



July 26, 2018

Addendum to *Restoring Altitude: Economic Impacts of the Port Authority of New York and New Jersey Minimum Wage Proposal*

By Patrick Burns and Daniel Flaming

Underwritten by the Service Employees International Union, Local 32BJ

Introduction

This addendum contains further analysis of the minimum wage increase proposed by the Port Authority of New York and New Jersey (PANYNJ) for airport workers in covered services, calculating the aggregate wage differential with and without it. In New York City, home to JFK and LaGuardia airports, the current minimum wage for large employers with 11 or more employees is \$13.00 an hour, which will rise to \$15.00 an hour on December 31, 2018, with or without the enactment of the Port Authority proposal. At New Jersey’s Newark Liberty airport, the Port Authority’s existing minimum wage is \$10.45 an hour.¹ The differential between these existing minimum wage levels and the Port Authority’s proposed increases to \$19 an hour by 2023² will be the additional cost to employers. The hourly differential using the current time period is the year-zero baseline presented in *Table A.1* and *Figure A.1*.

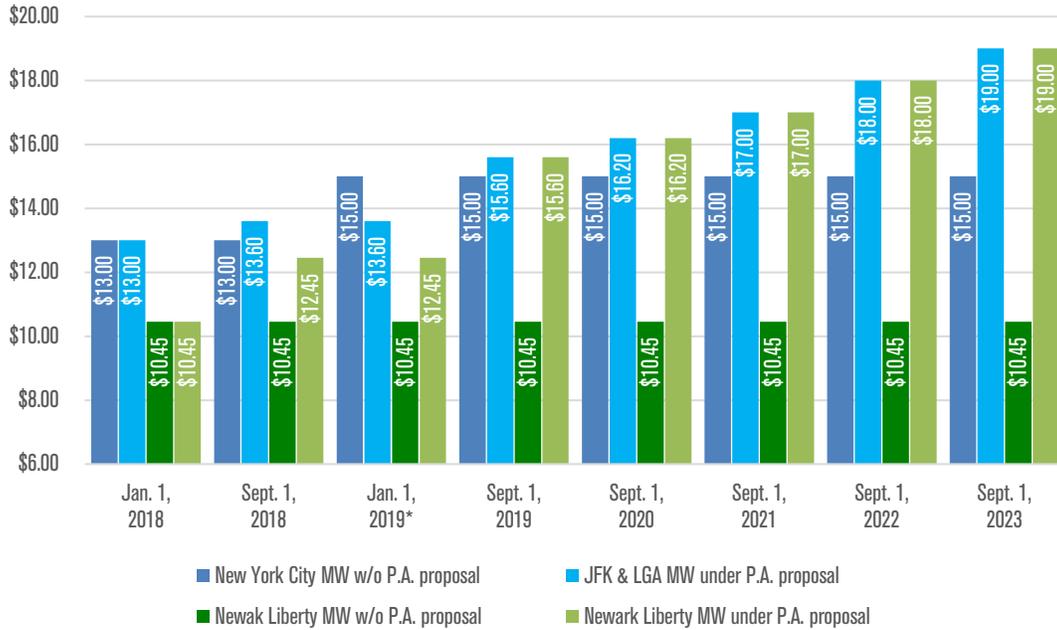
Table A.1: Hourly Minimum Wage Rate Differentials for Airport Workers in New York and New Jersey Minimum Wage With and Without Port Authority Proposal

	Effective Period	New York City Min Wage, w/o PANYNJ proposal	NY PANYNJ Min Wage Proposal (JFK & LaGuardia)	Newark Liberty (NJ) MW w/o PANYNJ proposal	Newark Liberty (NJ) PANYNJ Min Wage Proposal
Year 0	Jan. 1, 2018 to Aug. 31, 2018	\$13.00	\$13.00	\$10.45	\$10.45
Year 1	Sept. 1, 2018 to Dec. 31, 2018	\$13.00	\$13.60	\$10.45	\$12.45
	Jan. 1, 2019 to Aug. 31, 2019	\$15.00	\$13.60*		
Year 2	Sept. 1, 2019 to Aug. 31, 2020	\$15.00	\$15.60	\$10.45	\$15.60
Year 3	Sept. 1, 2020 to Aug. 31, 2021	\$15.00	\$16.20	\$10.45	\$16.20
Year 4	Sept. 1, 2021 to Aug. 31, 2022	\$15.00	\$17.00	\$10.45	\$17.00
Year 5	Sept. 1, 2022 to Aug. 31, 2023	\$15.00	\$18.00	\$10.45	\$18.00
Year 6	Sept. 1, 2023 onwards	\$15.00	\$19.00	\$10.45	\$19.00

Source: Port Authority of New York and New Jersey. Note: If the Port Authority minimum wage proposal is approved, it will be superseded for an eight month period (*) by the State of New York’s minimum wage for large employers in New York City. Aside from that period (January 1, 2019 through August 31, 2019), the Port Authority proposal will rise above state and citywide levels.

If the PANYNJ minimum wage proposal is approved, the Year 1 hourly rate it would provide for covered service workers at JFK and LGA (\$13.60 an hour) will be substantially superseded by the State of New York’s minimum wage for large employers in New York

Figure A.1: Hourly Minimum Wage Rate Differentials for Airport Workers in New York and New Jersey Minimum Wage With and Without Port Authority Proposal, by Effective Starting Date



Source: Port Authority of New York and New Jersey. Note: If the Port Authority minimum wage proposal is approved, it will be superseded for an eight month period (*) by the State of New York's minimum wage for large employers in New York City. Aside from that period (January 1, 2019 through August 31, 2019), the Port Authority proposal will rise above state- and citywide levels.

City, \$15 an hour, for the last eight months of that year (January 1, 2019 through August 31, 2019). For that eight month period, the differential between the existing New York City and proposed Port Authority minimum wages will be zero. Large employers will pay \$15 an hour to all workers whether or not the proposal is passed. Aside from that period, the Port Authority proposal will rise above state- and city-mandated levels.

Amount of Raise Differential

The aggregate raise differential for JFK, LaGuardia and Newark Liberty airport workers in covered services – the difference between the Port Authority’s proposed increases to \$19 an hour by 2023, and the current, enacted minimum wage levels already on the books – is calculated in *Table A.2*.

Table A.2: Year-at-a-Time and Cumulative Wage Differential for Affected PANYNJ Airport Covered Service Workers, by Airport and Year of the Minimum Wage Proposal

	Year 1 9/1/18 \$13.60/hr. (NY) \$12.45/hr. (NJ)	Year 2 9/1/19 \$15.60/hr.	Year 3 9/1/20 \$16.20/hr.	Year 4 9/1/21 \$17.00/hr.	Year 5 9/1/22 \$18.00/hr.	Year 6 9/1/23 \$19.00/hr.
JFK	\$6,929,752	\$22,856,953	\$23,931,766	\$33,965,310	\$43,803,720	\$44,591,476
LGA	\$828,385	\$2,785,504	\$3,119,702	\$5,014,008	\$6,316,987	\$6,341,550
EWR	\$29,941,170	\$54,485,566	\$11,299,906	\$16,983,408	\$21,371,515	\$21,655,912
Total	\$37,699,307	\$80,128,023	\$38,351,374	\$55,962,726	\$71,492,222	\$72,588,938
Cumulative Total		\$117,827,330	\$156,178,704	\$212,141,430	\$283,633,652	\$356,222,590

Source: Economic Roundtable analysis; Employer-reported airport worker rosters with hourly wages received by SEIU Local 32BJ, UNITE HERE Local 100, and RWDSU Local 1102, 2018.

Over the first two years, these incremental wage differentials for JFK and LaGuardia airport workers are lower than the overall amounts we presented in our report *Restoring Altitude*, Table 1.5, which used Year 1 as the baseline for computing aggregate change. Compared to the additional \$56.9 million in earnings in Year 1 of the Port Authority proposal cited there, we estimate that only \$37.7 million of that would be attributable to the proposed \$13.60 / \$12.45 an hour minimum wage. Again, this is due to the \$15 an hour State of New York minimum wage for large employers in New York City, going into effect December 31, 2018.

In Year 2, when the Port Authority’s proposed minimum wage changes to \$15.60 an hour for both New York- and New Jersey-based airport workers in covered services, the aggregate wage differentials for those employed at JFK and LaGuardia airports will also be lower than the aggregate wage change presented in *Restoring Altitude*, Table 1.5.³ Out of the total \$136.3 million additional earnings in Year 2, only \$80.1 million would be attributable to gap between the Port Authority proposal \$15.60 and the already-enacted wage floors in New York (\$15.00 an hour) and New Jersey (\$10.45 an hour). For years 3 onwards, the aggregate wage raise differential goes away, since no further minimum wage increases have been enacted by the State of New York. For New Jersey-based airport workers, we assume that their state-mandated wage rate will stay at \$10.45 an hour, and thus will not have any aggregate wage differential.

Table A.3 breaks out the wage raise by occupation groups of PANYNJ covered service workers. *In-Terminal Passenger and Baggage Services* workers will again see the largest aggregate raises compared to the existing minimum wage laws, due to the large numbers who will be affected and their current low wages. *Airplane Cabin Cleaning* and *Cargo Related and Ramp Services* and *Airplane Cabin Cleaning* workers will see the next largest aggregate raises compared to the existing minimum wage laws.

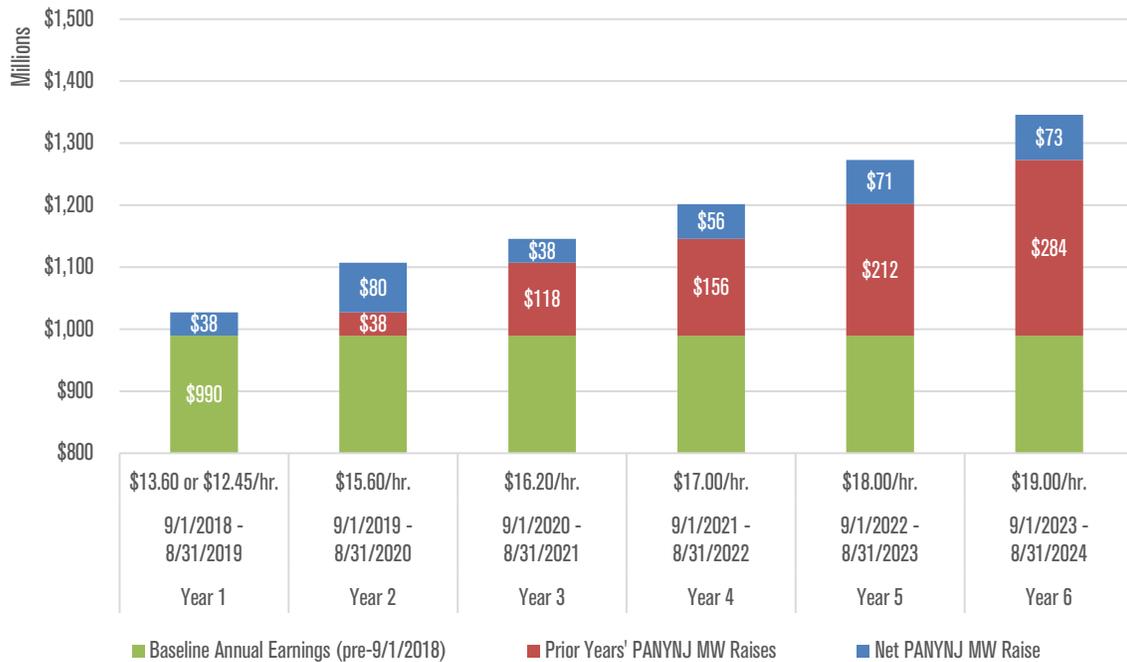
Table A.3: Year-at-a-Time and Cumulative Wage Differential for Affected PANYNJ Airport Covered Service Workers, by Covered-Worker Occupation Group and Year of the Minimum Wage Proposal

	Year 1 9/1/18 \$13.60 or \$12.45/hr.	Year 2 9/1/19 \$15.60/hr.	Year 3 9/1/20 \$16.20/hr.	Year 4 9/1/21 \$17.00/hr.	Year 5 9/1/22 \$18.00/hr.	Year 6 9/1/23 \$19.00/hr.
Passenger-Related Security Svcs.	\$2,680,721	\$6,404,502	\$4,043,848	\$5,414,853	\$6,772,593	\$6,806,836
Cargo Related & Ramp Svcs.	\$2,321,377	\$5,516,352	\$4,163,797	\$10,101,549	\$13,763,175	\$14,454,408
In-Terminal Passenger & Baggage Svcs.	\$14,549,784	\$28,103,774	\$13,075,156	\$17,446,315	\$21,808,043	\$21,808,675
Building Maintenance Svcs.	\$4,269,178	\$8,864,409	\$4,894,477	\$6,553,155	\$8,246,090	\$8,265,175
Terminal Concession Svcs.	\$4,404,812	\$11,242,846	\$4,704,464	\$6,399,148	\$8,127,246	\$8,204,094
Airplane Cabin Cleaning	\$9,150,334	\$18,212,972	\$6,139,539	\$8,220,299	\$10,307,640	\$10,321,598
Airline Catering Services	\$323,101	\$1,783,169	\$1,330,093	\$1,827,405	\$2,467,435	\$2,728,153
Total	\$37,699,307	\$80,128,024	\$38,351,374	\$55,962,725	\$71,492,221	\$72,588,938
Cumulative Total		\$117,827,331	\$156,178,705	\$212,141,430	\$283,633,651	\$356,222,589

Source: Economic Roundtable analysis; Employer-reported airport worker rosters with hourly wages received by SEIU Local 32BJ, UNITE HERE Local 100, and RW

As the subsequent Port Authority proposed wage increases go into effect from September 2019 to September 2023, more covered airport workers in will be affected. The last rows in Table A.2 and Table A.3 highlight the cumulative aggregate wage differentials for airport workers, with pay increasing by \$356.2 million above state- and city-mandated levels by 2023, attributable solely to the Port Authority proposal.

Figure A.2: Cumulative Amount of Wage Raise for Affected PANYNJ Airport Covered Service Workers, by Year of the Minimum Wage Proposal



Source: Economic Roundtable analysis; Employer-reported airport worker rosters with hourly wages received by SEIU Local 32BJ, UNITE HERE Local 100, and RWDSU Local 1102, 2018.

Aside from the last rows of *Table A.2* and *Table A.3*, the aggregate earnings differentials attributable to the PANYNJ minimum wage presented above are non-cumulative. *Figure A.2* illustrates the cumulative wage differentials that will accrue to affected airport workers over time. In Year 1, the \$37.7 million in added net earnings due solely to the minimum wage proposal builds upon covered service workers' combined prior earnings from the year before minimum wage will start, an estimated \$989.5 million, or an average of \$25,700 per worker.⁴ Assuming that New York-based workers will change to \$15 an hour on December 31, 2018, and that New Jersey-based workers would otherwise stay at \$10.45 an hour without the Port Authority proposal, the net increase in wages for all PANYNJ covered workers will add up to \$356.2 million in additional earnings through 2023.

End Notes

¹ The Port Authority of New York and New Jersey's minimum wage for workers in covered services at Newark Liberty International Airport is \$10.45 an hour, effective since 2/1/2018. This represented a 2.3% increase over the prior minimum wage, set in September 2017, based upon a CPI adjustment factor. Future CPI-based minimum wage increases for the Port Authority's New Jersey and New York based workers might be granted if the current \$19 by 2023 proposal does not pass, but are unknown at this time. Such CPI-based increases would further reduce the real cost of the PANYNJ proposed minimum wage for employers. Source: Port Authority of New York and New Jersey. *Minimum Wage Policy for Non-Trade Labor Service Contracts: Wage Level*. http://www.panynj.gov/airports/pdf/Wage_Level_Notice_EWR_Effective_02012018.pdf

² Port Authority of New York and New Jersey. Press Release Article: *Port Authority Board Approves Proposed Minimum Wage Increase for Thousands of Airport Workers*. March 22, 2018. Press Release Number: 53-2018 http://www.panynj.gov/press-room/press-item.cfm?headline_id=2904

³ In *Restoring Altitude*, Table 1.5, Table 1.6, and Figure 1.2, Year 2 is calculated for New York-based workers as the difference between their current minimum wage (\$13.00 an hour) and the Port Authority's proposed \$15.60 an hour rate. Here, we calculate the aggregate wage differential for New York-based airport workers as the difference between their minimum wage on September 1, 2019 (\$15.00 an hour) and the Port Authority's proposed \$15.60 an hour rate.

⁴ \$989.5 million is the annualized wages for the 38,520 PANYNJ airport workers who will be affected by the PANYNJ's minimum wage proposal, during the period September 1, 2017 through August 31, 2018.