



**Pushing Working Families into Poverty:
Assessing the New Haven Plan to
Privatize the Public Schools'
Custodial Services**



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SUMMARY

The City of New Haven is considering outsourcing its public school custodial services to a private firm, GCA Services Group, to reduce the City's projected \$42 million deficit for fiscal year (FY) 2011-12. Outsourcing to this firm would cut the cost of the school custodial services in half, saving the City \$8.1 million, equal to 19 percent of the deficit. This report assesses the major cuts in wage and benefits that this proposal will impose on New Haven's currently employed custodians, including their impact on the families of the custodial workers. The main findings are:

- The GCA Services Group proposed contract to provide public school custodial services would:
 - Reduce the current average wage among the New Haven Public School (NHPS) custodians by 40%, from \$20.90 to \$12.50 per hour;
 - Replace 186 full-time custodial positions with a largely part-time workforce; at minimum, 2/3 of the new positions will be part-time;
 - Eliminate health insurance benefits, overtime pay and bonuses for all part-time workers; eliminate retirement benefits for all workers.
- These severe pay and benefit reductions would effectively force the 186 lower-to-middle-income NHPS custodians and their families to bear the burden for fully 19 percent—\$8.1 million—of the city's projected \$42 million budget deficit for FY2011-12. Yet, these 186 families represent less than one-half of one-percent of the 46,000 households in New Haven.
- The main benefit to privatizing city services put forth by proponents of outsourcing is the idea that private firms cut costs by operating more efficiently. Whether or not this is the case, this factor does not play an important role in the GCA Services Group proposed contract. Instead, the proposed contract reduces costs by simply paying workers less: all of the cost savings from the GCA Services Group contract bid result from pay and benefits cuts. Moreover, any savings from reduced service hours will likely result in lower quality services, i.e., dirtier classrooms and school cafeterias.
- If the average NHPS custodian today continues to work as a school custodian under the proposed GCA Services Group contract, s/he and his/her family will no longer be able to make ends meet.¹
 - The average NHPS custodian would experience a 54 percent fall in total household income, from \$68,000 to \$31,000.²
 - At \$31,000 the average-sized 3-person household would be eligible for the major publicly subsidized programs such as SNAP (formerly called Food Stamps) and HUSKY (Connecticut's Medicaid program).
 - A second part-time job would only likely raise this household income to \$42,000; this is \$8,500 short of the \$50,543 this household needs to meet its basic needs.

¹ For ease of exposition, I will alternate the gendered pronouns for the remainder of the report.

² All figures in this report are in 2009 dollars.

INTRODUCTION AND BACKGROUND

The City of New Haven is considering removing 186 public school custodial positions from its payroll, and contracting with a private firm, GCA Services Group to provide these services. New Haven Mayor John DeStefano's stated purpose for privatizing the public school custodial services is to reduce costs to the city in order to address its mounting deficit, which his administration projects to be about \$42 million in the 2011-2012 fiscal year (FY).³ The proposed contract with GCA Services Group would cost the City an estimated \$8.2 million, reducing current costs of \$16.3 million by \$8.1 million. In other words, outsourcing the custodial services could potentially reduce the City's projected annual budget deficit by about 19 percent.

Council 4 of the American Federation of State, County, and Municipal Employees (AFSCME), which currently represents New Haven's public school (NHPS) custodial staff, has asked the Political Economy Research Institute (PERI) to analyze how the living standards of these workers would change if the City chooses to accept the GCA Services Group contract bid. As of January 2011, the current school custodial staff is working under the terms of the union contract that expired in July 2009.

This report provides a detailed description of the proposed changes in compensation, from the current terms under the expired contract to what the GCA Services Group proposes in its contract bid. The report then provides an evaluation of what these changes will mean to the custodians currently employed by the City and their families, using both government data, survey data from the current workforce, and payroll data.⁴ In particular, I assess what type of living standards the school custodial jobs currently support and how this would change under the proposed bid. This report should serve to provide New Haven residents with a clearer picture of the implications of the GCA Services Group proposed contract.

This report was prepared at PERI as an independent research project. No one at Council 4 AFSCME exercised any authority over the final contents of the study.

BASIC TERMS OF EMPLOYMENT, CURRENT VERSUS PROPOSED

In this section, I compare the basic terms of employment of the 186 public school custodians on the city's payroll and what is proposed in GCA Services Group contract bid. The payroll data I examine are from FY2008-09 – the last fiscal year covered by the union-negotiated contract between AFSCME Local 287 and the City. Table 1 provides a summary of these differences.

³ Mayor DeStefano provided this figure in a press conference on February 3, 2011. See: http://newhavenindependent.org/index.php/archives/entry/grand_list_grows_3/

⁴ The data sources for this report include the following 1) the most recent expired union-negotiated contract: "Agreement between the New Haven Board of Education and Board of Education Employees Local 287 Council 4 AFSCME, AFL-CIO;" 2) the GCA Services Group contract proposal: "New Haven Public Schools and GCA Services Group: A proposal for the successful implementation of contracted custodial services," January 26, 2010; 3) FY2008-2009 payroll data, 4) worker surveys, and 5) the American Community Survey (ACS) of the U.S. Census Bureau. See technical appendix for details.

TABLE 1. SUMMARY OF BASIC TERMS OF PAY AND COMPENSATION UNDER CURRENT AFSCME-NEGOTIATED CONTRACT AND PROPOSED GCA SERVICES GROUP CONTRACT

<i>Working conditions</i>	<i>Contract terms currently in effect</i>		<i>Proposed contract by GCA Services Group</i>	
Number of positions	186 positions: 100% Full-Time		310 positions: 102 Full-Time; 208 Part-Time	
Hourly wage rates	Range	Average	Range	Average
	\$14.50 - \$26.05	\$20.90	\$12.50 - \$18.40	\$12.50
Overtime hours	All workers are eligible to work overtime; 225 hours on average		82 building managers and asst. building managers eligible to work OT and holiday hours; 164 hours on average	
Bonus pay	Longevity pay, Perfect Attendance, Shift Differentials		None	
Health benefits	All workers eligible (97% enrolled; 89% of workers with children use benefits for children)		Full-time workers only eligible (102 of 310 workers)	
Retirement benefits	All workers eligible		None	

Note: I use median figures to represent average hours and average wages.

Sources: “Agreement between the New Haven Board of Education and Board of Education Employees Local 287 Council 4 AFSCME, AFL-CIO” and the GCA Services Group contract proposal: “New Haven Public Schools and GCA Services Group: A proposal for the successful implementation of contracted custodial services,” January 26, 2010.

Wages. Currently, hourly wage rates range between, \$14.50 and \$26.05, with the typical (median) worker earning \$20.90 per hour. This compares to a minimum rate of \$12.50 and a maximum rate of \$18.40 under the proposed contract; the typical worker would earn \$12.50.⁵ Note that this \$12.50 pay rate is the minimum required under New Haven’s living wage ordinance. The typical worker, therefore, would see an average wage cut of 40 percent under the proposed contract.⁶

Hours. All 186 of the City’s school custodians are full-time, year-round workers.⁷ Nearly all of these custodians (97 percent) also worked overtime—225 hours on average during FY2008-09. GCA Services Group proposes to use a largely part-time workforce. The contract bid specifically designates 208 positions as “4 hr. part-time jobs.” The proposed contract does not stipulate the full-time and part-time status of all the remaining positions. However, if all other jobs are full-time, then the proposed contract calls for an additional 102 full-time positions.⁸ The contract bid also estimates that the 82 building managers and assistant building managers—about one-quarter of the workforce—will work an average of 164 overtime hours.⁹

⁵ See technical appendix for details of how hourly rates are estimated.

⁶ The current contract between AFSCME Local 287 and the City provide for longevity and perfect attendance bonuses, as well as, and premiums for overtime and less desirable shifts. The GCA contract only offers wage premiums for overtime and holiday hours.

⁷ During FY2008-2009, 197 full-time custodians were on payroll. As of December 2010, 186 full-time custodians are on staff.

⁸ The contract language is somewhat unclear about whether positions will be part-time or full-time. The 208 part-time/102 full-time breakdown of jobs is based on the assumption that only positions specifically labeled as “4 Hr. P/T” will be part-time. If, on the other hand, I assume that only building managers and assistant building managers would be full-time then the contract actually calls for 248 part-time and 82 full-time positions.

⁹ This includes both the hours listed as “overtime” and “holiday” hours which appear to earn the standard “time and one-half” premium pay.

Converting the workforce from an entirely full-time workforce to two-thirds part-time fundamentally changes the earnings potential of each of these positions. Moreover, today's economic climate where 16 percent of workers are either unemployed or underemployed, severely constrains the prospects for workers to find a second part-time job to help offset some of the earnings loss.¹⁰

Taken altogether, I find that the proposed contract calls for four percent fewer work hours than the hours worked in FY2008-2009. In FY2008-09, the hours worked total to 462,257 hours or 222.2 full-time equivalent workers. This compares to 441,934 annual hours in the proposed contract, equal to 212.5 full-time equivalent workers—about 4 percent fewer hours. In other words, the contract bid calls for nearly the same number of work hours as under the FY2008-09 contract. These figures indicate that more than 90 percent of the cost savings from outsourcing would come directly from cuts to compensation.¹¹

In fact, the cost savings that the City could realize from outsourcing due to fewer work hours will actually be less. This is because since FY2008-09 the NHPS custodial staff has fallen from 197 workers to 186 workers as of January 2011, a drop off of 11 full-time workers. Therefore, the cost savings from the GCA Services Group proposed contract would most likely be entirely due to pay cuts.

If there are any reductions in service hours under the proposed contract, the NHPS schools can expect dirtier, less sanitary, classrooms, bathrooms, and school cafeterias. This is because GCA Services Group will depend on a largely part-time workforce working for much lower wages that can be expected to have a higher turnover rate, and therefore less experience, than the current highly experienced custodial staff.¹² As I show below, the current staff has an above-average level of work experience: ten years of tenure with the City compared to the average four years of job tenure among custodians nationally. It is highly doubtful that a less-experienced staff would be able to clean the NHPS schools in fewer hours to the same standards as the current highly-experienced staff.

Benefits. Currently, all the school custodians are eligible for the health insurance benefits as city employees. Nearly all workers (97 percent) depend on these benefits for their own insurance. Among workers with dependent children, 88 percent use their health insurance benefits to cover their children. All of the public school custodians are also eligible to participate in the City's pension plan which guarantees

¹⁰ The latest figures are reported in the BLS News Releases, "The Employment Situation," <<http://www.bls.gov/news.release/empst.nr0.htm>>. The February figure is from the March 4, 2011 release.

¹¹ To calculate the source of cost savings, I start with this fact: at minimum, the change in labor costs will be equal to the difference of the current labor costs (\$16.3 million) and the total proposed contract cost of \$8.2 million. The total labor cost savings, in other words would be at least \$8.1 million. This figure could be more if the GCA Services Group bid also factors in any supply and equipment costs (this is unclear from the proposal). However, the GCA Services Group bid itself suggests a total cost saving of about \$8.3 million per year. This implies that 1) nearly all of the cost saving is due to a reduction in labor costs (i.e., supply and equipment costs do not factor in the contract bid) and 2) the fall off in labor costs would, at most, be \$8.3 million. We know that the number of total hours falls by about 4 percent (462,257 hours vs. 441,934 hours). If we price hours by current costs (\$35.26 per hour—this includes all labor costs including benefits and workers' compensation) this would represent savings equal to \$717,000 ($\$35.26 \times [462,257 \text{ hours} - 441,934 \text{ hours}]$). This \$717,000 savings is equal to 9 percent of \$8.1 million. The remaining amount of labor cost savings, and therefore, total cost savings, must be due to reductions wages and benefits.

¹² The study, "Examining the Evidence: The Impact of the Los Angeles Living Wage Ordinance on Workers and Businesses," by David Fairris, David Runsten, Carolina Briones, and Jessica Goodheart (Los Angeles, Calif.: Los Angeles Alliance for a New Economy, 2005) documents the link between higher wages and lower turnover. The study estimates that the living wage ordinance that raised the mandated minimum pay rate reduced turnover rates—the percentage of workers in their firm who quit or were fired over the course of one year—by about 17 percentage points from 49 percent to 32 percent.

workers retirement income equal to a percentage of their annual earnings that rises with a worker’s tenure with the City.

The proposed GCA Services Group contract includes only a few details about health insurance benefits. The bid proposal indicates that only full-time workers will receive health insurance benefits. Therefore, I assume that two-thirds of the workforce—all of the part-time positions—will not receive any health benefits.¹³ The GCA Services Group contract bid does not mention any provisions for retirement benefits. The proposed contract also does not provide for paid sick days or paid bereavement leave, both of which are currently available to NHPS custodians.

These are the basic details of the current and proposed terms of employment for NHPS school custodians. The \$8.1 million in cost savings results from a severe cut in pay and benefits. The sheer magnitude of the pay and benefits cuts behind the \$8.1 million in cost savings places a heavily lopsided share of the city’s \$42 million deficit burden on the NHPS custodians and their families. Consider this: 46,000 households live in New Haven and benefit from the City’s services. Yet, the proposed pay cuts effectively force 186 lower to middle income families, *less than one-half of one percent* of all New Haven households, to bear the burden of closing fully 19 percent (\$8.1 million) of the city’s deficit.

WHO ARE THE AFFECTED WORKERS?

Most of the current custodial staff is male, as is typical for this type of occupation nationwide. The fraction of women holding these positions, however, is noticeably smaller than the national average—7 percent for the NHPS custodians compared to 23 percent nationally (see Table 2).¹⁴ The racial and ethnic make-up the workforce resembles that of the general area. The current custodial staff is about 30 percent non-white and/or Latino compared to 31 percent in the County of New Haven.¹⁵

TABLE 2. INDIVIDUAL CHARACTERISTICS OF AFFECTED WORKERS

% Male	93%
% Nonwhite	29%
% With a high school degree or less	59%
% With some college experience or more	41%
Average number of years in the workforce	27 years
Average age	47 years old
Average tenure with New Haven	10 years

Source: NHPS Worker Survey

¹³ The following are the statements provided in the proposal under the section describing titled *Hourly Staff*: “...health benefits will not automatically be provided...Health benefits can be important to some part-time workers, and the availability of health insurance can help to attract and establish a more stable workforce. Therefore, we plan to offer a “Mini Med” plan that will provide basic health insurance to those employees who wish to *purchase it* [emphasis added]...Full-time management and hourly employees will have access to GCA’s standard health benefit plan.”

¹⁴ See Bureau of Labor Statistics published figures at <<http://www.bls.gov/cps/wlftable11.htm>>; accessed December 29, 2010.

¹⁵ Based on author’s analysis of ACS 2005-2007 data.

The NHPS custodial workforce is highly experienced, with workers well into their work careers. The typical worker has been part of the workforce for 27 years with an average age of 47 years old. Moreover, the NHPS custodians have an above average level of work experience in this occupation: the average worker has been employed by the City of New Haven for ten years—more than twice the average job tenure of four years for this occupation nationally.¹⁶ This quality would seem important for a job responsible for maintaining the physical learning environment for the City’s schoolchildren. A reduction in the quality of these custodial services could have major consequences for children with common, but serious, medical conditions such as asthma and anaphylactic food allergies. Schools need to maintain a high standard of hygiene in order for the school buildings to be a safe and healthy for all students.

The average school custodian maintains a household of three people, including one child under 18 years old (see Table 3); 17 percent of workers live in this type of household (see Table 4). Other common household structures include two adults with no children (36 percent) and two adults with two or more children (32 percent). I refer to the three-person household type as the “average household”—the three-person household represents a kind of midpoint among the various types of households in terms of the level of income they require to cover their household budgets. Households with two adults and no children would have relatively smaller income needs, and households with two adults and two or more children would have relatively greater income needs.

TABLE 3. HOUSEHOLD CHARACTERISTICS OF AFFECTED WORKERS

Average household size	3
Average number of children under 18	1
Average earnings from custodial base salary	\$45,000
Average earnings from custodial base salary plus overtime, bonuses, and other wage premiums	\$50,000
Average family income	\$68,000

Source: *NHPS Worker Survey*

TABLE 4. DISTRIBUTION OF HOUSEHOLD TYPES AMONG AFFECTED WORKERS

<i>Household Type</i>	<i>% of Total</i>
1 adult, 0 children	9%
2+ adults, 0 children	36%
1 adult, 1 child	2%
2+ adults, 1 child	17%
1 adult, 2+ children	3%
2+ adults, 2+ children	32%
Total	100%

Source: *NHPS Worker Survey*

¹⁶ See BLS news release, “Employee Tenure 2010 News Release,” September 14, 2010. Available at: <<http://www.bls.gov/cps/lfcharacteristics.htm#tenure>>; accessed December 29, 2010. This figure of ten years of job tenure actually understates the level of custodial experience of this workforce since these workers may have worked as custodians prior to working for the City of New Haven.

HOW WOULD PRIVATIZING SCHOOL CUSTODIAL SERVICES IMPACT THE LIVING STANDARDS OF CURRENT WORKERS AND THEIR FAMILIES?

To answer this question, I first need to lay out what I will use to gauge a household's standard of living. Perhaps the most commonly used measure for this type of assessment is the U.S. Census Bureau's official poverty line. In fact, this is what New Haven uses to define the minimum pay rate of the City's living wage ordinance. New Haven's living wage ordinance requires that large city contractors pay its workers, at minimum, a wage sufficient to provide a four-person household with income equal to 120 percent of the official poverty line, or \$26,107. Thus, New Haven's current living wage rate is \$12.50 – the pay rate required for a worker with a full-time year-round schedule to achieve 120 percent of the federal poverty line.

However, the official poverty line is well-known to represent a severe level of economic deprivation.¹⁷ In fact, one study found that nearly two-thirds of families with incomes between the official poverty line and 200 percent of the official poverty line experienced serious economic hardships. These economic hardships include worrying about having enough food, having utilities disconnected, or using the emergency room as a main source of medical care.¹⁸ Well-known public subsidy programs, such as the Low Income Home Energy Assistance Program and the State Children's Health Insurance Program, use the 200 percent of the poverty threshold as their income eligibility cutoffs, implying that families with incomes below 200 percent of the official poverty threshold are in economic distress.

Moreover, consider an alternative to the official poverty line—the “basic family budget” income threshold—presented by economists at the Economic Policy Institute in their report, *What We Need to Get By*.¹⁹ The basic family budget, updated regularly, estimates the income which families with young children need for a safe and decent, yet basic, living standard, assuming that most have access to health insurance benefits through their employer. Tallied up in this budget are the following items using region-specific prices: food, housing, transportation, healthcare, childcare, other necessities (personal care items, clothes, educational materials), and taxes. This budget includes no savings for emergencies, retirement or education, nor does it cover “extras” such as eating out at restaurants. For the average household among New Haven's school custodians, this basic family budget income threshold is \$50,543.

¹⁷ Constance Citro and Robert Michael offer a comprehensive discussion of the problems with the U.S. government's official poverty measures in *Measuring Poverty* (Washington DC: National Academy Press; 1995). More recently, the U.S. Census Bureau announced its plan to develop an alternative poverty measure to address problems documented in *Measuring Poverty*, as well in the research that has been produced during the intervening years. This effort is described in the March 2010 U.S. Census Bureau memo titled, “Observations from the Interagency Technical Working Group on Developing a Supplemental Poverty Measure.” See: <http://www.census.gov/hhes/www/poverty/SPM_TWGObservations.pdf>; accessed December 29, 2010. Gordon M. Fisher (2007) of the U.S. Department of Health and Human Services, notes that the “...the Census Bureau has stated in several recent publications and on its web site, ‘While the [poverty] thresholds in some sense represent families’ needs, the official poverty measure should be interpreted as a statistical yardstick rather than as a complete description of what people and families need to live.’” See: <<http://aspe.hhs.gov/poverty/papers/std-budgets/index.htm#Conclusion>>.

¹⁸ Boushey, Heather, Chauna Brocht, Bethney Gundersen, and Jared Bernstein. 2001. *Hardships in America: The Real Story of Working Families*. Washington, D.C.: Economic Policy Institute.

¹⁹ Lin, James, and Jared Bernstein. 2008. “What We Need to Get by—A Basic Standard of Living Costs \$48,778, and Nearly a Third of Families Fall Short.” *EPI Briefing Paper* #224. See: <<http://www.epi.org/publications/entry/bp224/>>. Another similar alternative to the poverty line is the “self-sufficiency standard,” published originally in 2000 by the New York State Self-Sufficiency Standard Steering Committee which included, among others, Trudi Renwick, currently Chief of the Poverty Statistics Branch with the Housing and Household Economic Statistics Division of the U.S. Census Bureau. In 2010, the self-sufficiency standards for New York State ranged between 200 percent to 500 percent of the official poverty line. See: <<http://www.fiscalpolicy.org/SelfSufficiencyStandardForNewYorkState2010.pdf>>

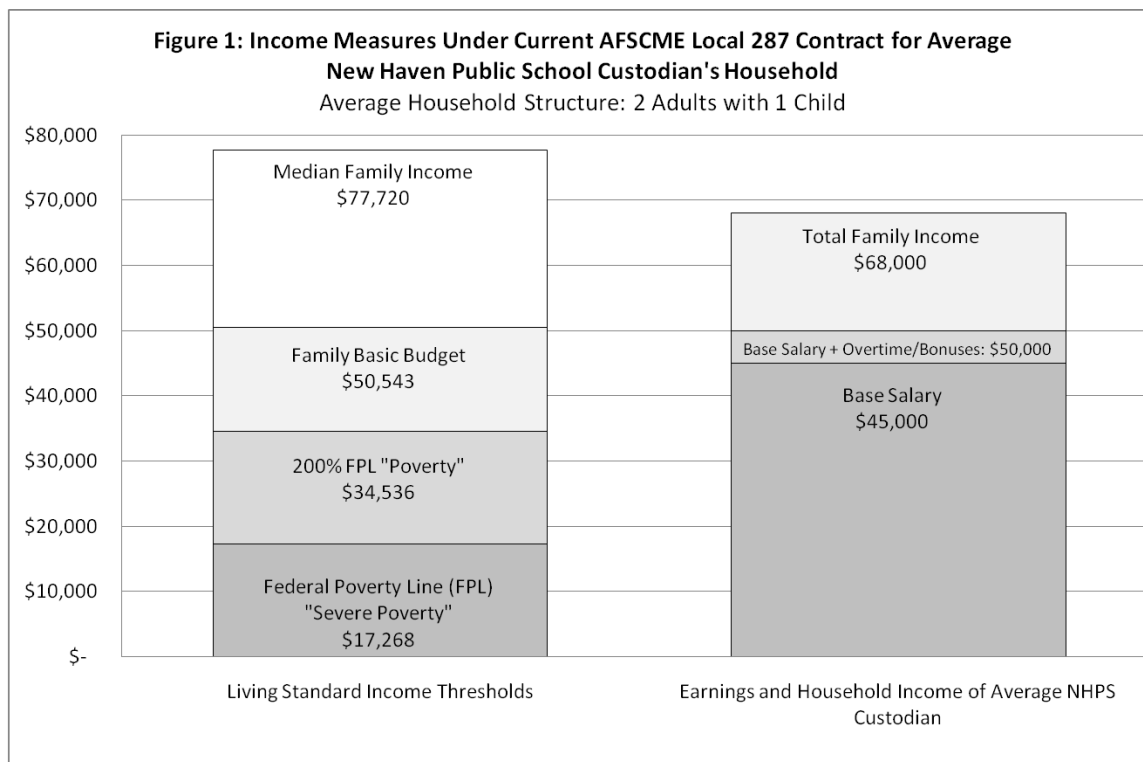
A final measure I use to evaluate current earnings is the average family income in the New Haven area—a measure that characterizes New Haven’s middle-class. The average family income provides a different type of yardstick than the other income thresholds described above: it gives us a way to assess how well these jobs provide workers and their families with a *solid* economic footing in the communities they live in, rather than a minimally acceptable living standard. In 2009, according to the U.S. Census Bureau, the average family income in the County of New Haven was \$77,720.²⁰

WHAT TYPE OF LIVING STANDARDS DO THE CURRENT JOBS SUPPORT?

NHPS custodians earn, on average, \$45,000, working full-time and year-round. In addition to this base salary, these workers can earn more, primarily by working overtime, but also in the following ways: bonuses for perfect attendance, bonuses for achieving long tenure with the City, and working late shifts for a premium. Through such extra efforts, the typical worker in FY2008-2009 added about \$5,000 to their base salary for an average overall earnings of \$50,000.

Nearly all NHPS school custodians benefit from the City-provided health insurance plan. Across all workers, 97 percent depend on the health insurance provided by the City for their own health insurance. Among those workers with children under 18 years old, 88 percent depend on the City’s plan to cover their children as well. With regard to retirement benefits, the City enrolls all NHPS custodians into its pension plan.

In Figure 1, I compare the situation of the average household among the current NHPS custodians to the various living standard measures.



Source: NHPS Worker Survey; U.S. Census Bureau; Economic Policy Institute Basic Family Budget Calculator <http://www.epi.org/content/budget_calculator/>

²⁰ I use the median income among families as the average family income.

As I noted earlier, the typical household has three members, two adults and one child under 18 years old. In the left bar of the figure, I present the four income thresholds for this household type. In the right bar of the figure, I present different measures of the average NHPS custodian's earnings and household income.

Consider first the average base salary that a New Haven school custodian earned in 2009, or \$45,000. We can see right away that the base salary for the average worker can support a living standard reasonably described as low-income since the base salary exceeds \$34,536 (200% of the official federal poverty line) but would not cover the worker and her family's basic needs budget (\$50,543).

Next, the figure shows the average worker's overall earnings of \$50,000 which includes earnings from an average of 225 overtime hours, bonuses, and other premium pay. This amount is nearly enough to cover the average household's \$50,543 basic needs budget.

Finally, other household income sources such as the earnings from a second adult within the household add \$18,000, on average, for a total household income of \$68,000. Note that this means that the earnings from the custodial position typically represent a household's most important income source—representing 74 percent of the average worker's total household income. The second source of income allows this household to cover its basic needs. Still, the family's total income sits about \$10,000, or about 15 percent, below New Haven's average income of \$77,720 in 2009.

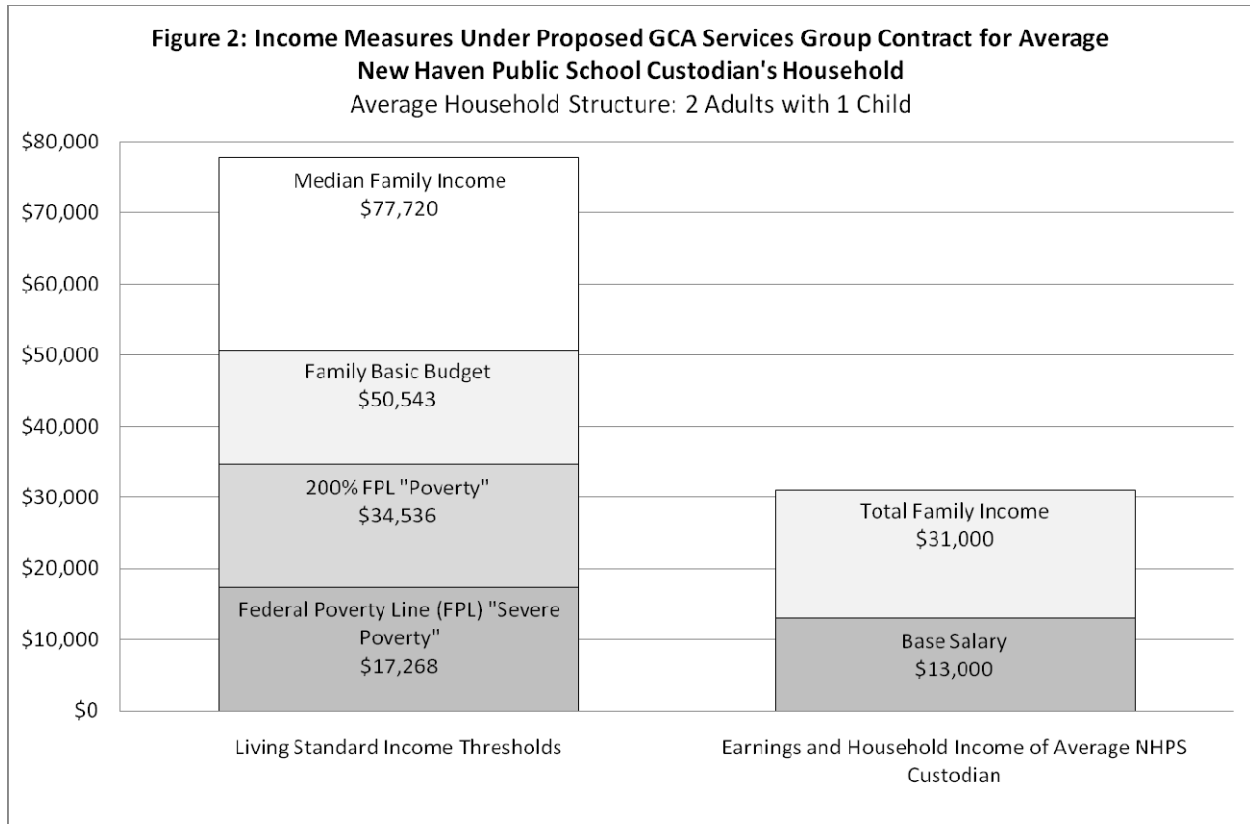
In sum, the New Haven custodial position under the current pay and benefits terms provides working families with just about enough earnings to provide a small family with a safe and decent, yet basic, standard of living. To reach this minimally decent standard of living, however, depends crucially on the possibility of working a significant number of overtime hours—225 hours, on average, every year. And, even with another adult in the household in paid employment, this household still struggles, living about 15 percent below the average living standard in New Haven.

WHAT TYPE OF LIVING STANDARDS WILL THE JOBS PROPOSED BY GCA SERVICES GROUP SUPPORT?

Figure 2 presents the same type of comparison as in Figure 1, however this time for the average household under the pay structure of the GCA Services Group proposed contract. These figures assume that all current workers would accept a position under the GCA Services Group contract bid that is closest in nature to his current position. For example, I assume that workers currently in a supervisory role would have a supervisory role under the proposed contract (e.g., as a “building manager”).²¹

The proposed contract offers a fundamentally different type of employment opportunity from the current custodial positions. In contrast to current positions, the majority of the proposed custodial jobs cannot serve as a primary source of earnings. We can see this by comparing the proposed average base salary of \$13,000 (\$12.50 per hour for 1,040 hours per year) to the living standard measures. Earnings at this level fall far short of all of the income thresholds presented in Figure 2. In other words, these earnings could not even support a living standard equal to the severe poverty threshold described above. Also, as noted earlier, the contract bid does not provide for any supplemental earnings through working overtime or other bonuses for the large majority (about 70 percent) of positions.

²¹ See technical appendix for details about how I matched these jobs.



Source: NHPS Worker Survey; U.S. Census Bureau; Economic Policy Institute Basic Family Budget Calculator
<http://www.epi.org/content/budget_calculator/>

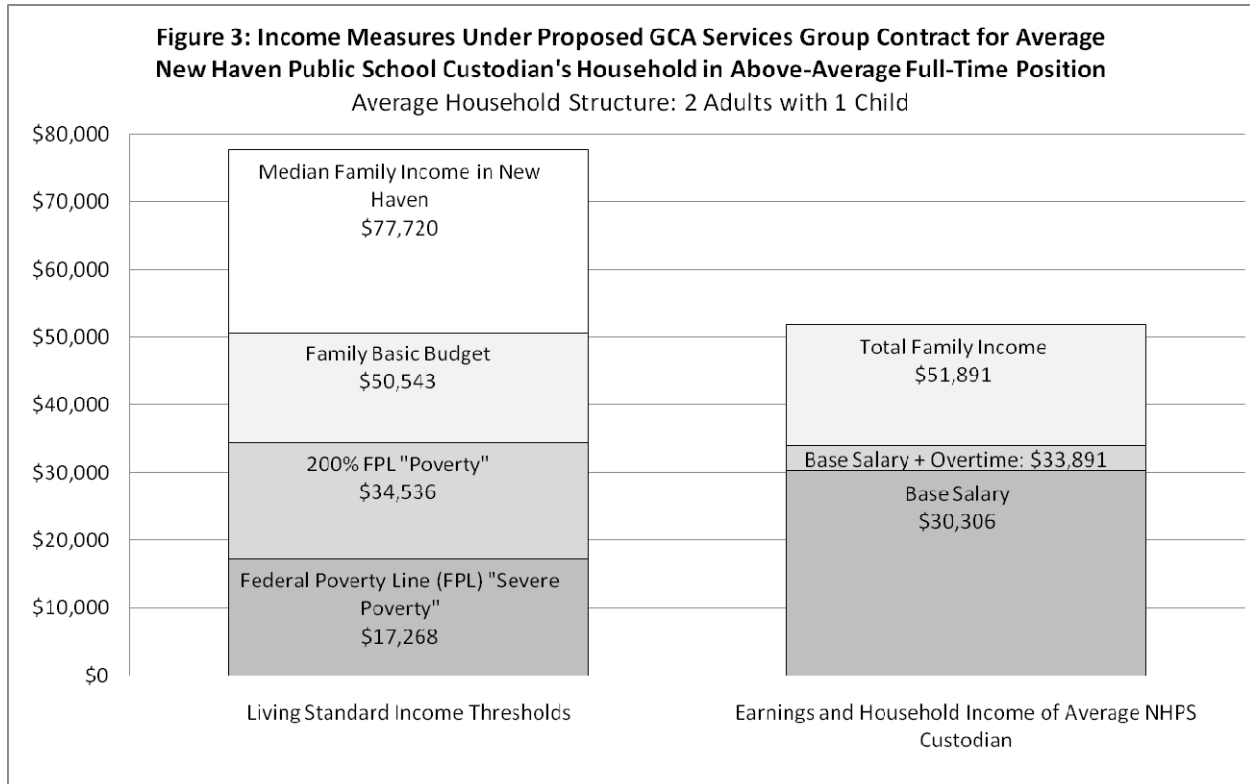
Adding in the average family's other sources of income, such as the earnings of another working adult, would raise the overall household income to \$31,000. This level of income raises the living standard of this family close to, but still below, the poverty line threshold. The family would still need fully \$19,500 to cover their basic needs. The situation is even worse if we consider that this worker and his family no longer get health insurance and retirement benefits through the custodial position.

The GCA Services Group proposed contract will potentially offer at most 102 full-time positions, or about one-third of the proposed positions. We now look at what would happen if the average NHPS custodian is able to get one of the less common full-time positions under the new contract given that the cut in work hours to part time is a significant factor in changing the potential earnings of the average worker in the discussion above.

The wage rate set for 45 of the potential 102 full-time positions is \$14.57—this is the rate for building managers. Full-time earnings for this job would be \$30,306. These positions, unlike most of the other positions offered under the GCA Services Group proposed contract, offer workers the possibility of supplementing their earnings by working overtime. The contract proposal indicates that on average, building

managers would work 164 overtime hours (this includes overtime and holiday hours). This would raise the potential earnings from this position by \$3,585 to \$33,891.²²

As we can see in Figure 3, \$33,891 in earnings would fall below the “poor threshold” and is about \$16,600 short of the basic family budget threshold. If we add in other household income, an average of \$18,000 for a total of \$51,891, the household can now meet the family basic budget threshold. This level of total household income, however, is 24 percent lower than the decent, but modest, average household income of \$68,000 under the current terms.



Source: NHPS Worker Survey; U.S. Census Bureau; Economic Policy Institute Basic Family Budget Calculator
<http://www.epi.org/content/budget_calculator/>

In sum, if the average school custodian today continues to work under the GCA Services Group proposed contract in one of the most common positions—a position that pays \$12.50 and has part-time hours—she and her family would fall into poverty. Her earnings would fall below the official poverty line, and her household’s total income—including earnings from a second adult worker in the household—would no longer cover her family’s basic needs.²³ If the average worker is able to get one of the less common but

²² As I noted earlier, the GCA Services Group proposal does not specify an actual hourly rate so I make the assumption that the overtime rate would be the typical “time-and-a-half” rate, or \$21.86 (= 1.5 x \$14.57).

²³ The household type of 2 adults and 1 dependent child describes the average situation for workers. There are, of course, other smaller households that require less income to meet their basic needs and larger households that require greater income. As noted earlier, two other common household types include households with two adults and no dependents (32 percent of worker households), and households with two adults and two children (36 percent of worker households). In both situations, I estimate that the changes in living standards are just as dramatic. See the technical appendix for more details.

better-paid full-time positions, such as a building manager position, she would still earn poverty-level earnings. This is despite also working a significant number of overtime hours. Only with a second source of income can this household pull itself out of poverty and bring in enough to cover the basic needs of the family.

HOW MAY FAMILIES ADJUST TO THIS SHORTFALL?

If the current workers continued to work as custodians in New Haven's public schools, but under the GCA Services Group proposed contract, there are two basic ways that these workers could try to adjust and meet their family's basic needs:

1. Use publicly-subsidized programs. The typical affected worker could make greater use of publicly subsidized services. As I discussed earlier, major public subsidy programs set as the income-eligibility threshold to approximately 200 percent of the federal poverty line. If the average New Haven public school custodian with a 3-person household continues to work as a NHPS custodian in the most common position offered by GCA Services Group—a position that pays \$12.50 and has part-time hours—he and his family would fall below this threshold to about 180 percent of the federal poverty line (FPL). This household would be eligible to use:

- The federal Supplemental Nutrition Assistance Program (SNAP, formerly known as Food Stamps) to receive subsidies for food. A household is eligible if the household income falls below 185% FPL.
- The National School Lunch program (and related school nutrition programs) for meals at school for their children. A household is eligible if the household income falls below 185% FPL.
- Connecticut's Healthcare for Uninsured Kids and Youth (HUSKY, Connecticut's Medicaid program) which would provide free health insurance coverage for both the adults and children in the household. A household is eligible if the household's income falls below 185% FPL.
- Housing assistance through the federal Section 8 program or Connecticut's Rental Assistance Program (RAP) for a rent subsidy. A household is eligible if its income level is below 50 percent of the median income for the county or metropolitan area in which the family chooses to live.
- The federal Earned Income Tax Credit (EITC). A household of this size would be eligible for a refundable tax credit if its household's income falls below about \$45,400.
- Childcare assistance through Connecticut's Care 4 Kids program. A household is eligible if its income level is below 50 percent of the state median income, or \$42,690 for a family of three.

These are the major programs that the public school custodians could turn to for help to offset the income they would lose working under the GCA Services Group proposed contract. As a result, some of the cost savings offered by the GCA Services Group contract to the City of New Haven would effectively be shouldered by the federal and state taxpayers funding these publicly subsidized programs. In other words, federal and state taxpayers would be subsidizing the low pay of the GCA Services Group contract bid by covering the cost of the basic necessities that are currently paid for through the workers' salaries. Low-paying jobs can also create *new* costs for the local economy due to increased poverty. Take, for example,

the case of health care. Families that cannot access affordable health insurance postpone, or forego altogether, medical care when they need it. This increases their risk of developing more serious health problems that require costly hospitalizations, including emergency room care. On top of funding subsidized programs such as HUSKY, taxpayers also end up paying for about half of the medical expenses of the uninsured.²⁴

2. Find a second part-time job. Alternatively, since the typical worker under the GCA Services Group contract proposal would only have part-time hours he could seek another part-time job. However, job opportunities are scarce and about 1 in 7 workers are currently either unemployed or underemployed.²⁵ The anemic pace of the today's U.S. economic recovery offers little hope for more job opportunities in the near future.

How much could a second part-time job help the average public school custodian and his family make ends meet? I can roughly estimate this by looking at the average wage of part-time workers with a high school degree (and no college experience) in the New Haven area. Such part-time workers typically earned \$11,000 annually in 2009. A second part-time job added to the part-time job offered under the GCA Services Group proposal would therefore raise the total income of an average New Haven public school custodian's household to \$42,000. This income level would now make this household ineligible for most of the major public subsidies. However, this household would still be bringing in \$8,500 less than that required for the family to meet its basic needs. This shortfall amounts to more than an entire year of food expenses for the average household of three.

There are two main reasons why two part-time jobs—one under the GCA Services Group proposed contract and another with a different employer—would tend to fall far short of the average current full-time earnings of NHPS custodians (\$24,000 from two part-time jobs vs. \$50,000 from one full-time NHPS job). First, part-time jobs simply tend to pay less than full-time jobs. For example, in the New Haven area, part-time workers of a similar age and education level as current NHPS custodians earn an average of \$11,000, not far off from the \$13,000 offered under the GCA Services Group proposed contract. However, the same type of worker in a full-time job typically earns in \$42,500 annually. Second, a crucial reason why current public school custodians are able to bring in an even higher level of earnings is that they have the opportunity to work more than full-time – their overtime hours and bonuses raise annual salary by more than 10 percent (see Figure 1 above).

Clearly, the earnings levels that would come with the new contract would impoverish the average worker and her family—their earnings would be insufficient to meet the household's basic needs. The GCA Services Group, itself, seems to recognize this fact and anticipates that much of the current staff will not remain. To deal with this, the company describes in their bid proposal their plan to launch a vigorous recruiting campaign:

Preferential hiring will be given to existing employees who wish to continue working at NHPS. However, as starting wages will be offered at \$12.50/hr for most of the 4-hour positions, and health benefits will not automatically be provided, we anticipate that

²⁴ See the Henry J. Kaiser Family Foundation's "The Uninsured: A Primer," <<http://www.kff.org/uninsured/upload/7451-06.pdf>>.

²⁵ The latest figures are reported in the BLS News Releases, "The Employment Situation," <<http://www.bls.gov/news.release/empst.nr0.htm>>. The February figure is from the March 4, 2011 release.

initially that there will not be a large percentage of employees who will wish to apply for the part time positions. We have taken this into consideration and have planned for a major recruiting effort to fill the part time cleaning positions, and create a pool of substitute workers who can be called in on short notice.

The situation would be less acute, but still impose substantial hardships for a worker who is able to get one of the less typical full-time positions. As I noted above, this worker and her family would be able to meet their basic needs as long as she works a significant number of overtime hours and there are two employed workers in the household. Still, this household's income would fall by 24 percent from \$68,000 to about \$52,000.

The options for this household to adjust to this significantly lower level of income are limited: this household would be ineligible for subsidies because its overall income level exceeds 200 percent of the poverty line. Moreover, it would be more difficult for this worker to take on a second job since she would already be working a full-time schedule plus 164 overtime hours.

In sum, if the City accepts the proposed contract from GCA Services Group, most of the current custodial staff will effectively lose their jobs. This is because most of the jobs offered under the GCA Services Group contract bid are not economically viable for current workers. The terms of employment offered by the GCA Services Group do not provide enough earnings for the typical worker to meet the basic needs of his family even with a second part-time job. In contrast, the current terms of employment, workers can and do depend on these jobs as their household's primary income source. Moreover, the level of pay and extra-earning potential through overtime hours affords these workers and their families the ability to meet their basic needs, if still somewhat below a middle-class standard of living.

CONCLUSION

The cost-savings of the proposed contract would cut the City's cost of custodial services by about half, from the current annual cost of \$16.3 million to \$8.2 million. If there are gains in efficiency from outsourcing to the GCA Services Group, the contract proposal does not indicate any: the cost savings of the GCA Services Group proposed contract appears to be due entirely to a massive cut in wages and benefits. These pay and benefit reductions effectively require 186 lower-to-middle income class families to take responsibility for 19 percent, or \$8.1 million, of the city's projected \$42 million deficit for FY2011-12. Yet these 186 public school custodians and their families represent less than one-half of one-percent of the 46,000 total households in New Haven that benefits from the City's services.

The severity of these pay cuts cannot be overstated. Total earnings from the custodial positions would fall by 74 percent, from \$50,000 to \$13,000 for the average worker. After accounting for the income from other household members, and the possibility of taking on a second part-time job, the fall in total household income would still be 38 percent, from \$68,000 to \$42,000. At this income level, this average family would still need another \$8,500 to cover their basic needs. Even if a current worker is able to obtain one of the better paid, but less common, full-time positions under the GCA Services Group proposed contract, she

would be earning poverty-level wages and only with a second source of income would this worker and her family be able to meet their basic needs.

The GCA Services Group clearly recognizes the severity of the wage and benefits cuts their proposed contract represents. They expect a large percentage of the current workforce would not choose to continue to work under these new terms. However, these workers may yet need to try to get hired on by GCA Services Group. In the current weak recovery from the Great Recession, prospects for finding other minimally decent employment opportunities are unlikely. Consequently, if the City of New Haven accepts the GCA Services Group contract proposal each NHPS custodian and his family will almost certainly be facing unemployment and a severe cut in their living standard.

TECHNICAL APPENDIX

DATA SOURCES

The figures in this report are based on two primary data sources: payroll data from the fiscal year 2008-2009 and a survey of the current NHPS custodial workforce administered by AFSCME Local 287, the local union that represents these workers.

The payroll data documents the overall costs of the AFSCME Local 287 contract, including detailed information about each worker's base salary, overtime pay, and bonuses. Further details about the work contract are described in the "Agreement between the New Haven Board of Education and Board of Education Employees Local 287 Council 4 AFSCME, AFL-CIO" supplied to PERI by the Council 4 AFSCME.

The data from the worker survey asks about individual (e.g., race, age, education, earnings, work tenure) and household (family size, presence of children, total income) characteristics. All 186 current custodial workers received a copy of the survey and several phone calls were made to maximize the number of returned surveys. The survey response rate is high at 56 percent, or 104 out of 186 workers. See Attachment A for a copy of the survey.

I check the reliability of data reported by the sample of NHPS custodians against the individual and household characteristics among similar workers surveyed by the American Community Survey over 2005-2007. The American Community Survey is a nationwide household survey modeled after the long-form of the 2000 U.S. Census and is administered by the U.S. Census Bureau. Annually, about 3 million addresses are surveyed. I use this survey because it provides representative samples at the metropolitan level. The ACS asks about demographic and economic characteristics of individuals and households.²⁶ I use the 3-year dataset which covers the years 2005-2007. I adjust all dollar figures to 2009 dollars.

I look at the average characteristics among a group of workers in the ACS sample that most resemble NHPS custodians but which have sufficient observations to produce relatively reliable results. The group of workers from the ACS that I use to approximate NHPS custodians is: full-time, public employees in custodial occupations who live or work in the County of New Haven.²⁷

In Table A.1 I show how the two sets of estimates compare. The first column presents figures based on the ACS data and the second column presents figures based on the worker survey. I am also able to compare the workers' reported earnings from the custodial positions against payroll data of the salaries actually paid during FY2008-2009.

For most measures, the figures from the two different data sets are quite similar. The only figures that diverge noticeably between the worker survey and the ACS are on the percent Latino, educational attainment, and average household income. I discuss each of these in turn.

The percent of Latino workers estimated from the NHPS worker survey is smaller than that based on the ACS (16 percent based on the ACS and 9 percent based on the worker survey). This is due to the difference in wording between the ACS and the worker survey. The former asks about ethnicity in a separate question, so that respondents can indicate their race as white, black, etc. and then also indicate that their ethnicity is or is not Latino. In other words, the ethnic category Latino and the racial categories of white and black are not exclusive. In the worker survey, these categories are exclusive so that a respondent has to choose between white *or* Latino, for example. Consequently, respondents in the ACS survey are much more likely to indicate that they are Latino than in the worker survey.

²⁶ I do not use the Current Population Survey, another survey administered by the U.S. Census Bureau that is widely used by labor economists to understand the economic situation of workers, because its samples are designed to produce primarily national or state-level estimates (the CPS is representative at the metropolitan level for a limited number of the largest cities).

²⁷ I include the following ACS occupation codes: 4200 (first-line supervisors/managers of housekeeping and janitorial workers); 4210 (first-line supervisors/managers of landscaping, lawn service, and groundskeeping workers); 4220 (janitors and building cleaners); 4230 (maids and housekeeping cleaners); 4240 (pest control workers); and 4250 (grounds maintenance workers).

TABLE A.1. DESCRIPTIVE STATISTICS FOR PUBLIC SECTOR CUSTODIANS IN THE NEW HAVEN AREA

	<i>Estimated from:</i>	
	<i>2005-07 American Community Survey</i>	<i>2010 NHPS worker survey</i>
<i>Individual Characteristic</i>		
% Male	89%	93%
% With a high school degree or less	76%	59%
% With some college experience	22%	28%
% With a bachelor’s degree or more	2%	13%
% White	73%	70%
% Black	19%	20%
% Latino	16%	9%
Average age	51	47
Average job tenure with City of New Haven	NA	10
Average workforce tenure	NA	27
Average wages/Salary	\$42,074	\$45,000
<i>Household Characteristic</i>		
Average household income	\$74,060	\$64,000
Average number of persons in family	3	3
Average number of households with children under 18 years old	0	1

Note: ACS sample has 54 observations. NHPS worker survey sample has 104 observations. Average figures are medians.

The percent of workers with a high school degree or less is much lower based on the worker survey compared to the ACS and this difference is statistically significant.²⁸ That is, we can have a high degree of confidence that a smaller proportion of NHPS workers have a high school degree or less—and thus have attained higher levels of education—compared to workers doing similar types of work in the New Haven area.

The average household income for full-time, public employees in custodial and grounds-keeping occupations who live in the County of New Haven is about \$74,060 (in 2009\$) during 2005-2007. This compares to an average of \$64,000 reported directly by NHPS school custodians in the worker survey.

There are two factors that can explain this \$10,000 difference. First, workers responding to the survey do not appear to account for their overtime and bonus pay in their annual earnings, and therefore their total household income. We can be quite certain that the average *base* salary for 2010 among these workers is close to about \$43,000. This is the average base salary from the 2008-09FY payroll that has the *actual* salaries paid to all Local 287 workers.²⁹ This figure of \$43,000 is also quite close to both the average \$45,000 that NHPS workers report in the worker survey and the \$42,074 earnings reported by public employees living in New Haven County holding custodial positions in the ACS. However, when I look at the average pay based on payroll data, but now including overtime and bonuses, annual average earnings amount to \$50,402 or about \$7,000 more than what workers reported in the worker survey. Therefore, it seems likely that in the worker survey workers reported their base salary rather than their base salary plus overtime and bonuses.

Second, the 2005-2007 ACS data were collected during much better economic times compared to the 2010 worker survey. For example, the New Haven unemployment rate ranged between 4.6 and 5.0 during 2005-2007. In contrast, during 2010, the unemployment rate has averaged 9.3 percent. Unfortunately, the sample size for these workers in 2009 is too small to provide reliable

²⁸ The two-sample test of proportions for the percent of workers with a high school degree or less indicates that the difference between the two estimates is statistically significant at the 0.05 level.

²⁹ Also, note that there is virtually no inflation between those years and 2010.

estimates. However, the average household income based on the data that is available in 2009 is suggestive that incomes during 2010 may be as much as \$5,000 lower than in 2005-2007.

These two factors combined can explain the \$10,000 difference between the household income reported in the worker survey and what the ACS estimates indicate. To adjust for the possible underreporting, I adjust upward all the household income figures by \$5,000 to account for the possible underreporting of overtime and bonus pay by NHPS workers.

COMPARING JOBS IN THE GCA SERVICES GROUP PROPOSED CONTRACT TO CURRENT JOBS

The GCA Services Group contract bid describes a much simpler set of jobs than what exists currently. Specifically, there are eight positions described in the contract bid compared to 24 positions listed in the 2008-2009 payroll. In order to compare the impact of the contract bid on earnings of current workers I had to make some assumptions about which jobs each worker would move into, assuming that they decide to stay working as NHPS custodians, but with GCA Services Group as their employer.

The basic distinctions in the contract bid are between supervisory positions (e.g., building managers), those that have specialized duties (e.g., auto mechanic), and “generic” positions listed as “PT regular hour positions.” The basic strategy I used to create a “crosswalk” between the current positions and those in the proposed bid is:

1. To assume that anyone in supervisory positions now would transfer into a supervisory position under the new contract.
2. Anyone who holds a specialized position under the current contract will transfer into the same type of position in the new contract (up to the number of available openings).
3. All others workers would transfer into the general category of “PT regular hour positions.”

In Table A.2, I provide a detailed picture of this crosswalk. In some cases there are *fewer* current workers than the number of expected positions in the matched job category under the contract bid. In such cases, I assumed that current workers with the closest current wage would fill in the remaining expected positions. In cases where there are *more* current workers than the number of expected positions in the matched job category, I assumed that the surplus of current workers take a “PT regular hour” position.

I also show in Table A.2 the hourly wage rates for each position under the contract bid and the current contract (from FY2008-09). I had to impute the hourly wage rate for most of the positions under the contract bid because the proposal only provides unit cost figures that include, “...all GCA non-wage related costs including overheads, program support, depreciation of start up and vehicle expense, insurance, profit, and applicable taxes.”³⁰ The contract proposal provides a specific hourly pay rate for the “PT Regular Hours” positions of \$12.50 as well as a unit cost of \$17.22. Therefore, I use the ratio between the hourly wage and the unit cost (73 percent) to impute the hourly wage rates for the other positions. This is almost certainly an overestimate of the hourly wage rates for any of the full-time positions since those positions also include health insurance benefits. However, I used the 73 percent figure for all positions in order not to overstate the wage cuts proposed by the GCA Services Group contract bid.

I also include in Table A.2 the number of positions that are proposed in the GCA Services Group’s bid and the numbers currently filled. It is not clear from the bid proposal whether all but the “PT Regular Hours” positions would be full-time or if some are also part-time. Therefore I simply provide a count of full-time equivalent positions for all job categories.

In Table A.3 I provide summary figures for the staff under the proposed contract and the current situation. In particular, I show the total number of FTE positions across all job categories (206 FTE positions proposed vs. 197 FTE positions currently). I then show figures that take into account overtime hours. The bid proposal anticipates at least some overtime hours (13,454 hours) and the 2008-09FY payroll indicates that NHPS custodians worked an even larger number of overtime hours (52,467 hours). Therefore, I also show in Table A.3 the number of FTE positions taking into account these levels of overtime hours. The number of FTE positions, now including overtime hours, remains very close (212.5 FTE positions proposed versus 222.2 FTE positions currently). In the last two rows I show the proportion of actual full- and part- time positions, as opposed to full-time equivalents, expected to exist under the proposal as well as what existed during FY 2008-09. For these figures I assume that only the “PT Regular Hours” positions of the proposed bid will be part-time.

³⁰ This is from “Pricing Notes” section of the proposed contract bid.

TABLE A.2 CROSSWALK BETWEEN STAFFING UNDER GCA SERVICES GROUP PROPOSED CONTRACT AND CURRENT CONTRACT

<i>Proposed GCA Services Group Contract</i>				<i>Current Contract</i>		
<i>Position title</i>	<i>Unit price</i>	<i>Imputed wage (73% unit price)</i>	<i># of FTE jobs</i>	<i>Position title</i>	<i>Avg. wage from 2008 payroll</i>	<i># of FTE jobs</i>
<i>Supervisory positions - higher paying</i>						
Building managers	\$19.96	\$14.57	45	Groundsperson/Working Foreman	\$26.05	1
				Head Custodian	\$22.36	20
				Working foreman/truck driver/ utilities	\$22.53	1
				Crew Leader (days)	\$21.32	16
<i>Supervisory positions - lower paying</i>						
Assistant building managers	\$18.74	\$13.68	37	Crew Leader (nights)	\$21.34	14
				Head Custodian 1	\$22.13	28
<i>Specialized positions</i>						
Audio Visual position	\$22.54	\$16.54	1	Audio Visual position	---	0
Auto mechanic	\$25.19	\$18.40	1	Auto mechanic/Custodian	\$24.29	1
Warehouse	\$17.90	\$13.00	5	Chief stores clerk	\$22.13	1
Grounds	\$17.90	\$13.00	5	Groundsperson/Custodian	\$24.29	4
<i>Drivers</i>						
Drivers	\$17.90	\$13.00	8	Truck driver/utility maintenance	\$20.54	2
				Custodian/Asst. stores clerk/truck driver	\$21.42	3
				CAFE truck driver	\$20.75	4
				Custodian truck driver	\$20.29	1
<i>Remaining positions</i>						
Regular PT positions	\$17.22	\$12.50	104	Graffiti Remover/Custodian	---	0
			(Note: this represents 208 PT jobs)	Chief Engineer	---	0
				Custodian Engineer	\$22.53	11
				Asst Custodian Matron	\$19.28	1
				Asst Engineer/Custodians	\$19.28	77
				Asst Custodian/Pool	\$18.88	9
				Fieldhouse	\$19.44	2
				Matron Gym	\$19.28	1
				Gym attendant	---	0
				Utility Custodian	---	0

TABLE A.3 COMPARISON OF STAFFING UNDER GCA SERVICES GROUP PROPOSED CONTRACT AND CURRENT CONTRACT

<i>Total number of positions</i>	<i>Proposed GCA Services Group Contract</i>	<i>Current Contract</i>
FTE positions	206	197
FTE positions including overtime	212.5	222.2
Actual number of positions	310	197
% full-time positions	26%	100%
% part-time positions	74%	0%

CHANGES IN LIVING STANDARDS AMONG OTHER HOUSEHOLD TYPES

Here I provide figures on how living standards would change for two other common household types—2+ adults/0 children and 2+ adults/2+ children). These figures are analogous to figures 1-2 above.

In the case of the 2+ adult/0 children household, we can see that the average household can meet their basic needs with the base salary of the NHPS custodian alone. Additional income from working overtime, bonuses, and other sources of income raises the income of this household up to about \$63,000. Since the average household in New Haven has at least one dependent child, it is probably fair to say that \$63,000 or so provides a near middle-class standard of living for a household with two adults and no dependent children. If NHPS custodians remain in their current line of work but as GCA Services Group employees, their earnings will drop below the official poverty line or severe poverty. Even after adding in earnings from both adults, their living standards still fall below “poverty.” With another part-time job—adding about \$11,000—the NHPS custodian and his/her household still falls below their basic needs at \$37,000.

FIGURE A.1 INCOME MEASURES FOR AVERAGE NEW HAVEN PUBLIC SCHOOL CUSTODIAN'S 2-ADULTS ONLY HOUSEHOLD

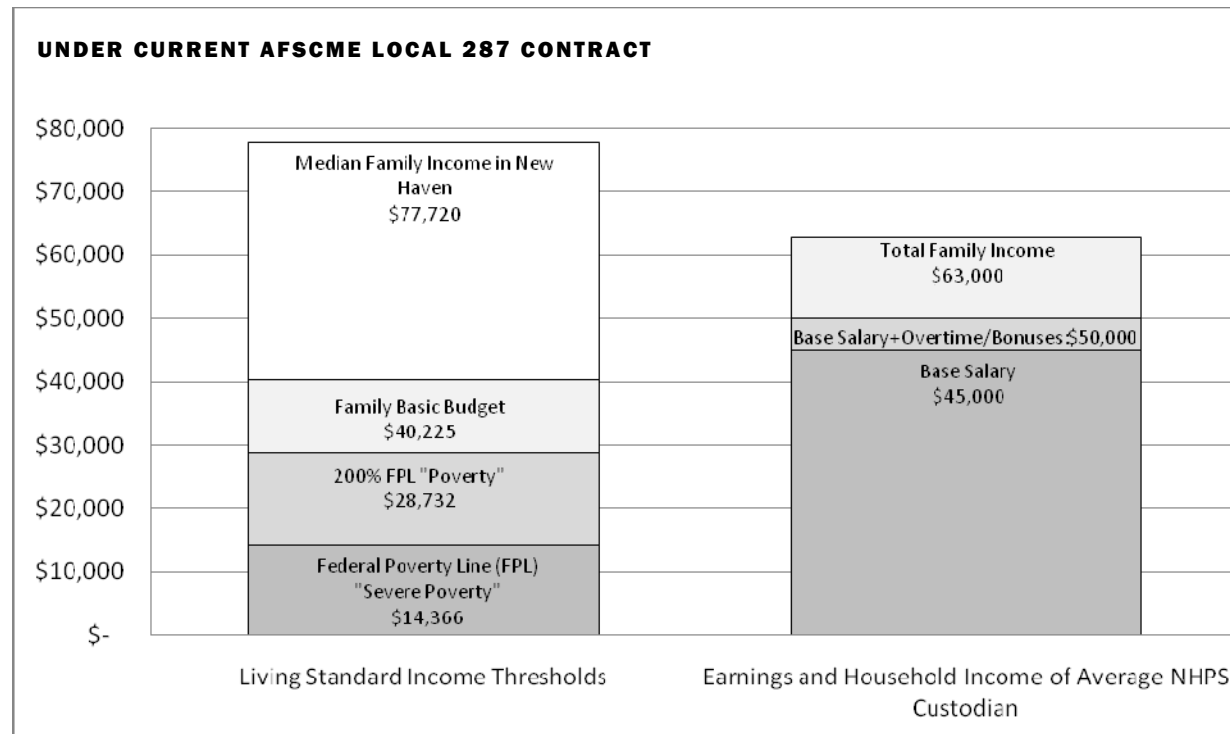
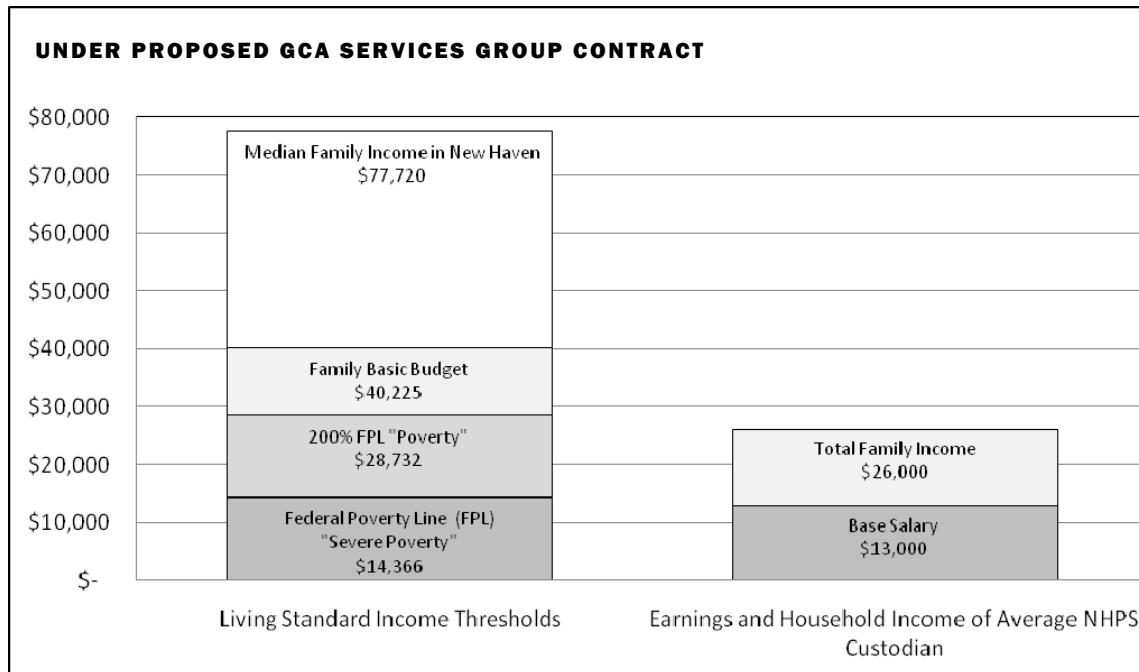


FIGURE A.1 CONTINUED: INCOME MEASURES FOR AVERAGE NEW HAVEN PUBLIC SCHOOL CUSTODIAN'S 2-ADULTS ONLY HOUSEHOLD



The average 2+ adult/2+ children household has a much higher total family income than the other households. The total income for this household type achieves a solid middle class living standard at \$83,000 per year, with \$33,000 coming from sources other than the custodial position. If NHPS custodians remain in their current line of work we can expect that their family income will fall to \$46,000, just above two times the federal poverty line (200%FPL). This income level would disqualify this household for many of the main public subsidy programs yet this household still would not be able to afford all their basic needs. If the NHPS custodial worker finds another part-time position, the household income would reach \$57,000, about \$5,000 short.

FIGURE A.2: INCOME MEASURES FOR AVERAGE NEW HAVEN PUBLIC SCHOOL CUSTODIAN'S 2-ADULTS AND 2+ CHILDREN HOUSEHOLD

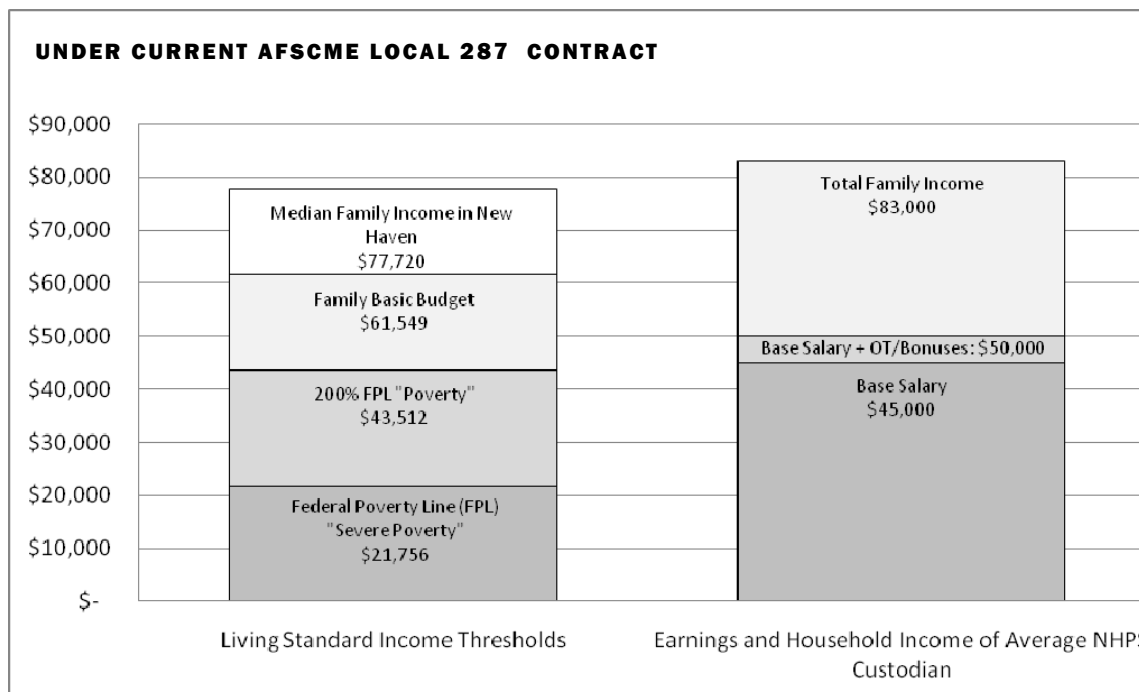
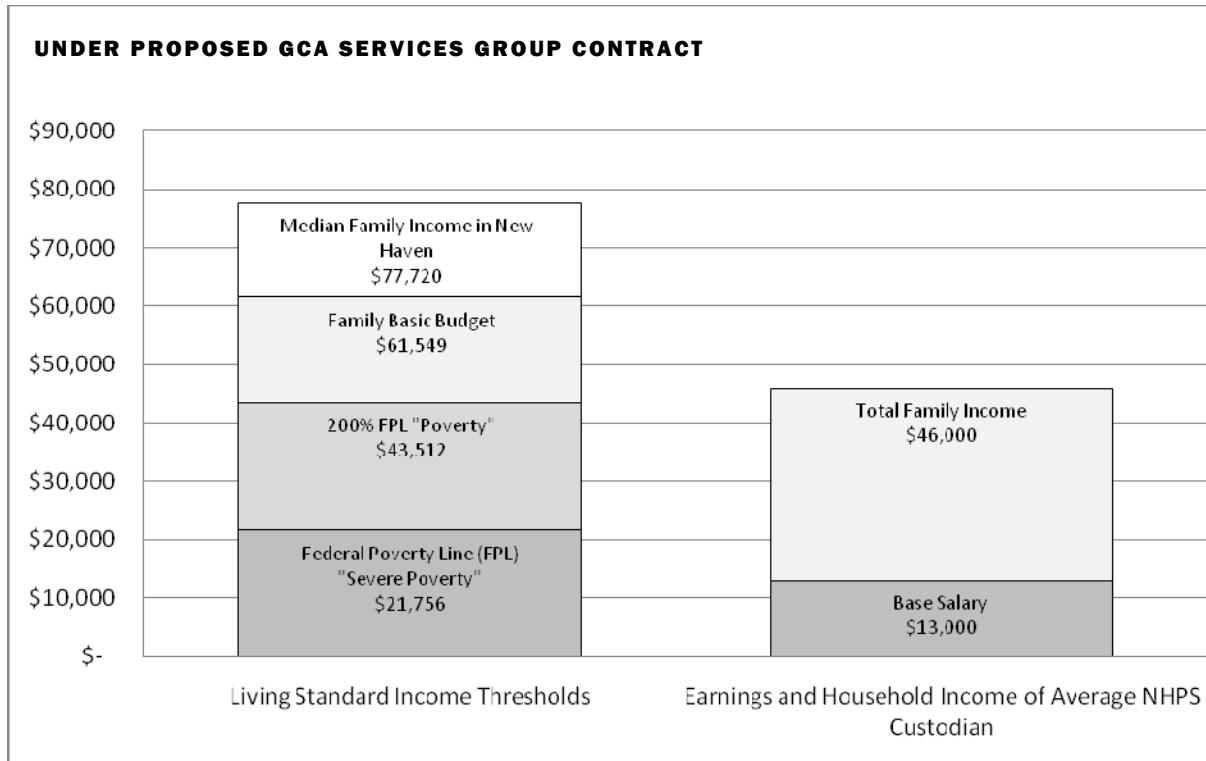


FIGURE A.2 CONTINUED: INCOME MEASURES FOR AVERAGE NEW HAVEN PUBLIC SCHOOL CUSTODIAN'S 2-ADULTS AND 2+ CHILDREN HOUSEHOLD



ATTACHMENT A: 287 PRIVATIZATION IMPACT SURVEY

1. How old are you? _____

2. What is your gender (please circle)? Male/Female

3. What is the highest level of education you have achieved (please circle)?

High school degree/GED Associate's degree

Some college but no degree Bachelor's degree or more

4. What is your race/ethnicity (please circle)?

White Black/African American

Hispanic/Latino American Indian, Aleut, or Eskimo

Asian or Pacific Islander Other (please specify: _____)

5. How many people live in your household? _____

a. How many are children (under 18 years old)? _____

6. Including this year, how long have you worked for your current employer, the City of New Haven? _____ years

7. Including this year, how long have you been in the workforce? _____ years

(Please count the number of years you have been employed *or* looking for work as your primary activity – i.e., as opposed to being a student or staying at home raising children.)

8. Do you currently have health insurance (please circle)? Yes/No

If yes, please circle one of the following:

a. I'm enrolled in a health insurance plan offered by my current employer, the City of New Haven.

b. I'm enrolled in a health insurance plan offered by an employer of another member of my family.

c. Other (please specify, e.g., private plan not through employer, VA, military, Medicaid) _____)

9. Do your children (under 18) currently have health insurance (please circle)? Yes/No

If yes, please circle one of the following:

a. They are enrolled in a health insurance plan offered by my current employer, the City of New Haven.

b. They are enrolled in a health insurance plan offered by an employer of another member of my family.

c. Other (please specify, e.g., private plan not through employer, VA, military, Medicaid, SCHIP) _____)

10. What is your expected *total* annual household income for 2010? \$ _____

What is your expected *total* annual earnings from your current custodian job for 2010? \$ _____

ABOUT THE AUTHOR

Dr. Jeannette Wicks-Lim is an Assistant Research Professor at the Political Economy Research Institute at the University of Massachusetts, Amherst. Wicks-Lim specializes in labor economics, in particular conditions for low-wage workers in the U.S. economy. Her recent publications include the book *A Measure of Fairness: The Economics of Living Wages and Minimum Wages in the United States* (co-authored 2008), and the studies *Combining Minimum Wage and Earned Income Tax Credit Policies to Guarantee a Decent Living Standard to All U.S. Workers* (co-authored, 2010), *Creating Decent Jobs in the United States* (2009), and *Green Prosperity: How Clean-Energy Policies Can Fight Poverty and Raise Living Standards in the United States* (co-authored, 2009). She also writes a regular column for *Dollars & Sense* magazine.

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