

July 2016

Wage Disparity Under Review by Walsh Administration

Work underway to consider increases for both Minimum Wage and Living Wage

The Walsh Administration is studying the issue of wage disparity in Boston starting with a March [report](#) on the topic by the Boston Redevelopment Authority (BRA). Mayor Walsh appointed a Minimum Wage Task Force in April to study the feasibility of increasing the Minimum Wage in Boston to \$15.00. The Mayor has already endorsed \$15.00 at the state level. The Boston Public Health Commission (BPHC) released a health assessment [report](#) in May which recommended increasing the City's Living Wage to \$16.96 as well as broadening its scope. Further definition is required to understand more clearly whether any proposed changes to the application of the Living Wage ordinance would affect development requirements.

Living Wage Ordinance

Boston's Living Wage Ordinance (LWO) applies to the employees directly engaged in service contracts with the City at or above \$25,000 who work for private vendors that employ at least 25 FTEs. Vendors are required to pay these employees a current living wage of \$14.23 per hour. This wage increases annually on July 1 based on federal indicators.

Living Wage Study

The BPHC report examines the health benefits that an increased purchasing power could have for employees working on city contracts. Currently the LWO covers about 600 low-wage individuals of which 21% or 126 are Boston residents.

BPHC Policy Recommendations

The Public Health Commission's report made the following recommendations:

- Calculate the Living Wage according to a "family sustaining wage in Boston" which would raise the current wage to \$16.96 per hour.
- Expand the scope of the ordinance to include a larger number of quasi-governmental agencies and firms with financial relationships with the City:
 - Quasi-government agencies include the BRA, BPHC, Boston Housing Authority and the Boston Water and Sewer Commission.
 - Businesses that receive assistance for any "grant, loan, tax incentive, bond financing, subsidy or other form of assistance of \$100,000 or more realized by or through the authority or approval of the City."
- Improve the enforcement of the LWO by updating the ordinance to include more authority for the Office of Workforce Development to identify and penalize cases of non-compliance.

The lack of specificity in the language of the Living Wage Ordinance or current regulations regarding "assistance" from the City raises questions about how broadening the scope would trigger the LWO requirements. For example, could it include a decision by the BRA to establish a Planned Development Area (PDA) to assist a development project?