ABOVE BOARD
Raising the Standards for Passenger Service Workers at the Nation’s Busiest Airports

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This report was produced by the Women of Color Policy Network at New York University’s Robert F. Wagner Graduate School of Public Service.
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INTRODUCTION

Thousands of local residents perform vital services at New York and New Jersey’s three major airports—LaGuardia, Kennedy and Newark Liberty. Employed full-time in passenger service positions, they contribute immeasurably to the region’s security and economic health but earn wages and benefits that fall well below the federal poverty threshold. These workers, who are overwhelmingly people of color living in the low-income neighborhoods surrounding the airports, work hard every day but struggle without a living wage to meet basic needs, often relying on public benefits such as food stamps, subsidized housing or government-sponsored health care.

The Port Authority of New York and New Jersey, which operates the airports, rightly prides itself as the region’s “engine of growth.” The bistate agency has invested significantly in all three airports: $4.3 billion in Newark, $6.1 billion in JFK and $1.4 billion in LaGuardia. Each year, over 100 million passengers travel through each of the three major transportation hubs. Last year, LaGuardia, Kennedy and Newark Liberty Airports generated $62 billion in economic activity to the New York-New Jersey metropolitan areas, paying out $22.3 billion in wages to roughly 67,000 workers.

Of those workers, close to 1 in 4—16,569—hold passenger service positions. The vast majority of contracted passenger service workers—14,634—are employed by companies hired by airlines to provide passenger services. The remaining workers are employed by contractors hired directly by the Port Authority. Airline-contracted passenger service workers at LaGuardia, Kennedy and Newark Liberty Airports earn significantly lower wages and have fewer benefits than those on contracts with the Port Authority. Passenger service positions include security officers and screeners, wheelchair attendants, baggage handlers, skycaps, ticket checkers, cabin cleaners and janitors, ramp agents, and dispatchers.

The low-bid contracting system used by airlines places a premium on the bottom-line cost of the contract at the expense of the working conditions of employees. By turning a blind eye to the low wages paid to workers and the absence of important benefits like health care and paid time off, the airlines have turned many passenger service positions into dead-end poverty jobs.

Using survey data of 300 airline-contracted passenger service workers, this report focuses on the impact of the airlines’ low-bid contracting system on passenger service workers at LaGuardia, Kennedy and Newark Liberty Airports.

This report shows that the wealth that flows into the region through these airports has bypassed the high-poverty neighborhoods surrounding the airports, where many of the passenger service workers reside. If airports are to fulfill their promise of being the region’s economic engine, it is essential to ensure that workers and communities benefit directly through increased wages and improved working conditions.

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3 Port Authority of New York and New Jersey Website, http://www.panynj.gov/
4 Port Authority of New York and New Jersey Badging Data, August 2011
5 Port Authority of New York and New Jersey Badging Data, August 2011
EXECUTIVE SUMMARY AND KEY FINDINGS

In the fall of 2011, the Women of Color Policy Network at New York University’s Robert F. Wagner Graduate School of Public Service conducted a survey of over 300 passenger service workers at the region’s three major airports: LaGuardia, Kennedy International and Newark Liberty International. Only workers contracted by the airlines were surveyed.

This report focuses on the impact of the low-bid contracting system on passenger service workers at the airports. It also proposes ways forward and concrete recommendations to raise job quality and performance standards for companies contracted directly with airlines.

As localities, cities and businesses struggle to recover from the recent recession and work within even tighter budgets, the use of private companies to provide vital services to the public has become the norm. The current low-bid contracting system that the airlines employ at LaGuardia, Kennedy and Newark Liberty Airports suppresses regional growth by stifling worker wages and passing the costs of bad business practices along to taxpayers. Both data and anecdotal evidence suggest the system has failed to produce the best value for workers and the public. Instead, it has encouraged private contractors to cut costs, often at the expense of workers and service quality.

This does not have to be the case. It is possible to raise standards for workers and ensure that the private companies that employ them prosper. In 2009, the San Francisco Airport Commission adopted the Quality Standards Program (QSP), which worked to improve the quality of services in the airport by, among other things, establishing a mandated minimum wage of $9.00 per hour plus benefits and 12 days per year of paid time off for workers. Not only did QSP-covered workers see an improvement in their standard of living, but employers saw a 30 percent reduction in worker turnover and a substantial improvement in job performance. The cost to the airlines of doing this amounted to less than 1 percent of their revenues.

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7 Ibid.
SUMMARY OF KEY FINDINGS

Passenger service workers employed by companies contracted by the airlines at LaGuardia, Kennedy and Newark Liberty Airports are barely scraping by. The median reported annual salary among surveyed workers was $16,640—more than 25 percent less than the federal poverty threshold for a family of four. Moreover, surveyed workers were unlikely to have access to employer-provided health insurance or benefits.

The vast majority of these workers identifies as a member of a racial or ethnic minority group, and lives in impoverished neighborhoods surrounding the airports. A zip code analysis conducted by the Network finds that most passenger service workers reside within five miles of the three airports. Neighborhoods include the North, East, South and Central Wards of Newark, New Jersey, Mott Haven, Corona, East Elmhurst and Jackson Heights near LaGuardia Airport and Canarsie, Jamaica, East New York and South Ozone Park near Kennedy Airport.

WAGES AND EARNINGS

For contracted passenger service workers employed at the three major airports, the traditional 40-hour-a-week job is not enough to make ends meet or to provide for their families.

- The median wage for contracted passenger service workers across the three airports is $8.00 per hour, and the most frequently reported wage was $7.25 per hour—the Federal minimum wage.

- The median wage of $8.00 amounts to an annual salary of $16,640, more than 25 percent less than the federal poverty line for a family of four at $22,040, and significantly less than the $59,027 needed annually to cover basic necessities for a family of four in the New York metropolitan area.\(^9\)

- Across the three airports, male workers earned higher wages than female workers employed in similar positions. Nearly 75 percent of contracted services workers earning more than $10.00 per hour were men.

- More than 1 in 10 contracted passenger service workers report holding a second job, and of those 20 percent report working an additional 40 hours at their second job.

BENEFITS AND EXPENSES

A significant number of contracted passenger service workers report difficulty paying monthly bills and rely on public benefits such as food stamps, subsidized housing or government-sponsored health care.

- Close to 23 percent of workers surveyed report using government-sponsored health insurance and fewer than 20 percent across all three airports report using employer-provided health insurance.

- Fifty-five percent of workers report difficulty paying their monthly bills or expenses. Housing and food top this list at 37 percent and 22 percent, respectively.

- Across the three airports, close to 20 percent of workers received government-sponsored food subsidies or food stamps.

- Workers surveyed are predominately likely to rent and spend more than one-third of their income on housing.

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\(^8\) Ranges in this analysis exclude the earning of tipped workers who earn sub-minimum wages that may be supplemented by tips from http://www.irlc.berkeley.edu/research/livingwage/sfo_mar03.pdf

regional airports and airlines have a responsibility to local communities and the workers who are critical to their success. Currently, the working conditions and wages of passenger service workers at LaGuardia, Kennedy and Newark Liberty Airports are substandard and not reflective of the commitment to regional economic growth asserted by the Port Authority.

Recommendations

- **Establish uniform contracting procedures and protocols.** The Port Authority should work to streamline its internal contracting policies and protocols to ensure standards across contracts and airports. These standards and protocols should extend to include contracting guidelines and procedures for airlines that lease space at the region’s three major airports.

- **Increase wages and benefits for workers.** In order to improve the working conditions of passenger service workers, all contracts for passenger services should include: (1) affordable and accessible employer-provided health care for workers and their dependents; (2) paid sick leave for workers to recover from illness or to care for a child or immediate family member; and (3) baseline wage rates for all classifications of workers.

- **Provide training and ongoing learning opportunities.** In order to meet the demands of the position, all passenger service workers should receive initial and ongoing training consistent with their position and responsibilities. Businesses receiving contracts should also be required to submit a detailed training plan outlining the training required for each position.

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"I bring home $446-$456 every two weeks after taxes, an additional $4.00 per hour would mean an additional $200 every two weeks. That increase would allow me to pay 75 percent of my rent with one check as opposed to having to use both of my checks to pay my rent. I don’t want to use the word struggle but it is a struggle to make ends meet.”

—Male, Baggage Handler, Newark Airport

**COMMUNITY IMPACT**

While LaGuardia, Kennedy and Newark Liberty Airports make significant contributions to local and statewide economies, these benefits have not extended to communities surrounding the airports where passenger service workers reside. These workers are more likely to live in impoverished neighborhoods, experience higher than the national average rates of unemployment and are more likely to be uninsured.

- Workers live in high-poverty communities surrounding the three airports. Across the zip codes where surveyed workers live, 21 percent live below the federal poverty line. In Mott Haven, New York, nearly 40 percent of residents live in poverty.

- Twenty percent of residents living in communities where surveyed contracted passenger service workers reside do not have health insurance. In the North and East Wards of Newark, New Jersey, one-third of residents are uninsured.

- The unemployment rate in communities surrounding the airports and where most contracted passenger workers reside is at least 25 percent higher than the national average of 8.6 percent. In several neighborhoods, such as the South and Central Wards of Newark, New Jersey, and Mott Haven, New York, unemployment tops 20 percent.

As the airline industry continues to rebound and passenger ridership continues to increase, Newark Liberty Airports are substandard and not reflective of the commitment to regional economic growth asserted by the Port Authority.

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10 2010 American Community Survey one year estimates. U.S. Census Bureau.

11 Ibid.

12 Ibid.
Established in 1921, the Port Authority of New York and New Jersey operates and maintains America’s busiest airport system, marine terminals and ports, the PATH rail transit system, six tunnels and bridges between New York and New Jersey, the Port Authority Bus Terminal in Manhattan and the World Trade Center. 14

Over the last ninety years, the Port Authority has grown tremendously with regard to its reach and its influence, both regionally and globally. Through deliberate investments in human capital and infrastructure, the agency has managed to not only ride out tough economic times, but to emerge on the other side much stronger. Many workers and the region have benefitted from the Port Authority’s high-road practices and approaches to growth. 15

As the Port Authority works to maintain its solid footing in a shaky economy, ensuring that the practices of companies and agencies it partners with do not undermine regional growth and stability will be critical. The region’s successful recovery from the most recent recession—and the well-being of the communities neighboring the airports—will depend on the agency’s ability to bring the airlines and their subcontractors in line with its strategic plan for growth.

A snapshot of Port Authority contracts reveals training protocol and baseline wage requirements that surpass those reported by many passenger service workers contracted by the airlines. 16 Contracts between the Port Authority and contractors providing services that include passenger services representatives, baggage handling, and cleaning include minimum hourly wage requirements that are 25 percent to 50 percent higher than the median wages reported by workers who responded to the survey. 17

That the Port Authority’s contracting practices yield such disparate results from what was reported in the survey of airline-contracted passenger service workers speaks to the lack of a comprehensive set of guidelines governing the procurement of passenger service work throughout the airports. The place to start is uniform job quality standards for airlines contracting with outside vendors to provide passenger services.

Without firm guidelines, private companies are forced to compete in a system with few standards or rules. Without standards, winning contracts are more likely to reflect bottom-line costs, rather than the amount of money required to realistically deliver quality services to passengers. Moreover, the current system puts companies who might otherwise do the right thing by workers and passengers in a disadvantaged position.

High-road companies cannot successfully compete

13 Remarks by Patrick Foye, Executive Director, Port Authority of New York New Jersey to Board of Port Authority of New York New Jersey, November 15, 2011.
16 Port Authority of New York and New Jersey Badging Data, August 2011 and Information gathered from SEIU 32BJ staff through site visits to the airports
17 Contracts obtained by 32BJ through Freedom of Information Act Requests.
“My base salary is $7.25. An increase to $9.25 would help me pay my bills and help me take care of my family. If I made $11.25, I could pay my rent. It’s not only about money. It is about getting better benefits too, especially health benefits.”
—Female, Cabin Cleaner, Newark Airport

for or win contracts in a low-bid contracting system if a competitor is willing to cut costs by reducing the wages and benefits of workers. As a result, the Port Authority should create baseline standards for all contracted service worker contracts at the airports. Taking wages and benefits out of the equation will ensure that workers are not on the losing end of a winning contract that fails to account for the true cost of employee wages and benefits.

As the overseer of the region’s major airports, the Port Authority has the power to establish standard guidelines and procedures to ensure that all contracts are fair and do not undercut the wages paid to workers.

Airport Workers Can Be Anchors in the Community

The current low-bid contracting system at the region’s three airports is failing workers and entire communities, while also undermining the Port Authority’s mission of regional economic development. With higher wages and employer-provided health coverage, airport workers can be important anchors in their communities. Their higher wages could be cycled back into their neighborhoods—raising the consumer base, drawing in new businesses and creating local job opportunities. Health benefits also mean a greater demand for quality medical care and the potential for higher quality health care options in the community.

Unfortunately, as they exist, airport service jobs are only deepening the prevalence of poverty in the communities that could benefit the most from strong anchors.

Wealth Not Trickling Down

To aid the airline industry following the September 11, 2001 terrorist attacks, the government provided more than $15 billion in grants and loans to airlines. The airline industry also received subsidies in the form of tax-free bonds, fuel breaks and other incentives. Last year, the government spent $175 million to subsidize 109 airports to encourage airlines to fly into local, remote communities. Cities have also provided subsidies to airlines to incentivize them to relocate.

As a result of subsidies and ancillary fees charged to passengers, airlines have posted record earnings. In 2010, the eight largest U.S. airlines posted nearly $4 billion in profits from $122 billion in revenue, the highest profit in over 10 years and the most revenue earned in history.

CEOs of airlines have been rewarded handsomely for the record profits. In 2010, five CEOs of major airlines collected more than $24 million in salary bonuses, stock options and deferred compensation. However, the record profits and revenues of airlines in recent years have not trickled down to passenger service workers. Although they work to ensure public safety and provide vital services from security to baggage handling to wheelchair services, they still receive substandard wages and have poor working conditions.

Low-Bid Contracting Practices at LaGuardia, Kennedy and Newark Liberty Airports

The outsourcing of passenger services to private contractors through a low-bid contracting system can be a cost-cutting strategy for the airlines. Passenger services include security, janitorial and cleaning services, wheelchair assistance and baggage handling, among other jobs. The airlines frequently rely on private contractors to handle these vital services.

The low-bid contracting system used by airlines places a premium on the bottom-line cost of the contract at the expense of the working conditions of employees. Companies, in a bid to win the contract, often cut costs by sacrificing the wages and benefits of employees. They also often cut labor costs by hiring fewer workers to provide the same level of services. In our survey of workers, 40 percent of respondents reported that they did not have enough support from other staff to do a quality job.

Wages paid by third-party contractors are significantly lower than wages paid to workers employed directly by the airlines. At airports across the country, subcontracting accounts for a disproportionate share of the low-wage workforce. Employees of contracted firms also receive less training, fewer benefits and fewer opportunities for advancement than those employed directly by airlines.²³

²³ Hall, Peter, Ken Jacobs and Michael Reich, supra footnote 6
²⁴ Port Authority of New York and New Jersey Badging Data, August 2011 and Information gathered from SEIU 32BJ staff through site visits to the airports

“\textit{It would be excellent. I would be able to stop working overtime so I could spend more time with my family. Because they pay us so little, if I want to make money I have to work more which means I spend too little time at home. I am not getting enough family time or rest. So if they paid me $4.00 more per hour, I wouldn’t have to worry, I’d know that I would have a good pay check.}”

—Male, Ramp Agent, LaGuardia Airport

The substandard wages and conditions experienced by service workers contracted by the airlines are a direct result of the low-bid contracting system and a lack of baseline job quality standards.

Without minimum standards, contractors are incentivized to cut labor costs in order to win the contract, often at the expense of workers. Moreover, winning contracts are more likely to reflect bottom-line costs, rather than the amount required to realistically deliver quality services to passengers. It also puts companies that might otherwise do the right thing by workers and passengers in a disadvantaged position.

A uniform and transparent system will allow vendors to be evaluated fairly and contracts to be awarded based on the best value for services delivered. It will also ensure that wages and benefits of workers are consistent regardless of the company employing them.

The Wild, Wild West

Our study reveals that the low-bid contracting system used by airlines is creating a wild, wild west atmosphere at LaGuardia, Kennedy and Newark Liberty Airports. Unlike contracts initiated by the Port Authority, airlines do not require mandatory baseline wages or have established quality standards. It also does not appear that contract bids are evaluated based on best value criteria.

With more than six different companies operating in a single terminal,²⁴ each with its own set of contracting guidelines, companies are free to determine the wages, benefits, training and working conditions of more than 16,000 workers.

Our survey of 300 workers across the three airports...
confirm that the wages and working conditions of contracted passenger workers are inconsistent and vary from company to company. Without minimum standards or rules, the Port Authority or airlines have very little control over the quality of services delivered to passengers or the treatment of workers by contractors.

Communities of Color Disproportionately Impacted by the Lack of Standards at Airports

Historic patterns of discrimination in the labor market have had a significant effect on the kinds of jobs, occupations and opportunities for advancement open to communities of color. Latinos and African-Americans are more likely to be segregated in occupations that are temporary in nature, service-related or construction/transportation related. These jobs are generally more physically demanding, less flexible, and have fewer benefits and lower pay. There are also few opportunities for advancement.25

African-Americans and Latinos are overrepresented in low-paying passenger service jobs at LaGuardia, Kennedy and Newark Liberty Airports. Of the workers surveyed, 54 percent identified as African-American, nearly one-third identified as Latino and a smaller portion, 12 percent, identified as Asian/Pacific Islander. Only two percent of workers surveyed identified as white non-Hispanic.

- At Newark Liberty International Airport, 60 percent of workers surveyed identified as African-American, 27 percent identified as Latino and 7 percent identified as Asian/Pacific Islander.

- At Kennedy International Airport, 58 percent of those surveyed identified as African-American, 17 percent identified as Latino and 13 percent identified as Asian/Pacific Islander.

- At LaGuardia Airport, more than half of the respondents (52 percent) identified as Latino, nearly one-third identified as African-American and 15 percent identified as Asian/Pacific Islander.

Women Passenger Service Workers

Within the context of the most recent recession and current economy, women workers face additional burdens in finding and maintaining stable employment. These burdens include child care or other caretaker demands and the cost of care, among others. Women workers also face wage and pay discrimination that can impact whether or not they can successfully support their families.26

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between $3.00 and $7.24 per hour were women.

Children and Child Care for Women Passenger Service Workers

Close to 60 percent of women passenger service workers reported having children. For those women, the cost of care peaked at a high of $368 per week, or $1,472 per month. One-third of respondents reported paying less than $50 per week and more than 20 percent reported paying more than $100 per week for care.

For low-wage earners who are women, reliable and affordable child care is critically important. Without support from employers and benefits such as paid sick leave, missing a day of work to care for a child can jeopardize her job and result in lost wages.

Substandard Wages and Benefits Confine Workers to a Cycle of Poverty

In our current economy, it is possible to work full time and still remain in poverty. In a tight economy and with double-digit unemployment in some communities, individuals in low-wage, low-skilled jobs are vulnerable to exploitation and poor working conditions. Moreover, they may be reluctant to speak out against abuses or advocate for better conditions and wages for fear that they will be fired, demoted or marginalized.

Wage Disparities by Gender

In our survey of workers, 25 percent of workers surveyed were women and across all three airports, women-contracted passenger service workers earned less than men in similar positions.

Of those surveyed, nearly 75 percent of workers earning more than $10.00 per hour were men. Nearly 30 percent of workers who report earning between $3.00 and $7.24 per hour represent are employed in tipped positions. It is assumed that the money earned through tips from passengers fill in the gap between the hourly wage and the state minimum wage.

**Figure 2. Wage Distribution by Gender for All Airports**

<table>
<thead>
<tr>
<th>Wage Range</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3.00 and Under</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>$3.01 - $7.24</td>
<td>72%</td>
<td>28%</td>
</tr>
<tr>
<td>$7.25 - $8.00</td>
<td>65%</td>
<td>35%</td>
</tr>
<tr>
<td>$8.01 - $9.00</td>
<td>74%</td>
<td>26%</td>
</tr>
<tr>
<td>$9.01 - $10.00</td>
<td>70%</td>
<td>30%</td>
</tr>
<tr>
<td>Over $10.00</td>
<td>28%</td>
<td>28%</td>
</tr>
</tbody>
</table>

**Figure 3. Child Care Costs for Female Employees Across All Airports**

<table>
<thead>
<tr>
<th>Cost Range</th>
<th>36%</th>
<th>29%</th>
<th>18%</th>
<th>14%</th>
<th>7%</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0.00 - $50.00</td>
<td>36%</td>
<td>29%</td>
<td>18%</td>
<td>14%</td>
<td>7%</td>
</tr>
<tr>
<td>$51.00 - $100.00</td>
<td></td>
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<td></td>
<td></td>
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<td>$101.00 - $150.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Over $150.00</td>
<td></td>
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</tr>
</tbody>
</table>

![Figure 2](image1.png)  
![Figure 3](image2.png)
Because low-wage workers are often concentrated in low-income neighborhoods, communities suffer and often lack vital services, businesses or resources. When full-time work is not enough to break the cycle of poverty, residents of poor neighborhoods are unable to share in regional growth or prosperity.

Over the past two decades, wages of workers in air transportation have lagged behind other service-related sectors, including retail. By 1999, a study of the San Francisco and Los Angeles airports found that more than half of the ground-based nonmanagerial workers, including baggage handlers and screeners, cabin cleaners and ramp agents, made less than $10.00 per hour.28

Our survey of contracted passenger service workers employed by private contractors at LaGuardia, Kennedy and Newark Liberty Airports paints a picture of low wages, limited job security and lack of access to benefits such as paid leave and health insurance.

Raising the wages of passenger service workers in impoverished communities surrounding

LaGuardia, Kennedy and Newark Liberty Airports will go a long way toward strengthening the economic outlook of both workers and families.

The median wage for surveyed contracted passenger workers across the three airports was $8.00 per hour and the most frequently reported wage was $7.25 per hour. In the New Jersey-New York metropolitan region, where the cost of living is higher than in most cities, $7.25 per hour is not enough to cover basic living expenses, housing and health insurance for workers and their families.

According to the Center for Women and Welfare at the University of Washington in Seattle, in New York City, in a family of four with two working adults, the adults would have to earn a combined income of $59,027 to be self-sufficient, meaning

“Making $8.00 an hour doesn’t do much. My rent is high and I have a lot of bills to pay so earning $2.00 more an hour would be a step in the right direction. Earning $4.00 more an hour would definitely help me to meet my budget.”
— Male, Warehouse Agent, Newark Airport

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28 Hall, Peter, Ken Jacobs and Michael Reich, supra footnote 23
the family does not have to rely on public benefits or assistance to meet basic needs.29

Annual Earnings Put Workers and Families Well Below Federal Poverty Line

Despite full-time employment, surveyed passenger workers live well below the federal poverty line. The median reported earnings of $8.00 an hour amounts to an annual income of $16,440, more than 25 percent less than the federal poverty line for a family of four at $22,050 and significantly less than the $59,027 needed annually to cover basic necessities for a family of four in the New York metropolitan area.30

Traditional 40-Hour Workweek Not Enough for Some Workers

In order to provide for their families and to make ends meet, some contracted passenger service workers have taken a second job. Of the workers surveyed, more than 1 in 10 report holding a second job and, of those, 20 percent report working an additional 40 hours at their second job.

Working more than 40 hours per week to meet basic needs should be the exception rather than the norm for workers. Substandard wages coupled with the lack of opportunities for advancement ensure passenger service workers will continue to sacrifice their quality of life and well-being in order to provide for their families.

THE SAN FRANCISCO EXPERIENCE31

In 2000, the San Francisco Airport Commission passed the Quality Standards Program to raise the wages and working conditions for workers. The program establishes a mandated minimum wage of $9.00 per hour plus benefits, $10.00 without benefits, and 12 days per year of paid time off. Wages are indexed for inflation. It also established a high school completion hiring requirement and training standard of 40 hours per week for new employees. As a result of the ordinance:

- 90 percent of entry-level passenger service workers employed at San Francisco Airport obtained a wage increase. The average pay of this workforce increased by approximately 22 percent.
- 2,000 previously uncovered workers received employer-provided health insurance.
- $56.6 million increase in annual earnings for workers also benefited local communities.

Quality Standards Make Good Business Sense

- After implementation of the Quality Standards Program at San Francisco Airport, the employee turnover rate fell for most companies by approximately 30 percent.
- There was no marked decrease in passenger or cargo volume as a result of the Quality Standards Program at San Francisco Airport.
- The total cost to airlines was negligible. The estimated $57 million to cover the cost of increased wages, health benefits, leave, and employer-paid health insurance represents less than 1 percent of airline revenue.

Health Insurance and Other Benefits Out of Reach for Workers

A worker in a low-wage job is significantly less likely to have access to employer-provided medical benefits than a worker in a higher income bracket.32 A recent study by the University of Chicago found that in New York, only 58 percent of workers are covered by employer-based health insurance, down from 69 percent in 2001.33 And because of skyrocketing out-of-pocket medical costs that are nearly 10 percent above the national average, many workers have turned to government-sponsored insurance for coverage.

31 Hall, Peter, Ken Jacobs and Michael Reich, supra footnote 28
This trend was reflected in our survey where the lack of employer-provided health insurance was common among workers across the three airports, followed closely by lack of paid sick leave. More than 80 percent of contracted passenger service workers at LaGuardia, Kennedy and Newark Liberty Airports report not being able to access employer-provided health insurance. More than 40 percent of workers surveyed reported using health insurance from another source. For those who report using health insurance from another source, 57 percent reported using a government-sponsored health plan. And more than one-tenth of respondents report using an outside health insurance plan that they pay for themselves.

No Time for Illness: Workers Lack Paid Sick Leave
For many working and low-income families, a day without pay is simply not an option. Paid sick leave, the ability to take time off of work to care for one’s self or an ailing family member, is often considered a benefit that comes along with a well-paying job. For workers, it’s the assurance of knowing a day off to care for a sick child will not jeopardize their job or economic security. Sixty-eight percent of surveyed contracted passenger service workers across the three airports report not having paid sick leave. Of those who reported receiving paid sick leave, more than half reported receiving five or fewer days annually.

Workers Must Choose Between Food, Housing and Other Basic Needs
Fifty-five percent of contracted passenger service workers surveyed reported difficulty paying their monthly bills or expenses. Of the monthly expenses workers have trouble paying, housing and food top the list at 37 percent and 22 percent, respectively.

“I have twins and another little one after them. The twins have chronic asthma and, at any given time, they can have an asthma attack and need to be rushed to the hospital but I don’t have the leeway to act if that happens. There is always a penalty for missing work and you are constantly worried about losing your job if you didn’t make it in or have to leave early. When it is an emergency you should be able to act without being penalized.”

—Male, Baggage Handler, Newark Airport
Without Adequate Pay and Benefits, Workers Rely on Public Assistance to Survive

Despite working 40 hours or more per week, many contracted passenger service workers surveyed reported using public assistance or subsidies to supplement their income. Public assistance used by workers ranges from housing assistance to food stamps to health insurance.

In 2010, the state of New York saw an 11 percent increase in food stamp participation among residents and the cost of redemptions in the state rose to $5.1 billion from $4.3 billion. Today, around 15 percent of New York’s population collects food benefits.34

The public is paying twice in tax subsidies to airlines and for support to workers who must rely on assistance because wages paid are too low to cover the cost of basic needs, including food and housing.

Workers Report Food Insecurity and Use of Food Stamps

More than 1 million individuals in New York are food insecure, meaning they do not have access to enough food at all times to support an active, healthy life. In communities where surveyed passenger service workers reside, close to 20 percent are food insecure. In Mott Haven, New York, close to LaGuardia Airport, 30 percent of individuals are considered food insecure.35

Seventeen percent of contracted passenger service workers reported receiving public assistance for food, with the numbers slightly higher for those working at LaGuardia Airport at 22 percent.

Regional Growth Fails to Reach Local Communities

While LaGuardia, Kennedy and Newark Liberty Airports make significant contributions to local and statewide economies, these benefits have not extended to communities where passenger service workers reside. These workers are more likely to live in impoverished neighborhoods and experience higher than the national average rates of unemployment.

A zip code analysis conducted by the Network finds that most passenger service workers reside within five miles of the three airports. Neighborhoods include the North, East, South and Central Wards of Newark, New Jersey, Mott Haven, Corona, East Elmhurst and Jackson Heights, New York, near LaGuardia Airport and Canarsie, Jamaica, East New York and South Ozone Park, New York, near Kennedy Airport.

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Double-Digit Unemployment and Poverty Plague Communities Surrounding Airports Where Workers Reside

The unemployment rate in communities surrounding the airports and where most contracted passenger workers reside is at least 25 percent higher than the national average of 8.6 percent. In several neighborhoods, such as the South and Central Wards of Newark, New Jersey, and Mott Haven, New York, unemployment tops 20 percent.

36 Ibid.
37 Ibid.
LaGuardia, Kennedy and Newark Liberty Airports are among the nation’s busiest airports. As revenues continue to rise and passenger ridership increases, passenger service workers, those responsible for keeping the airports running and the public safe, should also be paid a fair wage and benefits. These airports and airlines are failing in their responsibility to local communities and workers.

Minimum baseline standard wages and job quality standards make it easier for companies to do the right thing. Such provisions create a solid baseline floor for companies who are competing for contracts and make it nearly impossible for companies to cut costs on the backs of workers. Minimum standard wages have not been shown to have a detrimental impact on the sustainability or profitability of businesses over the long haul.

When the San Francisco Airport Commission passed the Quality Standards Program (QSP) establishing a mandated minimum wage of $9.00 per hour plus benefits and 12 days per year of paid time off for workers, employee turnover fell by 30 percent and 90 percent of entry-level passenger service workers obtained a wage increase.38

Creating a system that works for contracted passenger service workers and promotes regional growth is possible. Specific recommendations include:

- **Establish uniform contracting procedures and protocols.** The Port Authority should work to streamline its internal contracting policies and protocols to ensure standards across contracts and airports. These standards and protocols should extend to include guidelines and procedures for airlines that lease space at the region’s three major airports.

- **Increase wages and benefits for workers.** In order to improve the working conditions of passenger service workers, all contracts for passenger services should include: (1) affordable and accessible employer-provided health care for workers and their dependents; (2) paid sick leave for workers to recover from illness or to care for a child or immediate family member; and (3) baseline wage rates for all classifications of workers.

- **Provide training and ongoing learning opportunities.** In order to meet the demands of the position, all passenger service workers should receive initial and ongoing training consistent with their position and responsibilities. Businesses receiving contracts should also be required to submit a detailed training plan outlining the training required for each position.

- The total cost to airlines was negligible. The estimated $57 million to cover the cost of increased wages, health benefits, leave, and employer-paid health insurance represents less than 1 percent of airline revenue.

38 Hall, Peter, Ken Jacobs and Michael Reich, supra footnote 31
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