wage is paid to all direct federal employees.
  - This proposal has important precedents in federal law. The Service Contract Act of 1965 requires a “prevailing wage” to be paid on most federal service contracts. But many job categories are exempt from SCA coverage and on other jobs the local prevailing wage is well below a living wage. We need to set a wage floor on federal service contracts to insure that our tax dollars are not enriching poverty wage businesses -- we need a living wage.
  - The work of ACORN and allies on the Federal Living Wage Campaign will complement and strengthen our efforts to win an long-overdue increase in the federal minimum wage. In addition, we support other important contracting fairness bills such as the TRAC Act (H.R. 721).
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***Federal Living Wage Responsibility Act  
H.R. 917***

***(Senate bill to be announced)***

Rep. Gutierrez (D-IL) and Senator Wellstone (D-MN) have sponsored the “Federal Living Wage Responsibility Act” which would:

- Require firms that hold a federal contract or subcontract worth at least \$10,000 to pay all employees working on that contract a living wage;
- Insure that all direct federal employees earn at least a living wage;
- Set the living wage at the federal poverty level for a family of four, currently \$8.50 an hour (\$17,650 a year) plus fringe benefits to be calculated by the Secretary of Labor.
- Include exemptions for small businesses and non-profits (provided that the ratio of CEO pay to that of the lowest wage worker does not exceed 25 to 1);
- Include penalties for non-compliance including contract suspension and/or ineligibility, as well as back pay to underpaid workers;
- Reflect the growing national living wage movement which has resulted in 57 local living wage ordinances to date, with over 75 pending campaigns;
- Substantially supplement the Service Contract Act of 1965, which requires a “prevailing wage” be paid on most federal service contracts.