

WOW: Weekly Policy Update 4-16-07

Please read on for more information about the Equal Pay Senate hearing, a WOW training on self-sufficiency and Perkins in West Virginia, a new report on the comparison of payroll vs. income taxes, and an article about the passage of the first statewide "living wage" bill in Maryland.

ON THE HILLThe Senate returned to Washington last week; the House returns this week.

Senate Equal Pay Hearing

The Senate Health, Education, Labor and Pensions (HELP) Committee held a hearing on Thursday on equal pay for women workers. Among those testifying were Evelyn Murphy of The WAGE Project in Boston, MA; Jocelyn Samuels of the National Women's Law Center; Dr. Philip Cohen of the University of North Carolina; and Barbara Brown, an attorney with Paul Hastings in Washington, DC. To view the prepared statements of witnesses, please visit:

http://help.senate.gov/Hearings/2007_04_12/2007_04_12.html. In anticipation of the hearing, Senator Tom Harkin (D, IA), re-introduced the Fair Pay Act of 2007 to address the wage gap for jobs of equal value among men and women. The bill amends the Fair Labor Standards Act of 1938 to prohibit discrimination in the payment of wages on the basis of sex, race or national origin. Further, it requires each individual employer to provide equal pay for jobs that are comparable in skill, effort, responsibility and working conditions. Co-sponsors include Senators Edward Kennedy (D-MA), Patty Murray (D-WA), Barbara Mikulski (D-MD), Daniel Akaka (D-HI), Russ Feingold (D-WI), Barbara Boxer (D-CA), Patrick Leahy (D-VT), John Kerry (D-MA) and Sherrod Brown (D-OH). Senator Harkin also is a co-sponsor of the related Paycheck Fairness Act, introduced last month in the Senate.

The House Education and Labor Committee has scheduled a hearing for Tuesday, April 24th to consider H.R. 1338, the Paycheck Fairness Act, which now has 71 cosponsors. Rep. Rosa DeLauro (D-Conn.), chief sponsor of the legislation, is the only announced witness at this point.

Senate fiscal conservatives notified Majority Leader Harry Reid (D-NV) and Minority Leader Mitch McConnell (R-KY) this week that they will try again next week to force the chamber to put in place new financial conflict of interest disclosure rules governing earmark requests by lawmakers. In a letter sent to Reid and McConnell, Senator Jim DeMint (R-SC) said that while he had originally been willing to include the new rules in a broader ethics package and that no longer is the case.

Summit on America's Children Announced by Speaker Pelosi

House Speaker Nancy Pelosi will convene a [National Summit on America's Children](#) in Washington that will feature national experts and practitioners speaking to legislators about effective strategies for supporting young children and their families. While the Summit is a major recognition by the Speaker about the needs of children, it will be equally important for Congress to support increased investments in key children's programs this year. The Summit will take place in D.C. on Tuesday, May 22, and will be chaired by Reps. George Miller, Rosa DeLauro, and Chaka Fattah.

Savings for Working Families Act of 2007 (HR 1514 and S871)

The Savings for Working Families Act was recently released in the House and Senate, assisting working poor families to build assets with the financial product of Individual Development Accounts (IDAs). This bill would provide tax credit for financial institutions that match the savings of 900,000 low-income people. Financial institutions would provide up to \$2000 match per saver and receive a tax credit for the match they provided and an annual \$50 per account credit. Savers must complete financial education prior to withdrawing their funds. For more information, please contact CFED at: <http://www.cfed.org>

IN THE STATES ...

WOW Trains Career and Technical Education Stakeholders on New Perkins IV Provisions and Self-Sufficiency Tools

Wider Opportunities for Women trained 40 career and technical education providers with a focus on non-traditional occupations through an annual professional development event held by the West Virginia Department of Education. The 3 hour training included an overview of the important equity provision changes and the new language of “self-sufficiency” in the bill, both of which strengthen the potential of career and technical education to ensure that education and training is leading students on a path to economic security. The training also provided participants with several tools they could utilize in conceptualizing “self-sufficiency” such as the Self-Sufficiency Standard (produced by state law in WV every 2 years), case manager curricula, and Self-Sufficiency Calculators. The participants then had the opportunity to break into groups to discuss steps they would like to see taken in the new State Plan that will begin to develop over the summer. For more information on the ongoing status of Perkins or WOW trainings, please contact Kate Farrar at kfarrar@wowonline.org

Washington State Passes Paid Family Leave

The Democratic-controlled Washington House passes legislation, already approved by the Senate in sharply different form, to give parents paid family leave to bond with newborn or newly adopted children. The new state-run insurance program that, beginning in 2009, would offer parents up to five weeks of paid leave, at \$250 per week. The House bill calls for creating a task force to design the new program and recommend how to fund it. But Senate leaders instead proposed a payroll tax on all workers of slightly less than 1 cent per hour. Plus, the Senate bill allowed workers to take paid leave to care for an ailing relative. Republicans warn that the legislation it would harm the state's business climate. For more information, please visit: http://seattletimes.nwsourc.com/html/localnews/2003666215_familyleave14m.html

FROM THE INTEREST GROUPS ...

National Priorities Project “Where Do Your Tax Dollars Go?”

The National Priorities Project has released new 2 page, state- and city-level fact sheets on how the federal government spent the median income family's tax dollars, along with a brief narrative that puts the numbers in the context of our overall spending priorities and an interactive tax chart that allows individuals to enter their own tax payment and get the spending breakdown. To visit these new resources, please go to: http://nationalpriorities.org/index.php?option=com_content&task=view&id=286&Itemid=61

Good Jobs First: “The Geography of Incentives: Economic Development and Land Use in Michigan”

The unfair geographic distribution of economic development subsidies in Michigan favors well-off and thinly populated areas, delivering few benefits to the state as a whole and harming the state's economy. The state should get all the options on the table and begin coordinating its economic development programs with land use planning to make more efficient use of infrastructure, reduce tax base stress, and revitalize existing communities. Those are the key conclusions of the largest mapping study ever performed on tax breaks and grants given to specific companies for job creation and retention. Michigan is not one of the 12 states with some form of annual, company-specific subsidy disclosure, but Good Jobs First FOIAed three state agencies for 4,000 deals and then spent months cleaning up the lists. Please visit the full report at: <http://www.goodjobsfirst.org/pdf/michiganlanduse.pdf>

“Two-Thirds of Tax Units Pay More Payroll Tax Than Income Tax”

The Urban Institute has released a new report demonstrating that most Americans pay more payroll taxes than federal income taxes. In 2006, workers and employers each paid 6.2 percent in Social Security tax on the first \$94,200 of earnings and 1.45 percent in Medicare tax on all wages. While the statutory obligation to pay payroll taxes is split evenly between workers and employers, most economists believe that the employer tax usually translates into lower wages, so

workers bear the full burden of the tax. To read the full fact sheet, please visit:
http://www.urban.org/UploadedPDF/1001065_Tax_Units.pdf

IN THE NEWS MEDIA ... First, an article about the new statewide "living wage" in Maryland. WOW was an invited witness during the House Committee hearing on this bill in the legislature to demonstrate the self-sufficiency needs throughout the state. Next, an editorial about the loss of the "middle class" in Los Angeles, CA. The author contends: *"Yet many agree that, especially locally, we need to concentrate on one particular fix: making sure that our current and future workers have the skills they need to adapt to a fast-moving, often technologically demanding job market."*

Bill Sets Up Pay Grades For Urban, Rural Areas. Md. Will Be First In The Nation With Statewide 'Living Wage'

Date: Tuesday, April 10, 2007
Source: The Baltimore Sun
Author: Laura Smitherman

Companies with state service contracts would be required to pay workers a "living wage" under first-in-the-nation legislation that the General Assembly approved yesterday and sent to Gov. Martin O'Malley, who championed the idea on the campaign trail.

Lawmakers gave final passage to the bill on the last day of the session, less than one week after legislative leaders and O'Malley hashed out an agreement to make the proposal palatable to some opponents. The bill, as revised, sets up two pay grades for the workers - at least \$11.30 an hour in the Baltimore-Washington corridor and \$8.50 an hour in rural areas.

"It doesn't make them rich," said Sen. Thomas M. Middleton, a Charles County Democrat and chairman of the Senate Finance Committee. "We're just lifting them a little bit more out ... of poverty."

The Senate took up the bill yesterday after the House of Delegates passed its version last week. Senate President Thomas V. Mike Miller backed the compromise measure and used parliamentary rules to limit debate in his chamber and ensure quick passage. He had opposed the original bill imposing a statewide wage, calling it too high for rural contractors to pay.

The Senate passed the measure, 31-16, and the House ratified the Senate bill by a 91-49 margin.

O'Malley is expected to sign the legislation, making Maryland the first state with such a law. It follows more than 120 local jurisdictions with similar statutes, including Baltimore and Boston. A handful of other states are also considering statewide legislation.

The bill does not apply to state-funded construction projects where workers are paid the prevailing wage for each locality. It also exempts small employers with fewer than 10 employees so long as the contract is not in excess of \$500,000 and nonprofit entities. Both exceptions were added by legislators over the weekend.

Republicans and business groups, such as the Maryland Chamber of Commerce, opposed the bill, saying the hastily crafted legislation would deliver a political win for O'Malley but would cost the state millions of dollar at a time when it is facing a roughly \$1.5 billion budget shortfall.

Fiscal analysts were unable to estimate how much contract costs would increase in Maryland once the law takes effect but cited studies showing a living-wage requirement in other localities added less than 1 percent in costs. Proponents argue that by raising wages for an estimated 50,000 workers, the state would save money in entitlement programs such as Medicaid.

"I'm very disappointed that we don't have any idea how much this is going to cost us," said Sen. J. Lowell Stoltzfus, an Eastern Shore Republican, who said he supported a previous increase in the minimum wage to \$6.15 an hour but voted against the living-wage bill. "This is putting it up too high, too fast."

Workers in Baltimore City and the counties of Baltimore, Montgomery, Prince George's, Howard and Anne Arundel would get the higher rate if more than half the value of the services is performed in those areas.

Despite some of the changes to the bill, including the exemption for small businesses, Ronald W. Wineholt, a lobbyist with the Maryland Chamber of Commerce, said the bill would add "significant" costs and inefficiencies to state government - at a time when O'Malley has pledged to find cost savings by making government more efficient. He also said it would cause unfair competition among regions and between nonprofit and for-profit businesses.

"The bill is unwise because it undermines the purpose of competitive bidding: getting the best service for the lowest price," Wineholt said.

The General Assembly passed a living-wage bill three years ago, but it was vetoed by former Gov. Robert L. Ehrlich Jr., who raised concerns about one wage standard being applied statewide. Republicans said that the latest version is still flawed, and some rural lawmakers were upset that their workers would get paid less.

"There are a lot of ramifications of the bill that are not fully clear," said Sen. E.J. Pipkin, an Eastern Shore Republican. He pointed out that some health insurers have nonprofit and for-profit divisions, which could give some companies a competitive advantages and raise the cost of health care.

Labor unions, which backed O'Malley, a Democrat, against the Republican incumbent, Ehrlich, in last year's election, had made passage of the living-wage bill a priority. Fred D. Mason, president of the Maryland State and District of Columbia AFL-CIO, said they were fighting for all working families, as union workers in Maryland already make an average of about \$20 an hour.

"This should not be seen as a payoff for unions, but it is certainly a good step in the right direction," Mason said. "We believe that all workers should make enough money to support their families."

Editorial: Future for Los Angeles' middle class is uncertain

Source: The Los Angeles Times (CA)

Date: April 13, 2007

Author: Rick Wartzman, California & Co.

You may remember the ruckus that arose a couple of years ago when a local Spanish-language television station, Channel 62, put up a billboard publicizing its newscasts. Next to the words "Los Angeles," the abbreviation "CA" was crossed out and "Mexico" written in its stead.

Many reacted angrily, saying the sign was glorifying illegal immigration. Others accused the complainers of being racist xenophobes and maintained that the ad was simply celebrating the region's Latino flavor.

Whatever you thought of the promotion, I'm here to tell you: We are, in at least one sense, perilously close to becoming Los Angeles, Mexico.

I am referring specifically to an L.A. area that finds itself deeply divided along class lines, with 250,000 millionaires, 1.6 million poor people (with annual incomes of about \$30,000 for a family of four) and those in the middle facing a miserable squeeze.

Once the paragon of the American dream, Los Angeles in the last 25 years has become a place where the level of income inequality doesn't look too much different from what's found south of the border or in any number of developing nations.

And unless we make real strides in improving basic education and worker training — and do it fast — we're in danger of seeing the middle class hollowed out to a devastating degree.

In recent weeks, a gaggle of politicians, policymakers and civic leaders has begun to speak out on this issue — one that, more than any other perhaps, goes to the heart of what kind of society we hope to live in.

The Southern California Assn. of Governments last month held a symposium with the dispiriting title "The Middle Class on Life Support." At the same time, the United Way of Greater Los Angeles warned that the metropolis "in many ways remains 'A Tale of Two Cities' " — one that stands as "the entertainment and international trade capital of the nation" but where "the vast majority of workers toil in low-wage jobs that do not provide for basic living costs."

UCLA economists then took up the charge last week, convening a conference that examined, among other alarming questions, "Can there be a middle class without manufacturing?"

Not every indicator, thankfully, is running in the wrong direction. UCLA's Jerry Nickelsburg has found that in the last five years — with the aerospace industry's shakeout of the 1990s finally behind us — the gap between rich and poor in L.A. has actually eased somewhat.

In a report that has generated a fair bit of attention in the last several days, Nickelsburg used a measure known as the Gini Index (named for Corrado Gini, an Italian statistician and sociologist), in which zero signals perfectly even income distribution across the community and 100 represents the most extreme concentration of wealth.

L.A. had a mark of 53.57 in 1989, but that soared to 66.73 a decade later. By 2005, the figure had fallen back to 61.57 — a change that Nickelsburg attributes to the creation of thousands of relatively well-paying service-sector jobs: paralegals, graphic designers, audiovisual equipment technicians and more.

Even with that, Nickelsburg points out, Los Angeles is bound to have a wider disparity of income than the U.S. as a whole. (The nation's Gini score, based on different data, is 40.8.)

After all, an urban area with so many cultural amenities and fantastic weather will always be a lure for the rich. And the city's proximity to Latin America and the Pacific Rim will continue to make it a magnet for immigrants, many of whom arrive here poor.

Both of these, Nickelsburg says, are things that "we should celebrate, not be afraid of per se." He's right about that.

And yet, the truth is, I can't find much cause for cheer. As encouraging as his research is, it doesn't mitigate the harsh reality that so many here must grapple with:

- The typical worker in L.A. County earned 6.4% less in 2005 (\$15 an hour) than he or she did in 1979 (\$16.03), when adjusted for inflation, the California Budget Project found in an analysis issued last fall. Elsewhere in California, real wages went up 5.9% during that span.
- L.A. is the least affordable housing market in the country, with just 2% of homes sold in the fourth quarter of 2006 considered within reach for those earning the area's median family income (\$56,200), according to a ranking by the National Assn. of Home Builders and Wells Fargo & Co.
- Nearly 30% of adults in L.A. County lacked medical insurance for all or part of the year in 2005, the UCLA Center for Health Policy Research reported this month. That compared with less than 25% for California.

As Bill Pitkin, the United Way of Greater Los Angeles' research director, wrote in The Times on Sunday: "Overall income distribution is just one measure of inequality and does not provide a complete picture of the social and economic divisions that plague Los Angeles."

There is no single reason that the middle class is falling ever more behind. Those who've studied the matter point to a whole bunch of factors, including globalization; the transition from a manufacturing to a service economy; top corporate executives raking in obscene amounts of income at the expense of the rank and file; and the decline of unions.

Yet many agree that, especially locally, we need to concentrate on one particular fix: making sure that our current and future workers have the skills they need to adapt to a fast-moving, often technologically demanding job market.

"We're not going to succeed in building the middle class," Mayor Antonio Villaraigosa told those gathered at UCLA last week, "if we don't change the paradigm of failure in our public schools."

The mayor was fired up, and it was heartening to hear so many smart people offering ways to cure our city's ills. (You can — and should — weigh in with your own proposed solutions at <http://www.uclaforecast.com/solutions>.)

Some believe that we're making progress. When it comes to turning around public education, "we're much further along than we were five years ago," says Russell Goldsmith, chairman of City National Bank and the head of a committee on jobs and the economy that the mayor formed last year. He cites the rise of charter schools around L.A. and Villaraigosa's focus on education as big positives.

I'm less sure. All the talk is great; the forums are stimulating. But I'm worried that we're running out of time to act.

"While we have stepped away from the income inequality levels of Mexico and other developing countries," Nickelsburg notes, "we are not very far away."

If we continue down our current path too much longer — with 4 out of every 10 ninth-graders in the county unlikely to graduate from high school — never mind being labeled Los Angeles, Mexico.

Try Los Angeles, Honduras. Or Los Angeles, Nepal. Or Los Angeles, Zimbabwe.

You'll be able to take your pick.

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