Workers on the Brink: Low-Wage Employment in Buffalo and Erie County

Nicole Hallett
Introduction

For all the talk of a Buffalo resurgence, the poverty rate in Buffalo remains among the highest in the nation at 31.2%. One important reason for this poverty is the low quality of the jobs in the region. Nicole Hallett, Assistant Clinical Professor of Law at the University at Buffalo School of Law, with support from Open Buffalo, conducted a survey in 2017 in Buffalo and Erie County to learn more about the challenges low-wage workers are facing.

What the survey found was that low-wage workers in Buffalo and Erie County experience high rates of legal violations – including violations related to wages and health and safety. In all, 58.9% of low-wage workers participating in the survey reported at least one wage and hour violation, and 56% reported at least one potential health and safety violation. In particular, among low-wage workers participating in the survey:

- 16% reported making below the applicable federal or state minimum wage;
- 35% reported not being paid overtime in violation of federal or state law;
- 16% reported working off the clock without being paid;
- 27% reported that they had failed to receive their pay on time;
- 24% of low-wage workers making tips reported that their employer had taken some of their tips in violation of federal or state law;
- 33.3% of low-wage workers who reported handling dangerous materials or operating dangerous equipment as part of their jobs reported that their employer did not provide adequate safety or protective gear;
- 26.7% of low-wage workers who reported handling dangerous materials or operating dangerous equipment as part of their jobs reported not being properly trained to avoid accident or injury;
- 21.6% of low-wage workers who complained about their pay or working conditions to their employer reported being retaliated against.

This policy report was written by Nicole Hallett, Assistant Clinical Professor of Law at the University at Buffalo School of Law and the 2017 Open Buffalo Public Research Fellow.

This report summarizes the survey she conducted of over 200 workers in Buffalo and Erie County and groups results by gender, race/ethnicity, and other categories. The report presents findings showing that low-wage workers in Buffalo and Erie County experience high rates of legal violations involving wages, hours, tips, health, and safety.

It concludes by recommending policies that the City of Buffalo and Erie County should consider to improve working conditions for low-wage workers.
The survey revealed clear differences based on gender, race/ethnicity, and citizenship status. Women, members of racial and ethnic minorities, and non-citizens reported higher violation rates in response to most questions.

The survey also found that few low-wage employers provide benefits such as health insurance, paid time off, and parental leave. The low-wage workers participating in the survey reported that:

- Only 37.7% received health insurance through their employer;
- Only 34.3% received paid sick time;
- Only 36.6% received paid vacation time;
- Only 24.1% received any type of retirement benefit;
- Only 14.9% were entitled to paid parental leave.

In short, many low-wage workers living or working in Buffalo and Erie County suffer from endemic rates of wage theft and many others are at an unnecessary risk of accident or injury on the job. Moreover, many low-wage workers have jobs that do not provide them important benefits, such as health insurance, paid sick and vacation time, and parental leave. The lack of benefits leaves these workers vulnerable to unemployment and economic disaster when they experience health problems or when they decide to grow their families.

About the Survey

The survey was administered to 213 participants over the span of several months in 2017 at multiple collection sites in Buffalo, including grocery stores and public transportation sites. Participants were recruited randomly. Every person who passed through a collection site was asked if they wanted to participate and, if so, whether they met the selection criteria. Participants were then asked a series of questions regarding their job, including their job title, pay, and working conditions. Participants were also asked to report the zip code of their residence. All participants lived in Erie County. Participants were not asked to report the zip code of their employment; individuals were assumed to work in Erie County given the location of the collection sites.
Two technical notes that apply throughout this report:

1) Because the sample is fairly small, differences between subgroups reported here—for example, male compared with female low-wage workers—are often not statistically significant at the commonly used 0.05 level. However, that does not mean that the differences do not exist. For example, if a difference has a probability of 0.25 instead of 0.05, that means that there is a 25% chance that it could have occurred by chance. But it is much more likely that the difference is real.

Furthermore, when there is a pattern of similar differences, the likelihood of the pattern occurring because of random variation becomes negligible. For example, if on five different dimensions, female low-wage workers are treated worse than male ones, and each difference has a one-quarter chance of occurring by chance, the chance of having all five of these differences occur by chance is only 0.001 or one in a thousand.

2) The sample for this study is not a “probability sample” of the Buffalo population of low-wage workers, and therefore generalization to that population is not ironclad. There could be biases in the sample. For example, finding respondents at public transportation sites might mean that workers without cars are over-represented. However, obtaining a true probability sample of low-wage workers is complex and expensive, requiring far more resources than were available for this report.

The sample used here, while not perfect, is not arbitrary and was designed to recruit a broad variety of low-wage workers. It is serviceable for what could be considered a preliminary study, obtaining rough estimates of social problems that need to be addressed. If policy decisions later require more precise or definitive estimates of the prevalence of particular situations, the agencies making those decisions can work on locating the resources required for a follow-up study. In the meantime, this study provides a good sense of the depth and range of issues that low-wage workers in our community face on a daily basis.
The survey collected the following demographic information from participants:

**INCOME**

The survey asked participants for their rate of pay and then classified them as “low-wage” or “medium/high wage” workers. If participants gave a rate that was calculated weekly, monthly, or annually, that rate was converted into an hourly rate based on the number of hours the participants reported working each week. One hundred and seventy five (175) participants reported an hourly wage below the median hourly wage of $17.37 for the Buffalo-Cheektowaga-Niagara Falls Metropolitan Area as calculated by the Bureau of Labor Statistics. This report classifies these individuals as “low-wage” workers. Thirty-eight survey participants reported an hourly wage above the median hourly wage and were classified as “medium/high” wage workers.

**GENDER**

Participants were asked to report their gender. Forty-seven percent (47%) of survey participants reported their gender as “Female,” fifty-one percent (51%) reported their gender as “Male,” and two percent (2%) reported their gender as “Other.”

**RACE/ETHNICITY**

Participants were asked to identify their race/ethnicity. Thirty-six percent (36%) of participants identified themselves as “Black or African-American,” thirty-five percent (35%) identified as “White,” fourteen percent (14%) identified as “Hispanic,” nine percent (9%) identified as “Asian,” five percent (5%) identified as “Mixed Race,” and one percent (1%) identified as “American Indian or Alaskan Native.” No participants identified as “Native Hawaiian or Pacific Islander” and a single participant identified as “Other.”

**OTHER CHARACTERISTICS**

Participants were asked to identify their ages and their citizenship status. The median age of survey participants was 33. Eighty-five
percent (85%) of survey participants reported that they were U.S. citizens, while fifteen percent (15%) reported that they were not U.S. citizens.

INDUSTRY

The survey asked participants to identify the industry in which they worked. Survey participants could choose from a list of industries – Construction, Manufacturing, Transportation, Retail, Food Service, Health Care – or could choose “Other” and write in an industry. An effort was made to categorize these “Other” responses. This effort resulted in additional industries being added – Financial Services, Education, Government, Personal Services, Domestic Services, and Hospitality. Responses that did not fall into these or the original categories were categorized as “Other.”

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Survey Findings

MINIMUM WAGE

Survey participants were asked a series of questions in order to ascertain whether their pay, when calculated on an hourly basis, was compliant with federal and state minimum wage laws. Because tipped employees are entitled to a lower minimum wage if they receive a certain amount in tips and certain categories of employees are exempt from the minimum wage altogether, participants were asked to report their job title and whether they received tips as part of their pay. In cases in which it was unclear based on the survey questions whether an individual’s wage was compliant with the minimum wage laws, the ambiguity was resolved by assuming compliance.

In all, 16% of low-wage workers reported an hourly wage that was not compliant with federal or state minimum wage laws.

Women experienced a higher rate of minimum wage violations than men (17.1% versus 14.6%). The violation rate also varied by race/ethnicity. Only 3.6% of White participants and no Asian participants experienced a minimum wage violation while 18.8% of Black/African-American participants and 22.2% of Hispanic participants experienced a violation. Citizenship status also had an effect on violation rates, with 14.8% of citizens and 23.1% of non-citizens experiencing a minimum wage violation. Minimum wage violations were most prevalent in Food Service (33.3%), Manufacturing (28.2%), and Retail (17.65%).

OVERTIME VIOLATIONS

Survey participants were asked whether they made time and a half of their hourly rate for working more than 40 hours per week. In addition, they were asked a series of questions in order to ascertain whether they were entitled to overtime pay under federal or state law, including job title, whether they were paid by salary, whether they were a manager, and how many hours they worked per week. Any ambiguities as to whether a survey participant was entitled to overtime pay were resolved by assuming compliance.
Thirty-five percent (35%) of low-wage workers reported an overtime violation at their current job, meaning that they were not paid time and a half for overtime hours and should have been under the law. No medium/high wage workers reported an overtime violation, though this can be explained by the fact that a high percentage of medium/high wage workers were not entitled to overtime pay.\textsuperscript{12}

As with minimum wage violations, overtime violations varied accordingly to the demographic characteristics of the survey participants. Women experienced a slightly higher rate of overtime violations than men did (35.4% versus 32.6%). Overtime violations varied even more by race/ethnicity and citizenship status. Black/African-American (29.7%) and Hispanic (66.7%) participants experienced higher rates of overtime violations than White (14.3%) and Asian (0%) participants. A full 61.5% – almost two-thirds – of non-citizens reported overtime violations versus only 30.2% of U.S. citizens. Retail (32.4%), Food Service (52.8%), and Health Care (38.1%) were the industries in which low-wage workers reported the highest rates of overtime violations.

OFF-THE CLOCK WORK
Survey participants were asked: “Have you ever been asked to work “off-the-clock” without being paid?” 16.1% percent of low-wage workers in the survey answered “Yes” versus 7.9% of medium/high wage workers. It is a violation of state law to fail to pay workers for every hour worked unless a worker is exempt from overtime laws.\textsuperscript{13}

Among low-wage workers, female survey participants reported a higher rate of “off-the-clock” work (17.1%) than male participants did (14.8%). Rates of off-the-clock work also varied by race/ethnicity with White participants reporting the lowest rate of off-the-clock work at 10.7%, followed by Black/African-American and Hispanic survey participants reporting off-the-clock work at 14.1% and 19.2%, respectively. Interestingly, although Asian survey participants reported lower than average rates of minimum wage and overtime violations, they reported the highest rate of off-the-clock work at 35.3%. As with other wage and hour violations, non-

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citizens reported more off-the-clock work than citizens (36% versus 12.8%, respectively). Low-wage workers in the Retail and Food Service reported slightly higher rates of off-the-clock work than low-wage workers as a whole.

FAILURE TO RECEIVE PAY
Survey participants were asked: “Have you ever failed to receive all of your pay on time?” 27% of low-wage workers in the survey answered “Yes” versus 13.2% of medium/high wage workers. It is a violation of state law to fail to pay all wages on time.\(^{14}\)

Among all workers who answered “Yes”, fifty-six percent (57%) responded that their hours or pay were miscalculated, twenty-eight percent (27%) responded that their employer did not have the money to pay them, nine percent (9%) didn’t know why they failed to receive all of their pay, and seven percent (7%) responded “Other.”

The differences according to gender, race/ethnicity, and citizenship status were stark. Among low-wage workers, a full 35% of women reported that they had failed to receive all of their pay on time while only 19% of men reported the same. Participants who identified as Asian (47%) and Hispanic (30%) reported higher rates of failing to receive all of their pay than low-wage workers as a whole. Fifty-seven percent – more than half – of non-citizens reported that they had not received all of their pay on time at their current job.

TIPPED WORKERS
Twenty-nine participants reported that they received tips as part of their pay. Of these workers, 24% answered yes to the question: “Has your employer ever taken some of your tips?” An employer is not permitted to take an employee’s tips under N.Y. state law.\(^{15}\)

Female participants reported that they had had tips taken by their employer at slightly higher rates than men (25% and 22.2% respectively). Participants who identified as Hispanic and Asian reported that their tips had been taken at higher rates (44.4% and
50%, respectively) than participants who identified as White or Black/African-American. 83.3% of non-citizens who received tips as part of their pay reported that they had had tips taken by their employer versus only 8.7% of citizens.

SCHEDULING
27.6% of low-wage workers reported that their employer had changed their schedule with less than 24 hours’ notice. Retail (29.4%), Food Service (36.1%) and Health Care (30%) were the industries in which workers reported the highest rates of “just in time” schedule changes. Such “just-in-time” scheduling is currently legal, though new regulations are scheduled to go into effect soon limiting the practice.16

WORKPLACE SAFETY
Survey participants were asked several questions regarding the safety of their workplaces. 26.6% of low-wage workers who reported handling dangerous materials or operating dangerous equipment as part of their jobs answered that their employers did not provide adequate training to avoid accident or injury. One third (33.3%) of low-wage workers who reported handling dangerous materials or operating dangerous equipment as part of their jobs answered that their employers did not provide proper safety and protective gear. Failure to provide adequate training or safety/protective gear is, in many cases, a violation of federal or state law.17 The survey did not gather enough responses from medium/high wage workers to draw accurate conclusions regarding adequate training or protective gear.

Among workers who reported that they handled dangerous materials or operated dangerous equipment as part of their jobs, Black/African-American, Hispanic, and Asian participants reported that they did not receive adequate training at higher rates than White participants. 29.6% of Black participants, 42.9% of Hispanic participants, and 33.3% of Asian participants reported that they handled dangerous materials or operated dangerous equipment as part of their jobs but had not received adequate training.
Similarly, among workers who reported that they handled dangerous materials or operated dangerous equipment as part of their job, Black/African-American, Hispanic, and Asian participants reported that their employer did not provide adequate safety or protective gear at higher rates than White participants. 29.6% of Black participants, 42.9% of Hispanic participants, and 100% of Asian participants reported that they handled dangerous materials or operated dangerous equipment as part of their jobs but that their employer did not provide adequate safety or protective gear.

14.1% of all workers reported having suffered an accident having been injured at their current job. The survey did not ask how serious the accidents or injuries were.

REPORTING AND RETALIATION
Survey participants were asked whether they had ever complained about their pay and working conditions to their employer. In some circumstances, retaliating against workers because they complain is a violation of federal and state law. Only 24.6% of low-wage workers had complained about their pay or working conditions to their employer. Of those workers, 21.4% reported being retaliated against by their employer for complaining. Despite the fact that 58.9% of low-wage workers participating in the survey reported at least one wage violation and 56% reported at least one potential health and safety violation, only 4% of low-wage workers reported that they had filed a complaint about their employment with a court or government agency. Reasons for the low complaint rate could include: not knowing their rights in the workplace; not wanting to be retaliated against for filing a complaint; or being able to resolve the issue with their employer directly.

Perhaps because medium/high wage workers experienced fewer workplace violations overall, fewer (18.4%) reported that they had complained to their employer about pay or working conditions. However, of the medium/high wage workers who did complain, none reported that they had been retaliated against, indicating that low-wage workers take a much greater risk when they complain than medium/high wage workers.

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BENEFITS
Survey participants were asked whether their employer provided health/dental insurance, paid sick leave, paid vacation time, paid parental leave, and retirement benefits. A majority of low-wage workers surveyed received no benefits at all. A little over a third of low-wage workers (37.7%) reported that their employer provided a health or dental insurance benefit. Roughly the same number reported receiving paid sick leave (34.3%) and paid vacation time (36.6%). Even fewer low-wage workers reported receiving retirement benefits (24.1%) or paid parental leave (14.9%). Not surprisingly, low-wage workers reported receiving benefits at substantially lower rates than medium/high wage workers.

A majority of low-wage workers surveyed received no benefits at all.
Recommendations

Some of the problems that the survey documented have already been addressed by the State of New York in new policies that will go into effect soon. For instance, beginning on January 1, 2018, most workers are now eligible for paid parental leave through a New York State program. Likewise, the N.Y. Department of Labor has announced new regulations that will require that employers give workers their schedules 14 days in advance and pay them 2 hours of extra pay for last-minute schedule changes. These policy changes are likely to have a positive effect on workers, particularly low-wage workers. However, there are additional policies that the City of Buffalo and Erie County should consider to improve working conditions for low-wage workers.

The Buffalo Common Council and the Erie County Legislature should consider passing wage theft ordinances that penalize employers who do not pay their workers.

The U.S. and New York Departments of Labor play a critical role in enforcing federal and state labor and employment laws, but cities can also play a role. In recent years, Miami-Dade County, Philadelphia, Chicago, Seattle, Houston, and Cincinnati, as well as some smaller towns, cities, and counties have passed wage theft statutes.

These statutes vary by jurisdiction, but have included provisions that:

- Create a local office tasked with investigating and recovering wages stolen from workers (Miami-Dade, Philadelphia, Seattle);
- Allow for the revocation of permits and licenses for businesses found guilty of wage theft (Chicago, Houston);
- Prohibit businesses found guilty of wage theft from doing business with the city or obtaining city contracts (Houston, Cincinnati);
- Increase penalties for wage theft from double to treble damages (Miami-Dade).

...some smaller towns, cities, and counties have passed wage theft statutes.
The Buffalo Common Council and Erie County Legislature should consider wage theft ordinances that contain some or all of these policies. These ordinances would recognize the City and County’s interest in making sure that workers – particularly low-wage workers – are paid all of their wages.

The Buffalo Police Department and the Erie County District Attorney’s Office should treat wage theft as they do other forms of larceny – as a crime.

Wage theft is a crime under N.Y. state law. A person who knowingly violates N.Y. labor law, including minimum wage, overtime, and wage payment laws, is guilty of a Class B misdemeanor that carries a penalty of between $500 and $20,000 in fines and up to a year in prison. Repeat offenders are subject to even greater penalties. Yet, wage theft is rarely investigated or prosecuted by local law enforcement. The N.Y. Attorney General’s Office – Labor Bureau does prosecute wage theft, but does not have the same level of resources that local law enforcement has to address the problem. Local law enforcement should treat wage theft with the seriousness that it treats other forms of larceny.

The City of Buffalo should amend its Living Wage Ordinance to require employers who benefit from City contracts to pay employees a true living wage of $15.00 per hour.

The City of Buffalo should set an example for high road economic development by requiring its contractors to pay a living wage of $15.00 per hour regardless of whether they provide health benefits. Currently, the Buffalo Living Wage Ordinance gives businesses who contract with the City a choice: either pay a lower wage plus health benefits, or pay a higher wage without no health benefits. For 2018, the rates are $11.79 per hour with benefits and $13.24 without. When the Living Wage Ordinance was passed in 1999, the ability to get health insurance on the individual market was much more constrained than it is today. A better solution in today’s health insurance market is to ensure a high enough living wage that low-wage workers have the resources to access health insurance without relying on their employer.

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without relying on their employer. Cities and states across the country are moving to a $15.00 per hour wage, and it would be appropriate for Buffalo to as well.

**The Erie County Legislature should pass a Living Wage Ordinance to bring the County in line with the City with respect to living wage policies.**

Right now, a business contracting with the City must pay its workers a living wage, but a business contracting with the County does not. The Erie County Legislature should pass its own Living Wage Ordinance to further encourage High Road Economic Development in the whole of Erie County, not just within the City limits.

**The City and County should refrain from doing business with companies that have bad health and safety records.**

This report makes clear that health and safety violations are pervasive among businesses that employ low-wage workers. The City and County should encourage compliance with existing health and safety regulations by committing to contracting only with businesses with positive health and safety records.

**The Buffalo Common Council and Erie County Legislature should consider enacting an ordinance that requires that employers provide paid sick leave for workers.**

Paid sick leave is a critical protection for low-wage workers, who may risk losing their jobs if they miss work to care for themselves or family members. In addition, workers who do not have paid sick leave are more likely to come to work sick, which presents public health concerns that extend beyond the health of the workers themselves. An ordinance requiring paid sick leave could be modeled after the Paid Sick Leave Law in New York City, which went into effect in 2014. Under the law, employers with five or more employees must provide 40 hours of paid sick leave each calendar year, whereas employers with fewer than five employees must provide 40 hours of unpaid sick leave per year. Employer size and amount of sick leave could be adjusted to address local concerns.
The City of Buffalo and Erie County should play a role in educating workers about their workplace rights.

The City and the County should commit to ensuring that economic development is accompanied by worker equity by educating workers in Buffalo about their workplace rights. Both jurisdictions should work with local community groups to develop materials for workers about their rights to ensure that all workers know when their rights have been violated.

Conclusion

Low-wage workers in the City of Buffalo and Erie County experience a wide range of problems, including wage theft, unsafe workplaces, and lack of essential benefits. It is clear from the survey results reported here that many jobs in Buffalo are not high quality jobs and that the Buffalo resurgence has left many low-wage workers behind. The City and the County should focus more attention and resources on ensuring that all workers benefit from the resurgence, not just a select few.
Endnotes


2 Collection sites were chosen in each zip code in Buffalo at locations in which low-wage workers would likely be found.

3 Participation in the survey was voluntary and anonymous. In order to protect the privacy and personal information of survey participants, identifying information was not collected.

4 Individuals without current employment, minors, and individuals who did not complete the survey were excluded from participation.

5 If participants reported that they had more than one job, they were asked to answer questions based on their primary job, or the job at which they work the most hours per week.


7 During the period in which the survey was administered, the federal minimum wage was $7.25 per hour and the N.Y. state minimum wage was $9.70 per hour for non-tipped workers.

8 29 U.S.C. § 203(m); 12 N.Y.C.R.R. 146-1.3.


10 Medium/high wage workers by definition make more than the minimum wage.


12 In particular, workers who make more than $455 per week in salary and are working in “a bona fide executive, administrative, or professional capacity,” are exempt from overtime laws. 29 U.S.C. § 213(a)(1).

13 N.Y. Lab. Law § 191.

14 Id.

15 N.Y. Lab. Law §196-d.


22 City of Buffalo Living Wage Ordinance, § 96-19.


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