

WAGES IN THE FOOD SYSTEM

CENTRAL PUGET SOUND FOOD SYSTEM ASSESSMENT

**REGIONAL FOOD POLICY COUNCIL
& UNIVERSITY OF WASHINGTON
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PREPARED FOR THE REGIONAL FOOD POLICY COUNCIL
at the Puget Sound Regional Council

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PROJECT BACKGROUND

This project represents the final product of a twenty-week graduate studio course in the Department of Urban Design and Planning at the University of Washington's College of Built Environments. The studio team members come from a range of backgrounds, including urban planning, urban design, architecture, landscape architecture, real estate development, and public affairs and policy.

The Regional Food Policy Council enlisted the University of Washington studio team to identify and pursue research topic areas examining the regional food system. The Council sought to meet two major goals: creating a common knowledge base among Council members about the region's food system and informing the development of early action items on the Council's work plan.

During the first half of this project, the studio team produced a report describing the current state of the food system in the central Puget Sound region, composed of King, Pierce, Snohomish, and Kitsap counties. Through compiling this initial conditions report, the team developed a thorough understanding of five components of the region's food system (production, processing, distribution, consumption, waste stream) and four other topics that impact, and are impacted by the region's food system (the environment and tribes, restaurants, and comprehensive plans). The team compiled existing data on each topic and identified strengths, challenges, and outstanding questions, culminating with a presentation to the Regional Food Policy Council on March 11, 2011.

During the second half of this project, the studio, in partnership with Regional Food Policy Council staff, prioritized six more specific topics for further study based on the findings from the initial conditions report. Each topic addresses an emerging issue in the food system, gaps in existing data, and policy or programmatic needs identified jointly with the Regional Food Policy Council. The studio team employed a variety of research methods, including field data collection, archival research, policy scans, geospatial analysis, case studies, and interviews with food systems stakeholders. Each element of the project is a standalone report and is described in more detail below.



REGIONAL FOOD POLICY COUNCIL HISTORY AND CONTEXT

The Regional Food Policy Council, chaired by Seattle City Council President Richard Conlin, comprises 30 members representing all parts of the food system as well as government, social justice, anti-hunger, educational, and economic development organizations. The Regional Food Policy Council is housed within the Puget Sound Regional Council, the federally recognized Metropolitan Planning Organization for the central Puget Sound region, serving King, Pierce, Snohomish, and Kitsap counties. The Regional Food Policy Council is a working advisory committee that reports to the Puget Sound Regional Council's Executive Board and provides regional structure and coordination on food system issues.

The Regional Food Policy Council's formation reflects from the incorporation of the food system into the planning lexicon, as planners and policymakers are increasingly aware of the food system's widespread influence on the economy, environment, and society. Since convening its first public meeting in September 2010, the Regional Food Policy Council has established its vision, goals and mission statements, and is currently developing its future work plan.

Regional Food Policy Council Vision and Mission

Vision: The Regional Food Policy Council envisions a thriving, inclusive and just local and regional food system¹ that enhances the health of: people, diverse communities, economies, and environments.

Mission: The Regional Food Policy Council develops just and integrated policy and action recommendations that promote health, sustain and strengthen the local and regional food system, and engage and partner with agriculture, business, communities and governments in the four-county region.

Regional Food Policy Council Goals

- **Agriculture:** strengthen the economic vitality and viability of farming and promote a vibrant community of farmers; maximize opportunities for farming across scales; preserve land for farming.
- **Economic Development:** advance regionally-scaled infrastructure; enhance economic viability of local and regional food systems; support living-wage jobs and occupations.
- **Education:** foster education about and understanding of food, agriculture and environmental protection; facilitate outreach and education among elected leaders and communities.
- **Environment:** promote sustainable agriculture and protect the environment.
- **Equity:** promote equity and access to affordable, nutritious food; strengthen local and regional food systems and increase community food security.
- **Health:** improve public health through food access, nutrition and production; improve the health, safety, and welfare of workers and worker rights and reduce environmental health risks.
- **Policy:** connect local and regional efforts with statewide, national, and international efforts to strengthen local and regional food systems; develop model policies for use by jurisdictions in support of all goals; sustain Regional Food Policy Council.

¹ The food system is the network of people and activities connecting growing and harvesting, processing, distribution, consumption, and residue utilization, as well as associated government and non-government institutions, regulations and programs.

OVERVIEW OF REPORTS

FOOD PRODUCTION

The Food Production report comprises three distinct sections: Rural Agriculture, Fisheries, and Urban Agriculture.

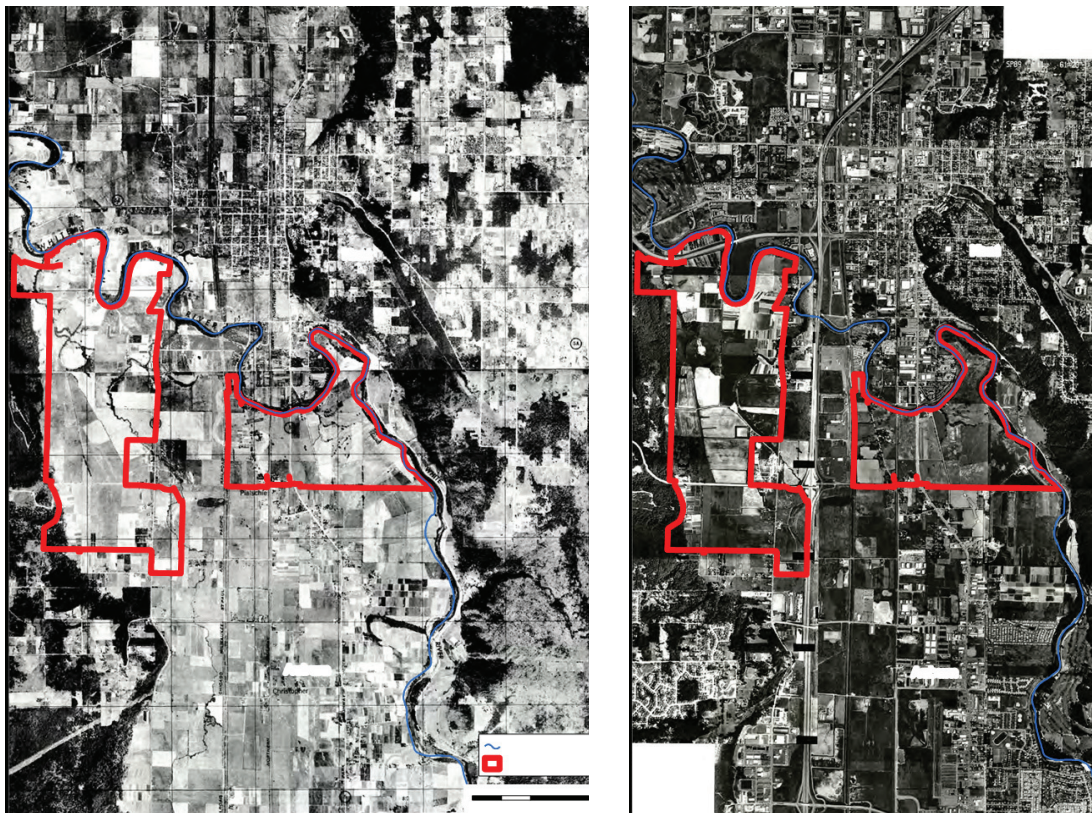
Rural Agriculture

Rural agriculture is a large component of the food system within the central Puget Sound region. This section explores how each county inventories farmland. In an effort to advance the Regional Food Policy Council's *agriculture* goal, which includes farmland preservation, this section identifies key steps to understanding how farmland is classified throughout the region.

Major findings from this report include:

- Each county in the central Puget Sound region uses different tools to inventory agricultural land, including Open Space Tax Classification, windshield surveys, and community outreach.
- Each of these tools offers benefits and limitations. For example, windshield surveys can provide an accurate survey of crop types but consume large amounts of staff time. The Open Space Tax Classification method (allowing owners of farm and agricultural land to have their property valued at current use rather than highest and best use) enables counties to identify farms whose land owners want to save money on taxes, but some farmland owners do not desire the land use restrictions and criteria associated with this classification.
- If each county uses similar data collection methods, the Regional Food Policy Council could have a better understanding of rural agriculture across the central Puget Sound region. It would be helpful for the Regional Food Policy Council to convene managers of county agricultural data collection to share best practices. Additionally the Regional Food Policy Council can support uniform data collection and suggest base farmland data that each county can collect.





The change in agriculture lands in King County from 1944 to 1989

Additionally, the studio team provided a geographic analysis of land cover patterns in three time periods: 1944, 1989-1991 (pre-Growth Management Act), and 2001-2002 (post-Growth Management Act). This analysis demonstrates visually how land use has changed in response to the policies in place during those time periods. Aerial photography shows urban and suburban development near the borders of county-designated agricultural lands. Alongside designated agricultural lands, the maps demonstrate infill of non-designated, undeveloped lands between the early 1990s and early 2000s. This visual analysis articulates the history of rural farmlands and the development pressures that cause land use change.

Fisheries

The state of fisheries has changed greatly since the early 1900s, but minimal data is currently available on the precise role of commercial fishing in the central Puget Sound region. Today, fewer fishing vessels have a home port in the region, the estimated value of the fisheries has decreased, and the average ex-vessel² price per pound for Puget Sound's iconic salmon is less than in 1950. The purpose of this report is to further the Regional Food Policy Council's *economic development* goal through an inventory of commercial fishing vessels, as a starting point, to better understand the economic impact the local fishing fleet has on the region.

Major findings from this report include:

- In recent years, there has been an overall decrease in the number of commercial fishing vessels the central Puget Sound region.

² Ex-vessel prices are the amount a commercial vessel makes when it unloads its catch, rather than how much is received at market

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- Economic impact studies of the Port of Seattle's Fishermen's Terminal show that a fishing vessel has a significant impact on the region's economy. For example, *The 2007 Economic Impact of the Port of Seattle*, prepared by Martin Associates (2009) estimates one purse seiner (a type of commercial fishing boat) contributes approximately \$220,000 annually. A commercial crabber contributes approximately \$550,000 annually.
- The number of commercial fishing vessels with a home port at Fishermen's Terminal in Seattle declined from 370 to 250 vessels between 2003 and 2007.
- Similarly, the number of jobs these commercial vessels supported declined from 5,524 to 3,424 jobs between 2003 and 2007.
- This decline impacts the local economy: in 2003 the vessels at Fishermen's Terminal brought in \$179.6 million to local businesses, compared to only \$43.8 million in 2007.
- It is difficult to determine the number of fishing vessels moored in each of the four counties, due to the nature of how the Washington Department of Licensing collects data. As a result, it is difficult to clearly understand what social and economic impacts these fishing vessels have on their home ports and markets in the region (beyond the recent economic impact study of Fishermen's Terminal in Seattle).
- Efforts could be taken to ensure that the region maintains a large fleet. Instead, a combination of factors has caused fisherfolk to relocate from the region or quit fishing altogether. Many vessels are moving north to the Port of Bellingham where local officials have realized the benefit of having a large fleet and are lowering moorage rates, enhancing amenities, and providing convenient access to nearby processors and icehouses.



Urban Agriculture

This section uncovers opportunities for urban agriculture in the central Puget Sound region that coincide with the Regional Food Policy Council's goals of *agriculture, economic development, education, environment, equity and health*. The studio team examined urban agriculture based on the Community Food Security Coalition's definition, in which urban agriculture "refers to the production, distribution and marketing of food and other products within the cores of metropolitan areas...and at their edges." The studio team focused its research primarily on the five metropolitan cities in the region as designated under *VISION 2040*—Bellevue, Bremerton, Everett, Seattle, and Tacoma—but believes the framework and methodologies it created can be extended to smaller suburban cities for future assessment.

The goals of this section are:

- To broaden Regional Food Policy Council's understanding of the potential scope of urban agriculture in North America
- To explore the current practices in the central Puget Sound region
- To identify where area comprehensive plans can address urban agriculture
- To identify future opportunities for more urban agriculture regionally

Major findings from this report include:

- North American urban agriculture takes many forms beyond traditional community gardening, including backyard garden programs for food-insecure residents, prison gardens, and commercial rooftop farms.
- Each of the five metropolitan cities (Bellevue, Bremerton, Everett, Seattle, Tacoma) addresses urban agriculture in different ways (e.g., through city ordinances, specific codes/zones, and plans). Tacoma has the most detailed comprehensive plan and urban agriculture-related policy coverage, which may serve as a model for other cities in the region.
- The studio team proposes a new methodology, based on existing land use data and aerial photography, to determine potential sites for implementing urban agriculture. This site assessment considers:
 - environmental characteristics (e.g., steep slopes and other ecological barriers),
 - community needs (e.g., residential density and proximity to existing community gardens),
 - accessibility factors (e.g., parking availability and pedestrian access), and
 - differences in land use ownership (e.g., private, public, and institutional lands).



From Left to Right:
University Of
Washington
Tacoma -
Giving Garden
Urban Chickens
University
P-Patch

FOOD DESERTS

Food deserts are areas “with limited access to affordable and nutritious food, particularly such an area composed of predominantly lower-income neighborhoods and communities,” according to the 2008 U.S. Farm Bill. This report focuses on identifying food deserts in the central Puget Sound region, with a focus on how transportation networks can aid or interfere with access to healthy food. The studio team further defined access to “affordable and nutritious food” through availability of the following food retail outlets:

1. Full-service grocers, which provide access to a full range of healthy food
2. Specialty foods outlets, which provide access to some healthy foods but not a full range (butcher, bakery, etc.)
3. Cultural grocers, which provide ethnically significant food access points

The studio team employed a geographic information systems analysis to locate census blocks lacking the specified food retail outlets within a quarter mile from bus stops in King, Pierce, Snohomish, and Kitsap Counties. The analysis incorporates data on bus line and stop data, income, vehicle ownership, locations of elderly populations, and locations of the three types of grocers described above.

Example of Food Desert Analysis

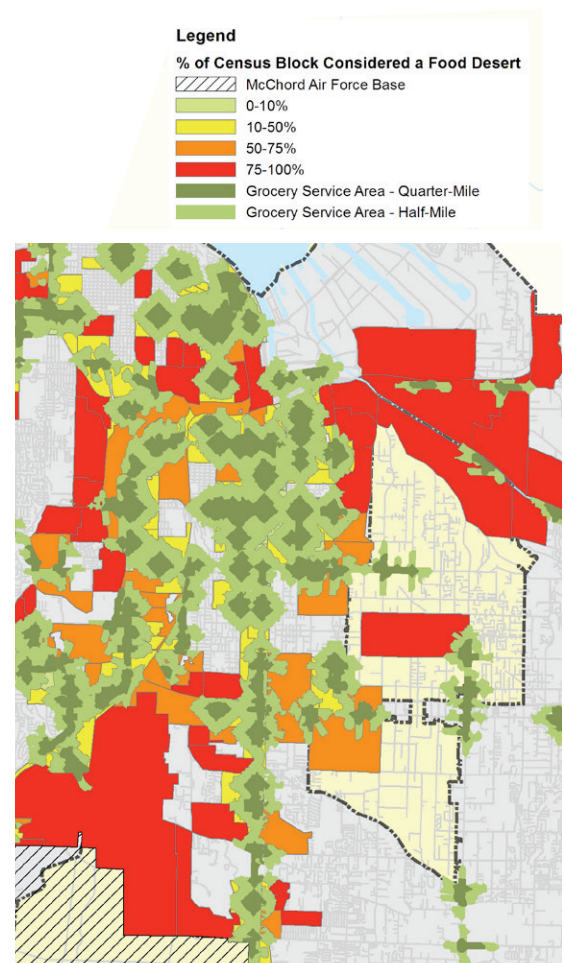
Major findings from this report include:

- Urban cores tend to have greatest access
- Urban peripheries are facing food access challenges
- Transit lines have a substantial effect on food access
- Bring together community groups and government to best address local concerns and situations

Policy considerations to improve access include:

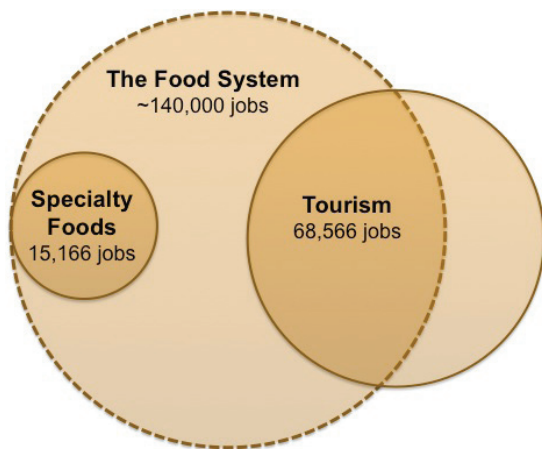
- Coordinate transit systems with food access points
- Educate riders on location of grocery stores
- Promote community level programs including farmers markets, community gardens, mobile food carts

This report is intended to serve as a starting point for future efforts to monitor and address food deserts in the region. The hope is for this work to be easily replicable as the Regional Food Policy Council moves forward with its *equity, health, and policy* goals.



WAGES

In order to advance the Regional Food Policy Council's *economic development* goal of supporting living wage jobs, this report seeks to understand the current state of food system employment. The production, processing, and retail sectors of the food system provide about 165,000 jobs in the central Puget Sound region in 2009. The analysis reveals that the majority of these jobs do not provide a living wage, which is the wage rate necessary to meet minimum standards of living. This report also presents key considerations for supporting economic development through the creation of living wage jobs in the food system as possible ways to address this challenge.



The number of jobs in various job sectors in the Central Puget Sound Region

Major findings from this report include:

- About 80 percent of non-farm food system workers earn wages below the lowest living wage standard used in this report (\$13.33 per hour, tips included).
- The lowest paid occupations are bussers as well as counter, cafeteria, coffee, and concessions servers. All make about \$9.25 per hour and number about 23,000, a significant share of regional food system employment.
- The highest paid occupations are purchasing agents and food scientists. Both make roughly \$29 per hour, though these occupations account for less than 0.2 percent of the 165,000 workers in the regional food system.

FOOD HUBS

This report provides guidance for policymakers and food systems stakeholders on food hubs, an emergent tool intended to sustain small and midscale farmers, to promote regional economic development, and to fulfill demands for locally and regionally produce food in a more efficient way. The U.S. Department of Agriculture's working definition of a food hub is "a centrally located facility with a business management structure facilitating the aggregation, storage, processing, distribution, and/or marketing of locally/regionally produced food products."

Food hubs may help advance the Regional Food Policy Council's *agriculture* goal by focusing on support for small and midscale farmers, which may in turn provide incentives to preserve farmland and improve the regional viability of farming. Food hubs may also help to advance the *economic development* goal by providing employment opportunities in the areas they serve and opening up access to new retail and wholesale markets that smaller farmers struggle to reach.

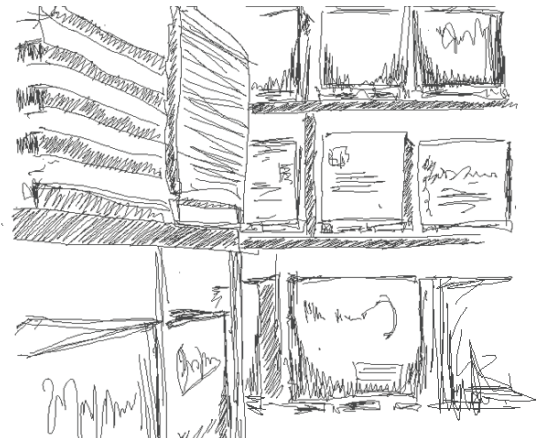
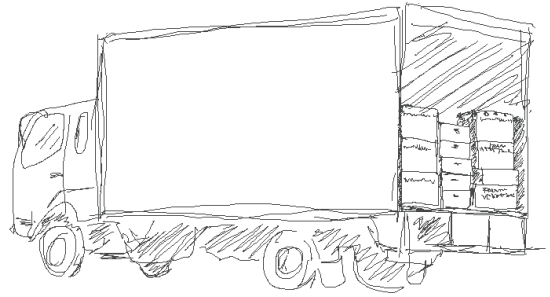
Major findings from this report include:

- Food hubs are gaining national momentum, as evidenced by U.S. Department of Agriculture's extensive and growing work on the topic in concert with local food systems organizations nationwide. More than 100 food hubs exist nationwide, averaging more about \$1 million in annual sales. More than half started within the last five years.

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- Food hubs typically have three major components:
 1. wholesale aggregation/distribution,
 2. active coordination with food producers, and
 3. permanent facilities.
- Some food hubs provide additional services, such as space for wholesale and retail vendors, health and social service programs, community kitchens, and community meetings.
- Key considerations in starting a food hub include demand for locally and regionally produced food, creativity with funding, seamless systems for distribution and sales, careful market analysis, and review of policies to determine whether financial or regulatory incentives may aid food hub development.
- The planned Everett Farmers Market in Everett, Washington, which combines retail and wholesale sales of agricultural products, commercial kitchen facilities, distribution, education, and other elements, offers lessons for planning future regional food hub efforts.
- Two detailed case studies illustrate how food hubs have developed in two areas that share some of the central Puget Sound region's demographic and physical characteristics: the Local Food Hub, a non-profit food aggregator, distributor, and educational farm located in Charlottesville, Virginia; and The Wedge, a cooperative business with a retail store, distribution warehouse and educational farm located in Minneapolis, Minnesota.
- In recent years, all four counties in the central Puget Sound region have identified various barriers for smaller farmers, ranging from marketing and economic development to access to commercial kitchens to mechanisms for garnering wholesale clients. Food hubs may help to meet these needs while filling demonstrated consumer demands for locally and regionally produced food.

Core Food Hub Components:
Distribution, Warehousing and
Aggregation, Processing, and Retail Sales



POLICY

This report is intended to provide information to policymakers, food systems stakeholders, and advocates that can guide future action and policy development. The aim of this section is twofold:

- To increase communication, information-sharing, and education about policy work and policy opportunities region-wide
- To provide relevant model food systems policy language for use in support of the Regional Food Policy Council goals

As a whole, this report aims to advance the *policy* and *education* goals of the Regional Food Policy Council. First, this report summarizes policies contained in countywide plans that specifically address food system activities. Next, this report provides sample comprehensive plan and municipal code language for a variety of food systems activities. Jurisdictions can tailor these policies to their individual needs and situations. Then, this report discusses policies related to three food system topics: agricultural land preservation, food processing for economic development, and on-farm alternative energy production.

Major findings from this report include:

- There are small and simple policy changes that municipalities can make as a first step to enable food systems activities:
 - including food systems goals in comprehensive plan elements;
 - creating a streamlined permit for small farmers markets;
 - enacting food systems-supportive resolutions;
 - establishing farmers markets as approved land uses;
 - establishing community gardens as approved land uses or open space sub-districts;
 - enabling interim, temporary, or vacant land use agreements for community gardening or urban agriculture uses; and
 - establishing “healthy food zones” near schools.
- Agricultural land preservation policies are best understood in the context of a “package” of ten policy tools that work best when used in combination with each other. These tools are:
 - Agriculture zoning
 - Agriculture districts
 - Comprehensive plans
 - Conservation easements
 - Differential assessment of farmland
 - Private land trusts
 - Purchase of development rights
 - Right-to-farm law
 - Transfer of development rights
 - Urban growth boundaries
- Local food processing facility development and renovation can be enhanced by applying for and supporting the continuation of underutilized U.S. Department of Agriculture funding resources, such as the Community Facilities Fund.
- Encouraging government procurement of locally-grown foods increases processing demand by midscale farms as well as funding available for processing facility development (e.g. food hubs).
- Technical assistance and incentives can assist the agricultural community with undertaking renewable energy and energy efficiency projects.

ROAD MAP TO A GREENER RESTAURANT

Because the restaurant industry is a major component of the food system, it is important to consider the role of restaurants in achieving environmental, economic, and social goals. Developed in partnership with Seattle Chefs Collaborative, the *Road Map* provides guidance for new and existing restaurants on how to become more aware and responsive to sustainability issues. Users of the *Road Map* will find information and resources in six topic areas: food sourcing, water use, energy and the built environment, waste management, cleaning green, community and economy issues. The *Road Map* includes links to local resources that serve as supplementary material to the recommendations and incentives that the aforementioned categories offer. The completion of the *Road Map* signifies the first step in providing outreach to area restaurants; Seattle Chefs Collaborative will use the *Road Map* as the basis for future communication and marketing initiatives.

Major components of the *Road Map*:

- There are 35 self-assessment questions for restaurant operators covering the six topic areas. Examples of questions include “Do you compost food and other organic waste?” and “Do you use non-toxic cleaning products?”
- Each question contains at least two action items that restaurants can implement along with at least one resource, often more, that helps restaurants to think about sustainability. Examples of action items include giving food waste to farmers for animal feed and making your own non-toxic cleaning products.
- The *Road Map* provides region-specific resources, such as information about rebates offered by area cities, links to local harvest schedules, and local entrepreneurs who are involved with sustainable restaurants.
- The icons next to each question indicate at least one benefit—economic, environmental, or social—that can be achieved by taking the actions listed; many questions have multiple benefits.



CONCLUSION

The common thread binding this project's eight distinct reports is attention to the Regional Food Policy Council's goals. The reports described above:

- provide new qualitative and quantitative data,
- identify social and economic implications of this project's work,
- offer policy ideas, and
- suggest needs for future work where applicable.

The intent is to provide information that will assist Regional Food Policy Council members as they work toward their vision and mission of developing “just and integrated policy and action recommendations” toward a “thriving, inclusive and just local and regional food system.” The reports can stand alone and need not be read in any particular order. However, reading the entire set can provide an understanding of challenges and opportunities in the food system that is as diverse as the central Puget Sound region itself.

View the studio team's full reports at <http://courses.washington.edu/studio67/psrcfood>.

INTRODUCTION

This section includes an analysis of wage data in the production, processing, and retail sectors of the central Puget Sound regional food system to advance the economic development and social equity goals of the Regional Food Policy Council.

The studio team has undertaken this analysis after reviewing the Regional Economic Strategy created by the Prosperity Partnership, considering the goals identified by the Regional Food Policy Council, and consulting with Puget Sound Regional Council staff. The Regional Economic Strategy stresses the importance of good jobs to regional competitiveness; one Regional Food Policy Council goal is to support a living wage in the food system. A good job has several components, one of which is a living wage.

Following the framing discussions of regional competitiveness, good jobs, and living wage, the results of food system wage surveys are presented. Next, we provide a calculation of the proportion of labor costs as a part of the food system. Finally, alternative and complimentary strategies to improve the conditions of food system workers are presented for the consideration of the Regional Food Policy Council, the Prosperity Partnership, and other regional policymakers.

Background

In 2005, the Prosperity Partnership, a group of industry and government leaders from across the central Puget Sound region created the Regional Economic Strategy. That document, along with several supplemental publications, outlines an approach to economic growth and development that explains how “industry clusters” are important for **regional competitiveness**.¹

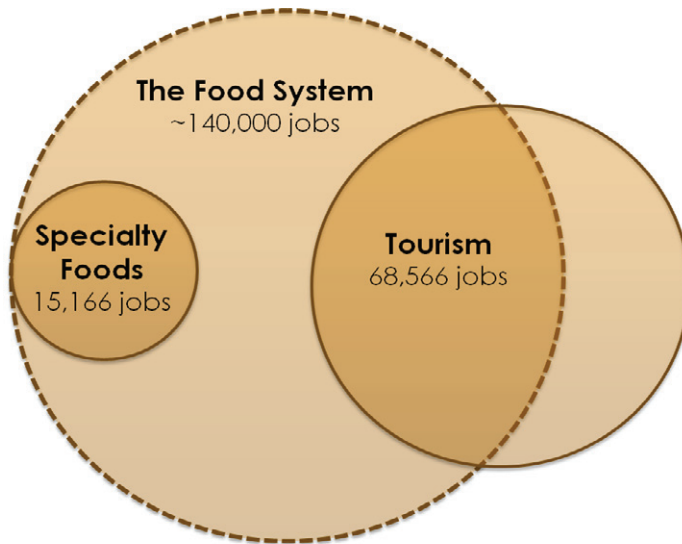
Harvard economist Michael Porter developed the concept of regional competitiveness through the industry cluster approach as a response to economic globalization.² Regional competitiveness has been defined as “the ability of regions to generate high income and employment levels while remaining exposed to domestic and international competition.”³ The extent to which a region will successfully compete in the global marketplace is directly related to the ability of the regional economy to support “good jobs.” The Prosperity Partnership applied the concept to the region: “In the emerging global economy, many of the world’s most prominent companies can be headquartered anywhere on the globe.... There are no guarantees that the Puget Sound region will be able to attract new businesses, or keep and grow existing firms. The region must take steps to remain competitive because if we fail to act, jobs and economic prosperity could pass us by.”⁴

Industry clusters are one of the hallmarks of the Regional Economic Strategy. Industry clusters are agglomerations of economic activity related to a group of industries. Or, as defined in the Regional Economic Strategy, “geographically concentrated sets of competing and complementary industries that operate in similar markets.”⁵ Porter has written that the strength of a region’s economy depends on how much of a region’s employment is found in “strong clusters,”

defined as clusters which produce twice as many jobs per capita in a particular region than the national average.⁶ During their economic analysis, the Prosperity Partnership identified 15 industry clusters meeting or approaching that standard as especially important to the central Puget Sound region, including information technology, aerospace, clean technology, and life sciences clusters.⁷

Also among the 15 was a Specialty Food cluster. As noted in the Initial Conditions Report produced by the studio team, The Prosperity Partnership defined specialty food as the production and processing of seafood, beverages, baked goods, and frozen and specialty food manufacturing.⁸ Food system jobs outside this limited arena were considered “non-cluster” or included in another cluster. Restaurant jobs are identified with the tourism sector and comprise more than half of tourism sector employment.⁹ **Figure WA-1** shows the relative employment numbers derived from our research, backdated to match the year specialty

Figure WA-1 Prosperity Partnership Industry Clusters Relative to the Food System by Employment in the Central Puget Sound, 2001



Sources: Puget Sound Regional Council; Economic Analysis of the Central Puget Sound region, 2005 and Bureau of Labor Statistics; Occupational Employment and Wage Estimates, 2001¹⁰

foods and tourism clusters were measured for the Regional Economic Strategy. Specialty Foods, as indicated, is one small subset of Food System Employment. Using the methodologies outlined below, we determined that the region's food system currently employs approximately 160 thousand workers in the production, processing, and retail sectors.

Good Jobs and the Living Wage

The studio team's analysis of wage data in the production, processing, and retail sectors is motivated by the belief

that there is a fundamental nexus between regional competitiveness and good jobs within strong industry clusters, and that the regional economy will benefit from the development of the food system as a local industry cluster that has the ability to create and sustain good jobs. Much of the literature on regional competitiveness points to the creation of good jobs as perhaps the most important measure of competitiveness. Unfortunately, what makes a job “good” is often left undefined. Following the lead of the Regional Food Policy Council's Economic Development goal, we have chosen the living wage as a metric to measure “job goodness.” After providing a background for the living wage concept and identifying the living wage for the region, we will proceed with our analysis of regional food system wages.

Most definitions of “good jobs” share key elements: reliable work, decent wages,

benefits, and career prospects. The wage element of a good job requires additional clarification. This research assumes that decent wages allow working families to live above the poverty line. The following section compares the minimum wage in Washington State with federal poverty measures to determine if the minimum wage in the state provides a *decent wage* and then introduces the concept of a living wage.

Current federal and minimum wage standards in the United States are below the level necessary for a household with one wage earner to afford the basic necessities—even in Washington State. The 2011 minimum wage in the State of Washington is the highest minimum wage in the United States at \$8.67 per hour. In 2011, a full-time employee (40 hours a week and 52 weeks per year) earning minimum hourly wage in Washington makes \$18,033.60 a year, before taxes. The minimum wage law applies to workers in agricultural and non-agricultural jobs (though 14- and 15-year-olds may be paid 85 percent of the minimum wage, or \$7.37 per hour). The minimum hourly wage increases annually by a cost-of-living adjustment to hedge against inflation and maintain purchasing power.

The Census Bureau and Health and Human Services (HHS) provide independent measures for poverty, referred to as the poverty threshold and poverty guidelines, respectively. For 2010, the poverty threshold for a family of four with two children was \$22,113; the poverty guidelines established by HHS is \$22,350. Both measures indicate that a family of four supported by a full-time employee making minimum wage is below the poverty line. The Harvard University Living Wage Campaign summarizes the failure of minimum wage: “minimum wage does not begin to meet the needs of working people or families anywhere in the country.”¹¹

One alternative to the minimum wage is a living wage. The idea of good jobs naturally incorporates the concept of a living wage. Living wage jobs allow people who work in a community to afford living in that community. Most definitions also stipulate that no more than 30 percent of household income should be spent on housing. As a result, the living wage differs by location. Calculations typically consider the costs of housing, childcare, food, transportation, health care, taxes, and other necessities. The calculations can be adjusted to approximate different wage levels by family structures. A living wage in the central Puget Sound region is approximately \$13 per hour for a two adult household (\$27,040 per year) and \$17 per hour for one adult and one child (\$35,360 per year). The living wage does not differ significantly between the four counties in the central Puget Sound, though it is likely that some cities would require a higher living wage to account for the cost of housing.

Though living wage policies enable working families to afford basic services, there is significant debate about the economic costs and benefits to businesses and consumers. Advocates of a living wage standard suggest that increased wages will reduce employee turnover, reduce recruitment and training costs, and increase worker productivity. Critics argue the living wage establishes an artificial price floor that will negatively impact the economy, diminish job growth, raise the cost of goods and cause high unemployment.

Since the living wage movement began in the United States in 1994, more than 140 jurisdictions have adopted some form of living wage ordinance. While the legislation mandated higher wage levels, jurisdictions adopted different wage standards, usually a percentage pegged to the poverty threshold. Other jurisdictions mandated a comprehensive benefit package to augment poverty wages. The empirical evidence now available allows researchers an opportunity to investigate the effect of living wage laws. Studies from Baltimore, Los Angeles, San Francisco and Santa Fe found marginal cost increases to business, no significant difference in employment levels, and a decrease in turnover and absenteeism. Other studies examined the relationship between increased wages and prices. A study published by the United States Department of Agriculture states, "if food processing and food services industries pass on the full cost of a minimum wage increase to consumers, a \$0.50 increase... was simulated to have increased prices at eating and drinking places less than one percent and less than four-tenths of one percent for the average processed food prices."¹²

In an effort to promote good jobs in the region this research describes a framework to examine the current wage structure and established the living wage as a target wage level. There are direct and indirect strategies to achieve this goal that will be discussed in greater detail in the recommendations section of this paper. Here, the studio team only seeks to establish a context for discussion and provide a brief overview of the positive and negative impacts on working families, businesses and consumers.

To conduct an analysis of wages in the food system, the studio team first selected those occupations which constitute food system employment. The Bureau of Labor Statistics has classified all occupations according to a Standard Occupation Classification (SOC) system. The studio team surveyed all SOC occupations and selected each of those occupations contributing to the production, processing, and retail sectors

METHODOLOGY

of the food system. Chosen occupations are identified in **Appendix WA-1** by their common description to allow for easier reference and then by the more complete definition used in the SOC system. The team did not include distribution or waste sector occupations due to the difficulty of disaggregating food system from non-food system employment in these sectors.

The next step of the analysis was gathering wage data for each of the four counties in the region and compiling them in order to report the number of workers and median wage for each food system occupation. The team compared wage levels for each occupation for which data was available in 2009 to two baseline wage levels (2010 wage data has not yet been released at the time of this analysis). The lower baseline wage level is the regional living wage standard for a family of two adults. The higher baseline level is the regional living wage standard for a family of one adult and one child.¹³ The team did not include a baseline living wage standard for larger families, as larger families often have multiple wage-earners.

In the Initial Conditions Report the processing team relied on the Bureau of Labor Statistics' North American Industry Classification System (NAICS) data to describe the state and recent history of the processing industry. In this section, focusing on wages in particular, the team has chosen to use the Bureau of Labor Statistics' Occupational Employment Statistics (OES) and the Standard Occupation Classification (SOC) system in order to retrieve data delineated by occupation, rather than industry.

To supplement the findings the team also analyzed Washington State Office of Financial Management (OFM) Input/Output tables for food system businesses. Input/Output tables may be used to determine the extent to which prices are driven by various inputs, including the cost of raw materials and the cost of labor. This analysis was included in order to determine the impact that the wages of food system workers have on the cost of food.

Data Limitations

There are limitations to OES surveys that can skew the outlook of the labor make-up of the food system. The most important is that the OES survey does not include farm establishment workers.¹⁴ In the central Puget Sound region, this data gap excludes a significant number of employees of establishments like berry farms and fruit orchards. The resulting employment figures (**Figure WA-2** and **Figure WA-3**) for the food production sector appear small in comparison to the other two sectors. To address this limitation, the team consulted three farm worker surveys in an attempt to account for these workers.

The second major concern is the method of selecting establishments to survey. The universe of potential survey participants is populated through state unemployment insurance tax files. In Washington, every business must register with the Employment Security Department.¹⁵ This excludes many businesses with operations in informal markets. Additionally, businesses with undocumented workers are less likely to report those employees because the workers have

fewer legal resources to collect unemployment.

Wage and employment data is also subject to the seasonality of the food industries. Although employment figures for farm and fishery workers are unavailable or imprecise, a number of other workers, especially those working in the processing industries, are employed based on the availability of fresh food. For example, **Figure WA-13** shows the winter versus summer number of restaurant and bar workers in the region, a difference also likely due to a number of other factors including tourism and climate.

WAGES IN THE FOOD SYSTEM

Food Production

The accounting of regional farmworkers and their wages does not benefit from the detailed and frequent survey results provided by the Bureau of Labor Statistics. Instead, a range may most appropriately describe the size of the farmworker population in the central Puget Sound region.

The US Department of Health and Human Services customized national farm labor database data for each state in 2000. In the analysis for Washington State, the four-county sum of the farmworker population¹⁶ provides a total estimate of 3,564 migrant and seasonal farmworkers.¹⁷

Alternatively, the Washington State Employment Security Department (ESD) offers more recent figures of the farmworker population. Its 2009 study estimates 5,510 agricultural workers¹⁸ in the Central Puget Sound region.¹⁹

Additionally, the study takes pains to note the difficulty in measuring the size of the undocumented workforce. "...[T]here is no scientific, objective data on the percent of agricultural workers in Washington state who are unauthorized. 'Guestimates' suggest that it is higher than 50 percent of the total agricultural labor force for the state."²⁰ The extent to which undocumented workers are not counted in these analyses is unknown. Undocumented workers are almost certainly under-sampled in one of the primary sources for farm labor analysis, the Department of Labor's National Agricultural Workers Survey (NAWS), where both farm operators and farm workers participate voluntarily.²¹

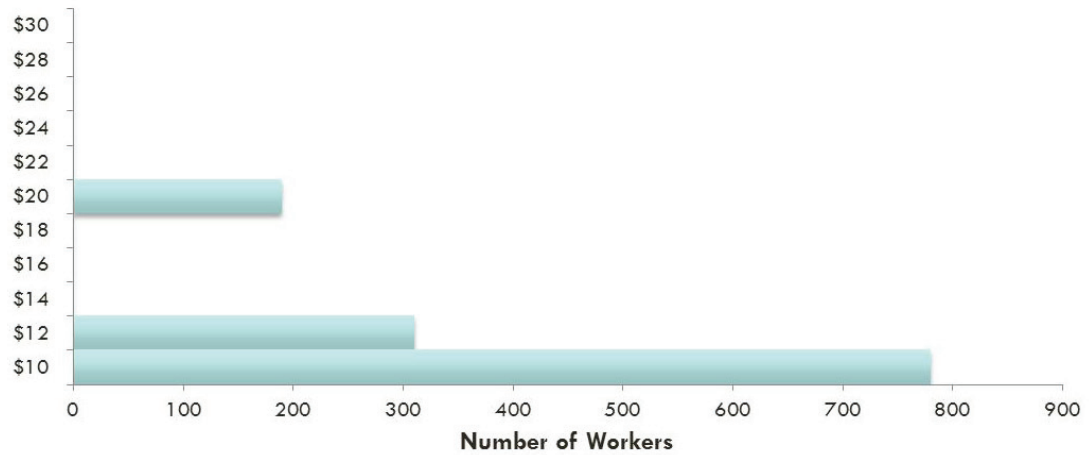
Precisely describing regional farmworker wages can be just as difficult as describing the number of farmworkers. A national sample collected by the NAWS found median individual farmworker²² income stood at \$10,000 - \$12,499 per year while median family farmworker income stood at \$12,500-\$14,499 per year.²³ National samples may not, however, form a good representation of the wage rates of Washington and, in particular, Central Puget Sound region workers for a number of reasons, including different minimum wage laws and different crop mixes.

The Washington State ESD survey, in addition to farmworker size, provides farmworker wage findings. The average production agriculture worker earned \$21,446 per year with fruit and tree nut workers earning \$17,413 per year. At \$28,043 per year, vegetable and melon farm workers earned one of the highest wages among farm crop workers.²⁴

A third survey of wages conducted by the Washington State Farmworker Housing Trust in 2005 found average household incomes of farmworkers in five western Washington counties to be \$15,612.²⁵

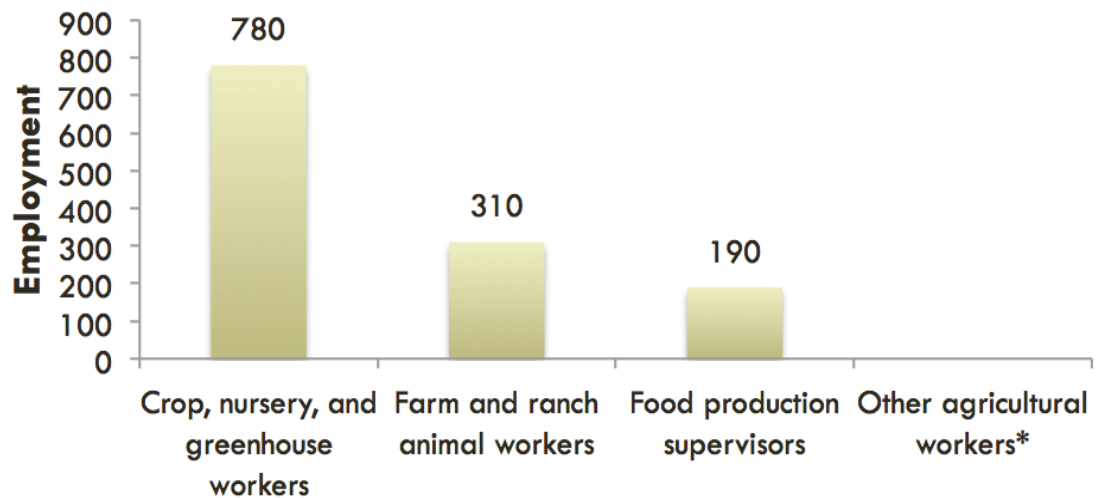
The differences in incomes indicated by the three surveys demonstrate the difficulty in accurately describing the food production worker of the central Puget Sound region.

Figure WA-2 Non-farm Production Median Wage in the Central Puget Sound Histogram, 2009



Source: Bureau of Labor Statistics; Occupational Employment Statistics, 2009²⁶

Figure WA-3 Non-farm Production Workers by Occupation in the Central Puget Sound, 2009

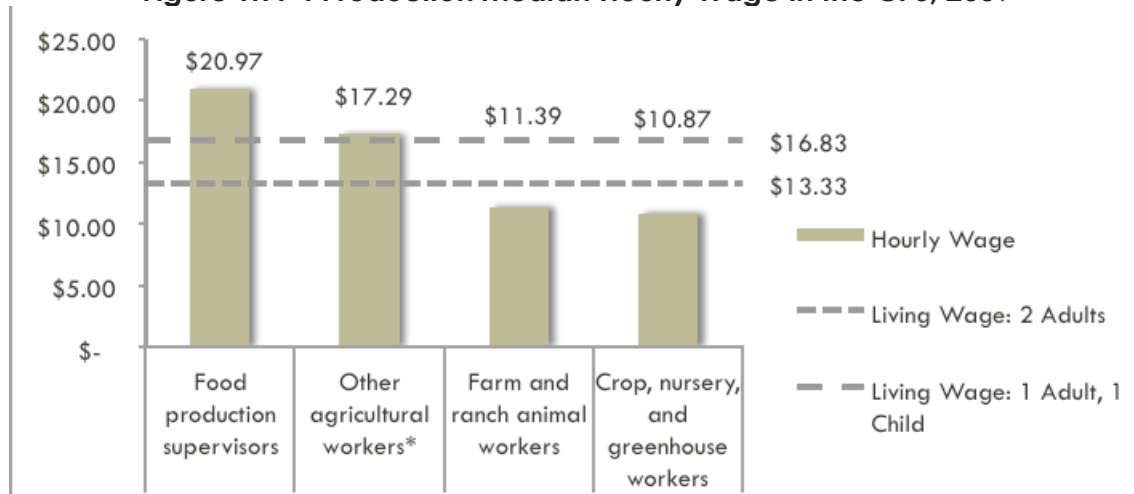


*No employment data recorded

Source: Bureau of Labor Statistics; Occupational Employment Statistics, 2009²⁷

Nonfarm establishment food production employment stands at 1,280 with a majority of workers earning less than \$12 per hour. These figures exclude a large number of workers employed by farms. Please see the above discussion of food production workers for estimates on farmworker employment in the region.

Figure WA-4 Production Median Hourly Wage in the CPS, 2009



Source: Bureau of Labor Statistics; Occupational Employment Statistics, 2009²⁸

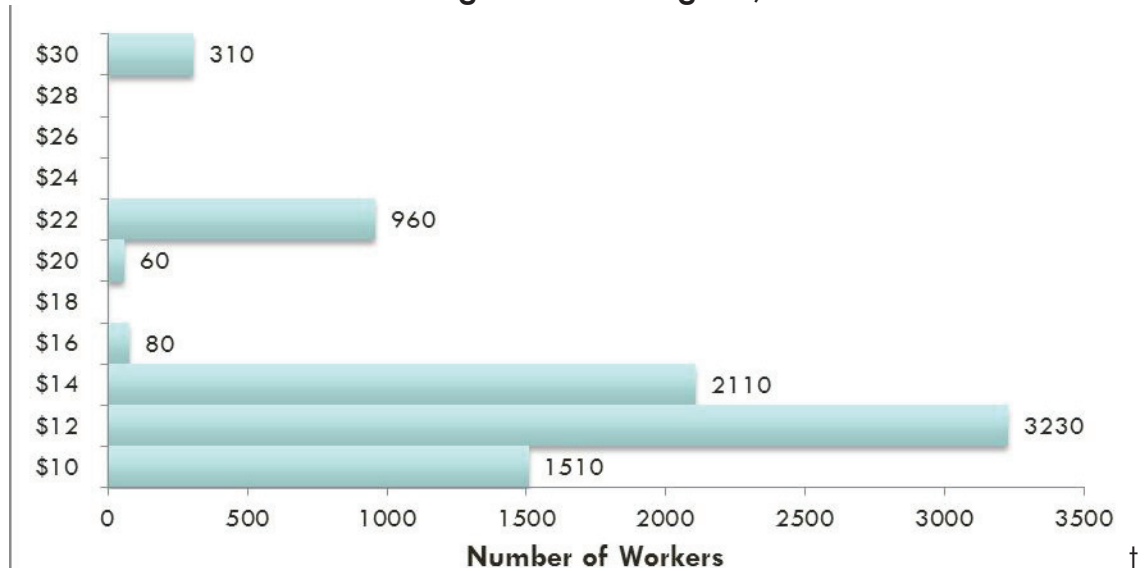
Crop, nursery, and greenhouse and farm and ranch animal workers have an hourly median wage below the average living wage for the four counties of the Puget Sound Regional Council for both households of two adults and one adult and one child. The BLS recorded the median wage of “Other agricultural workers” but not their numbers. “Other agricultural workers” does not represent farm establishment workers but other undefined, nonfarm agricultural workers.

Food Processing

Employment in the food processing sector is heavily dominated by three occupations: packaging machine operators, bakers, and meat and fish cutters. Together these workers comprise more than 70 percent of the sector but only the median wage of bakers is greater than \$13.33 per hour.

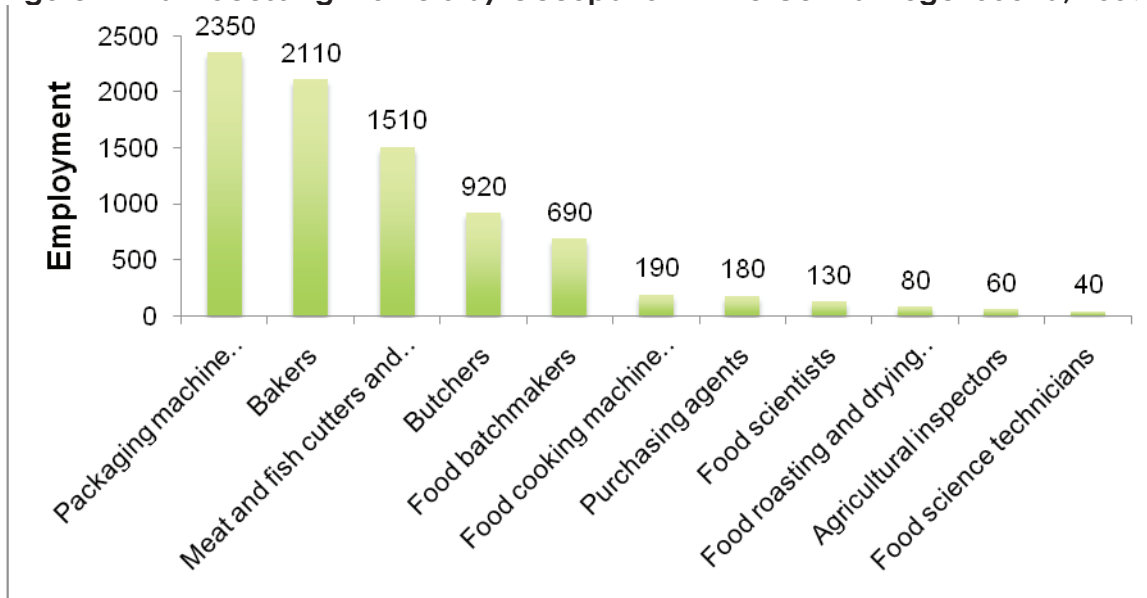
The food processing sector, however, also includes some of the best paid occupations in the food system. By median wage, purchasing agents and food scientists earn nearly \$30 per hour, although there are relatively few purchasing agents and food scientists in the regional food system. Butchers represent a sizable proportion of the sector and command a median wage of about \$21 per hour, the best paid non-management, blue collar occupation beside chefs.

Figure WA-5 Processing Median Hourly Wage in the Central Puget Sound Histogram, 2009



Source: Bureau of Labor Statistics; Occupational Employment Statistics, 2009²⁹

Figure WA-6 Processing Workers by Occupation in the Central Puget Sound, 2009



Source: Bureau of Labor Statistics; Occupational Employment Statistics, 2009³⁰

Figure WA-7 Processing Median Hourly Wage in the Central Puget Sound, 2009



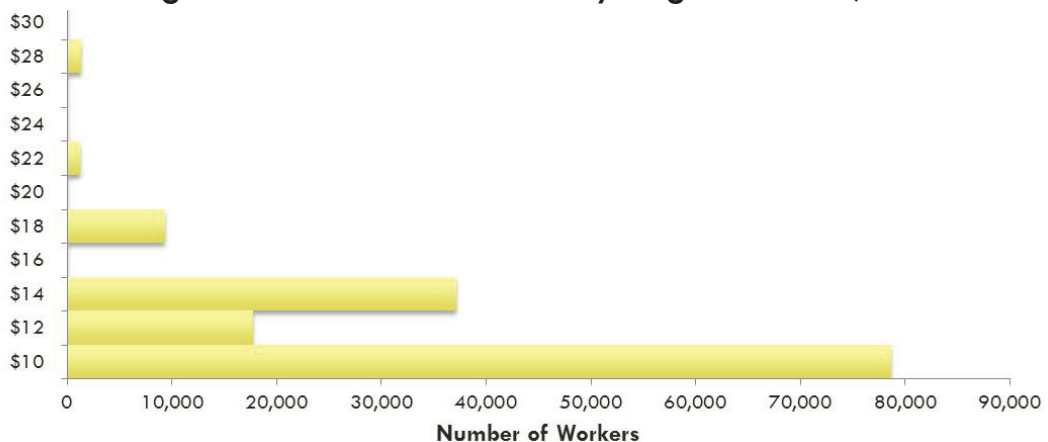
Source: Bureau of Labor Statistics; Occupational Employment Statistics, 2009³¹

Food Retailing

The food retail sector does not include grocery store and convenience store clerks and stockers (although some grocery store employees, like bakers and butchers, are included in the processing sector). Instead, it largely includes the workers who prepare and sell food and beverages to consumers either as eat-in or take-out service.

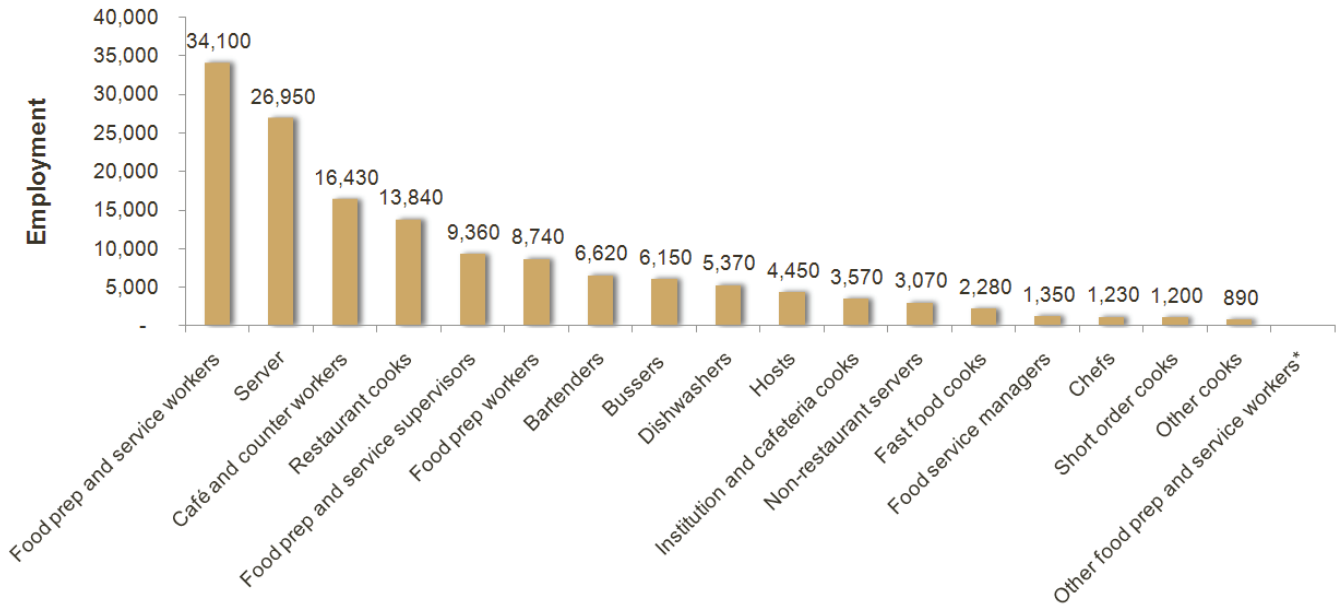
With a total of 145,600 workers and about 90 percent of the workforce, food retailing is by far the largest employment sector of the regional food system. It also has some of the lowest paying occupations with the most workers. About 85 percent of those 145,600 workers earn a median wage below the lower of the two living wage standards, \$13.33 per hour.

Figure WA-8 Retail Median Hourly Wage in the CPS, 2009



Source: Bureau of Labor Statistics; Occupational Employment Statistics, 2009³²

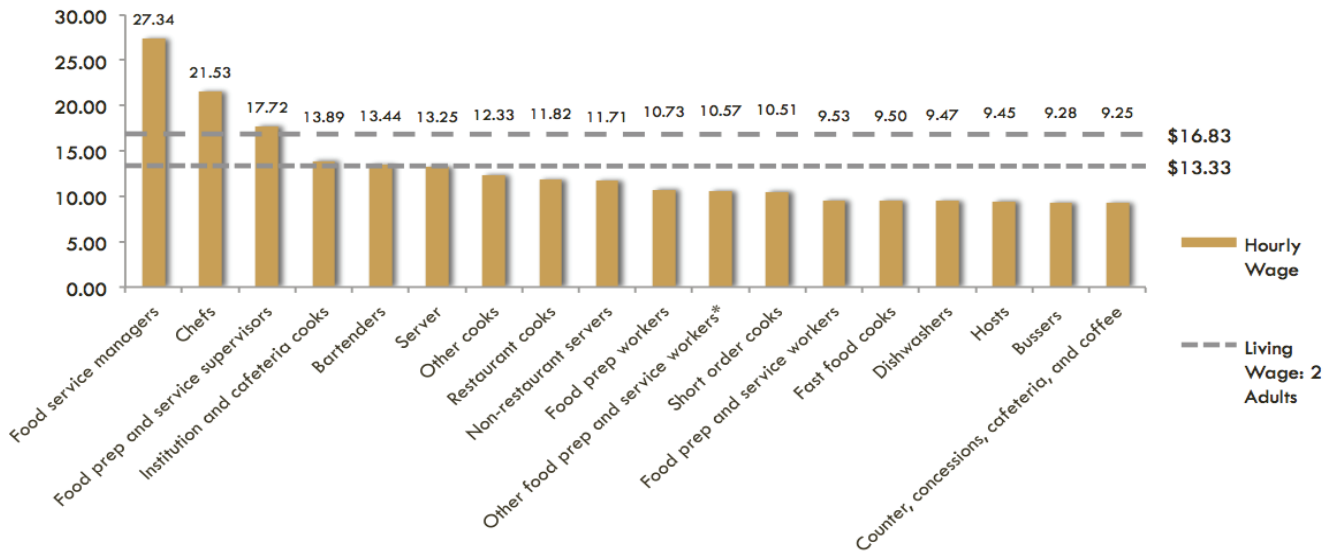
Figure WA-9 Retail Workers by Occupation in the CPS, 2009



* No employment data recorded

Source: Bureau of Labor Statistics; Occupational Employment Statistics, 2009³³

Figure WA-10 Retail Median Hourly Wage in the CPS, 2009

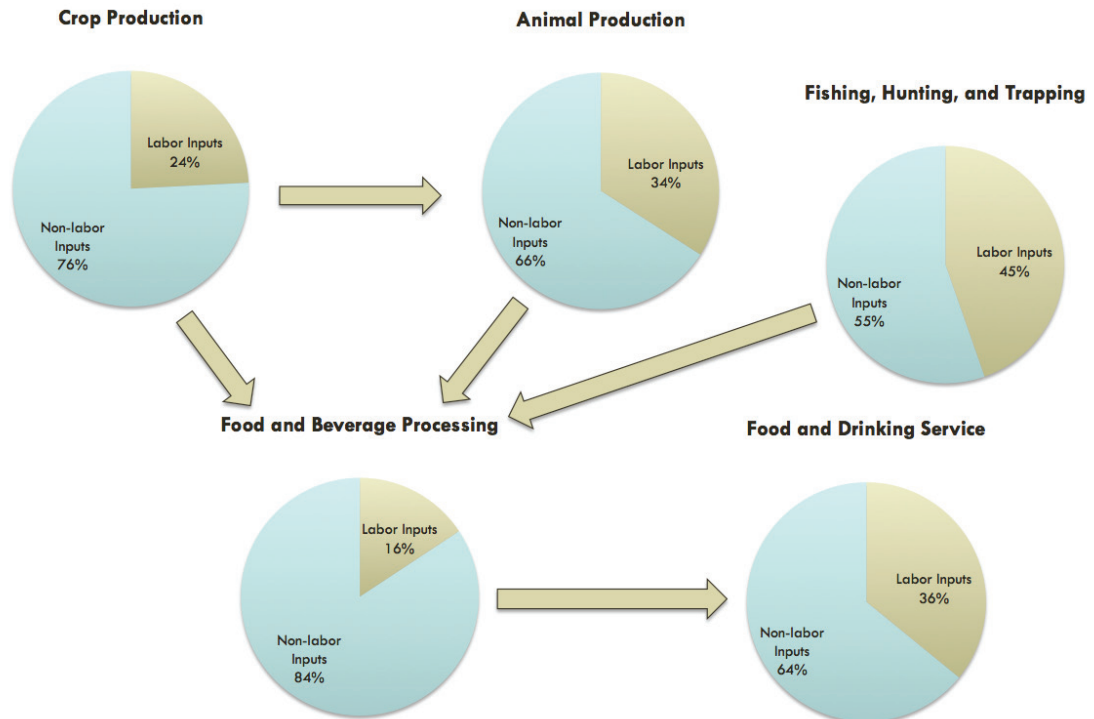


Source: Bureau of Labor Statistics; Occupational Employment Statistics, 2009³⁴

LABOR INPUTS IN THE FOOD SYSTEM

Washington State's Office of Financial Management (OFM) surveys businesses in the state every decade to develop an input/output table. An input/output table relates the inputs (purchases) and outputs (sales) of an industry or business to other industries in an economy. Labor is one of the inputs included in the table and can be separated from non-labor inputs to show the proportion of costs that are due to wages and benefits. Additionally, the table allows the simulation of wage and benefit hikes on the costs of outputs in different segments of the food sector.

Figure WA-11 Labor Inputs in the Washington Food System Economy, 2002



Source: Washington State Office of Financial Management; 2002 Washington Input Output Model³⁵

As an example, a 10 percent increase in wages and benefits – a change that would bring approximately 30,000 food workers in the region above the lowest living wage standard documented in this report – has the following effects on the cost of sector outputs:

Food System Sector	Output Cost Increase
Crop Production	2.3%
Animal Production	3.3%
Fishing, Hunting, and Trapping	4.3%
Food and Beverage Processing	1.5%
Food and Drinking Service	3.5%

The analysis of labor's proportion of inputs in the food system shows that wage and benefit increases in the crop production and food and beverage processing sectors will have a relatively small impact on costs, both to business and consumers.

KEY CONSIDERATIONS

The analysis reveals that many food system occupations do not provide living wages. However, the food system employs about 160,000 workers, making it the region's largest potential industry cluster. Other work done by the studio team highlights new economic opportunities in the food system through innovations such as food hubs and urban agriculture. The considerations given here seek to complement this work by providing policy options for either improving wages in food system jobs or supporting the creation of better jobs in the food system.

The options present here have been developed by taking into consideration the Regional Food Policy Council goals and workgroups ideas, the Prosperity Partnership cluster initiative, interviews with regional labor and business representatives, and a review of primary and secondary sources. Our goal was to present a range of non-regulatory and regulatory options for policymakers to consider. Each consideration seeks to promote regional competitiveness while balancing the needs of diverse stakeholders including industry leaders, large employers, small businesses, labor representatives, and individual workers.

Coordinated Food System Partnerships

Regional leaders have the opportunity to better promote their economic development goals through the coordination of food system partnerships. The formal recognition of a food system industry cluster in the central Puget Sound region is one strategy to improve coordination between food system employers and regional policymakers. This would change how industry cluster jobs are currently categorized. As noted above, restaurant jobs are currently identified with the Tourism cluster, while the Specialty Foods cluster represents only a small sub-set of food system employment. This division underestimates the importance of the food system to the regional economy and discourages strategic partnerships across food system sectors.

The Regional Food Policy Council could work with the Prosperity Partnership, which recently began work on the five-year update to the Regional Economic Strategy, to coordinate economic development strategies related to the food system at the regional level. The Prosperity Partnership could classify the food system as an industry cluster and include the Regional Food Policy Council goal of supporting a living wage among their goals for economic development. This strategy would serve to remind industry stakeholders that food system employment crosses sectors, and create opportunities for other partnerships at smaller or larger geographical scales.

Better coordination would leverage the regional influence of these two bodies to ensure that the Regional Food Policy Council's efforts to work toward economic growth and social equity are as effective as possible. In years past, the Prosperity Partnership has focused their efforts on other industry clusters. Now, with the cooperation of the Regional Food Policy Council, regional leaders stand to gain a new understanding of the importance and the potential of food system jobs.

A Food System Trade Association

The Prosperity Partnership was instrumental in the creation of the Aerospace Futures Alliance and the Washington Clean Technology Alliance. A similar food system trade association would leverage communication across sectors by coordinating political and promotional campaigns and supporting food-related small businesses.

One of the benefits of the cluster approach to economic development is that it brings together enterprises that may compete in their day-to-day operations, yet have similar political and economic interests. While farmers, fishermen, restaurateurs, and grocers have not typically worked together, other industry clusters have recognized the interrelated nature of the local economy. Bringing together these diverse groups in a trade organization creates a win-win by allowing employers to coordinate with each other and giving more recognition to the contribution of workers in the food system.

A very tangible benefit of such an organization was recently realized by the Washington Clean Tech Alliance. As of January 1, 2011, the WCTA has allowed member companies to access health benefits and services through Omnitrade Health Trust, “a statewide network of health insurance and employee benefit programs.”³⁶ Commenting on the their website, the president of WCTA explained that “this program can help our member companies provide top-of-the-line health insurance to their employees at savings that average between 10 to 15 percent.”³⁷ Through such a program, the small businesses of the food system, including restaurants, farms, and the region’s commercial fishing fleet, could all better afford to offer health insurance to their workers, advancing the Regional Food Policy Council’s health goal.

In addition to supporting economic development and social equity, such an organization could work towards educating consumers through the dissemination of food-related information. One possible education-related role of such an organization would be to create a “living wage certification” for those members who are willing and able to agree to pay their employees a living wage. This effort would create an incentive-based product label that would indicate products that are both local and equitable. While Cascade Harvest Coalition (CHC) coordinates the Puget Sound Fresh campaign, and other organizations have attempted a “domestic fair trade” labeling scheme, this effort, perhaps in coordination with CHC, would encompass both.

Career Ladders

The structure of the economy is changing – companies have eliminated many of the semi-skilled and intermediary jobs that once allowed low-wage workers to gain skills and experience to increase income and responsibility. There is now a void between well-paid managerial positions and low-wage jobs.³⁸ Career ladders provide an alternative to bridge the gap between the two poles and provide “explicit pathways of occupational advancement.”³⁹

Career ladders identify pathways “to gradually advance into better jobs. The programs clarify what training or education is required to move to the next step on the ladder, and they provide workers with the support services and financial aid they need to complete training.”⁴⁰ The Washington State Department of Community, Trade and Economic Development, in partnership with the Northwest Food Processors Association, have developed a Food Processing Industry Job Ladder.⁴¹ The framework establishes the basic skills of entry-level workers and the competencies expected to advance in the industry. The program emphasizes workplace education, access to information pertaining to skills and promotion, and developing a pool of qualified workers for food processing companies.

This process can be readily adapted to other sectors of the food system. The Regional Food Policy Council can encourage partnerships between producers, retailers,

processors, educators and development professionals to establish industry specific career ladders. Identifying career ladders and providing the training necessary for advancement will allow low-wage workers to transition to intermediary positions and greater opportunities. A partnership can also defray the costs of training and recruitment in the food system and create a pool of qualified workers to increase quality, safety, and production in the industry.

To create career ladders for low-wage workers, companies must be willing to invest in training and create intermediary positions for advancement. Many companies prefer the current labor structure and benefit from cost-cutting measures that rely on unskilled labor. This concern can be addressed by additional research to measure productivity and profits in relation to wage structure. If companies that support career ladders benefit economically from a more qualified workforce, more firms might be prepared to adjust their hiring, training, and recruitment practices.

Career ladders offer a non-regulatory pathway to advancement for low-wage workers. A career ladder program requires no legislative action or government intervention. The program relies on industry collaboration to develop training programs. The Regional Food Policy Council can facilitate collaboration between industry partners and educators to promote career ladders in the food system to improve career opportunities for low-wage workers.

Employment Opportunities in Food Hubs

The studio team recommends that regional leaders and policymakers support the development of concentrated food system activity, including food processing, in “food hubs” throughout the region. The studio team’s Food Hub report contains more detailed information and guidance on this important economic development tool.

By geographically concentrating economic activity, food hubs result in agglomeration effects that can increase wages. Among their other benefits, food hubs provide the necessary infrastructure for the manufacture of value-added food products. The diverse job opportunities and career networking provided in a food hub create increased opportunities for career laddering. Additionally, food hubs provide a unique opportunity for cooperatively owned and operated operations that create positive synergies between employers and workers.

For example, The Wedge Cooperative food hub in Minneapolis, showcased in the Food Hub section of this report, began with a small paid staff supported by member volunteers.⁴² Today, The Wedge employs 260 staff members, 75 percent of whom are full-time, benefitted employees. The Wedge has been listed in the Minneapolis Star Tribune as one of the Top Places to Work in the metropolitan area.⁴³ Other food hubs have been designed to support restaurant tenants. To support living-wage jobs in the restaurant industry, a central Puget Sound food hub could support a worker-owned cooperative restaurant, a new concept developed by Restaurant Opportunity Centers United.⁴⁴

The loss of manufacturing jobs in prior decades led central Puget Sound leaders to support the preservation of industrial lands in Manufacturing Industrial Centers. The Regional Growth Strategy has recognized the importance of this effort by identifying MIC’s throughout the region. Likewise, the regional food system is currently faced with a lack of good jobs in what are perceived as declining or slow-growth industries. A

food hub strategy is a new model for positive change and increased efficiency.

Further research is needed to identify and support already existing food hubs. Local examples of potential food hubs vary widely, from fish processing facilities clustered around ports, to farmer's markets and other retail-focused areas. One current local example of a food hub economic development strategy is the year-round farmer's market/food hub currently being developed in Everett. Please refer to the Food Hub section of this report for more details.

Farm Succession and Farmland Conservation

Agricultural land in the central Puget Sound region is critical to the creation and longevity of a dynamic food industry cluster, but with an aging farming population and increased development pressure, farm conversion is a growing concern. As farmers prepare for retirement, they must consider how to transfer their land and equipment. For many farmers, the income generated from the sale of these assets is the only viable path to retirement. There are a variety of programs and models of farm succession. This section explores purchase of development rights programs and employee purchase programs as alternatives to traditional succession plans where farmers do not intend to transfer the farm to family members.

Purchase of Development Rights

Purchase of development rights programs provide an opportunity for a farm owner to sell the development rights for land to the government or a conservation group. Through the process, a farmer is allowed to sell the permanent development rights to the farm, retain all other ownership rights to the land, and receive a one-time payment for farm equipment or retirement. As a condition of purchase, the buyer, who purchased the rights to develop the land, extinguishes those rights. The land is protected from non-agricultural development and non-farming activities. The farm owner can then sell the remaining ownership rights to another farmer. The new farmer can purchase the land, devoid of development rights, at a price that reflects the use of the land instead of speculative development potential.

Purchase of development rights eliminate pressure to sell agricultural land for development, provide operating and retirement income to the current owner, and decrease the cost of land for new farmers. To purchase development rights, public entities have employed different funding mechanisms: annual appropriations, general obligation bonds, real estate transfer taxes, agricultural land transfer tax, sales and use tax, and, in one case, a cigarette tax.⁴⁵

There are several exemplary resources that discuss in greater detail models for purchase of development rights farmland conservation programs. Of particular note, the Virginia Department of Agriculture and Consumer Services published *A Model Purchase of Development Rights (PDR) Program for Virginia*.⁴⁶ The guide describes the process and challenges to establish a purchase of development rights program at the state and local level and includes complimentary policies to enhance the effectiveness of purchase of development rights models.

The cost of purchasing development rights can discourage implementation. Local jurisdictions and conservation groups pay for development rights that are priced in

accordance with development pressure. In areas with high development pressure, especially on the fringe of suburbs where development encroaches on farmland, prices are significantly higher than farmland in exurban and rural areas. Economic theory predicts “taxpayers will rationally chose other means of protection so as not to transfer the cost the current landowners.”⁴⁷ A second concern arises from cost: “local government may not be able to purchase as much interests in the land as desirable for full protection.”⁴⁸ Incomplete coverage could result in a patchwork development pattern that leapfrogs protected lands and limits the effectiveness of purchase of development rights. To correct for these concerns, it is critical to develop a funding strategy that anticipates the future cost of development rights so that the conservation efforts can fully protect the intended properties. Public sentiment might also affect the ability of the government to raise funds and purchase development rights.

The effectiveness of purchase of development rights programs is augmented by employee purchase plans. Farming has traditionally been a family business where the parents pass the land and farm operation to family successors. In some circumstances, social and economic factors prevent family farm succession. When a farmer does not intend to transfer ownership to a family member, they have the opportunity to sell the land. In accordance with the goal to preserve agricultural land, the Regional Food Policy Council can assess the feasibility of supporting employee buyout or employee lease-to-own programs. At this point, there is limited research available about farm sales to non-family farmers. An employee buyout or lease-to-own program can be a complementary effort to purchase of development rights programs that decrease the entry barriers and start-up cost for young farmers and help farmers prepare for succession and retirement.

When applied in concert, purchase of development rights programs and employee purchase strategies offer alternatives to farm succession that preserve farmland, provide retirement income for farmers, and offer pathways to farm ownership that benefit younger, new farmers or farmers looking to expand operations. While the disadvantages to purchase of development rights programs are well documented, success depends heavily on funding sources. With appropriate conventional strategies such as taxes or unconventional methods that combine public and private interests, local jurisdictions and conservation groups can overcome barriers to preserve and promote agriculture in the Central Puget Sound region.

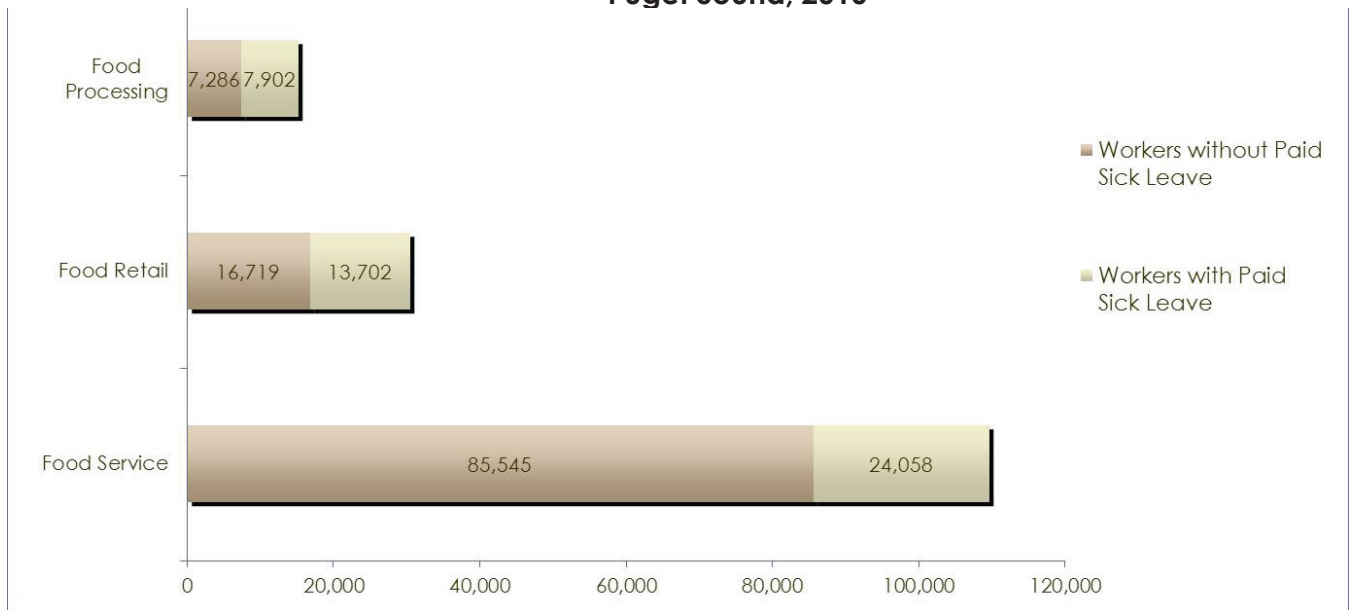
Mandatory Paid Sick Leave for Food System Workers

On May 10, 2011, the *Seattle Times* published a front-page report on a proposal to require paid sick leave for all Seattle workers. Were Seattle legislators to enact the proposal, the city would join a small handful of other municipalities that have a similar requirement.

A similar ordinance to be considered by the Puget Sound Regional Council's member municipalities specifically directed at the region's approximately 110,000 workers in food service, food retail, and food processing occupations⁴⁹ without paid sick leave can benefit workers, their families, and business owners. v

Sick leave data for food production workers is not available at the regional level and is not included in **Figure WA-12**.

Figure WA-12 Paid Sick Leave Among Selected Food System Workers in the Central Puget Sound, 2010⁵⁰



Source: Institute for Women's Policy Research Paid Sick Days Calculator⁵¹

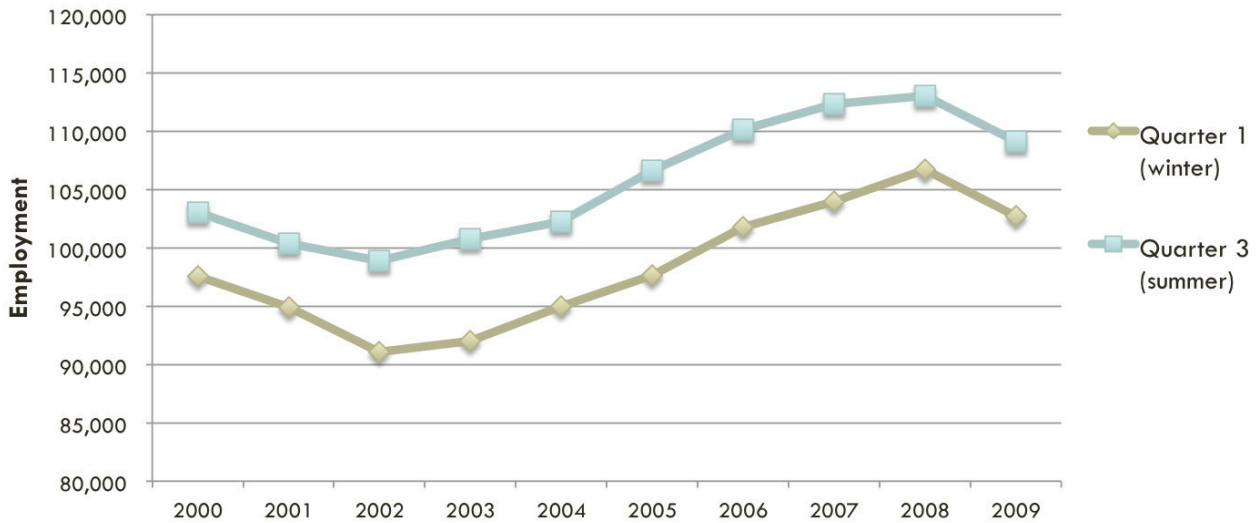
A recently released report by the Economic Opportunity Institute makes the case for a mandatory paid sick leave ordinance in Seattle and observes a number of benefits -- in conjunction with Regional Food Policy Council's goals -- including:

- Reducing inequality among workers.
 - Among private sector workers 62 percent⁵² have paid sick leave while 89 percent⁵³ of local and state government workers have paid sick leave. In the three sectors of the food system defined above, only 29 percent⁵⁴ of workers have paid sick leave.
- Reducing the spread of illness population-wide and especially via food workers in institutions serving epidemiologically vulnerable populations like nursing homes, schools, and hospitals.
- Preventing the spread of illness through sick children whose parents are unable to take leave of work.
- Providing medical care for the elderly.
- Allowing medical relief and moving time following domestic violence.⁵⁵

In addition to the benefits documented by the Economic Opportunity Institute and other organizations advocating for a mandatory sick leave ordinance in Seattle, the case to be made specifically for food system workers in the region is even greater. A periodic decline in food system winter employment coincides with the periodic increase in influenza infections. The demand for employment is lowest when employees are likely to use sick leave. A mandatory sick leave ordinance for food system workers would, on the whole, dampen labor demand fluctuations and save employers turnover costs – by some estimates exceeding the costs of providing paid sick days.

The food system is highly seasonal compared to other sectors of the economy. Over the course of the last decade, food and drinking service employment consistently declined approximately five to nine percent from the summer to the winter.

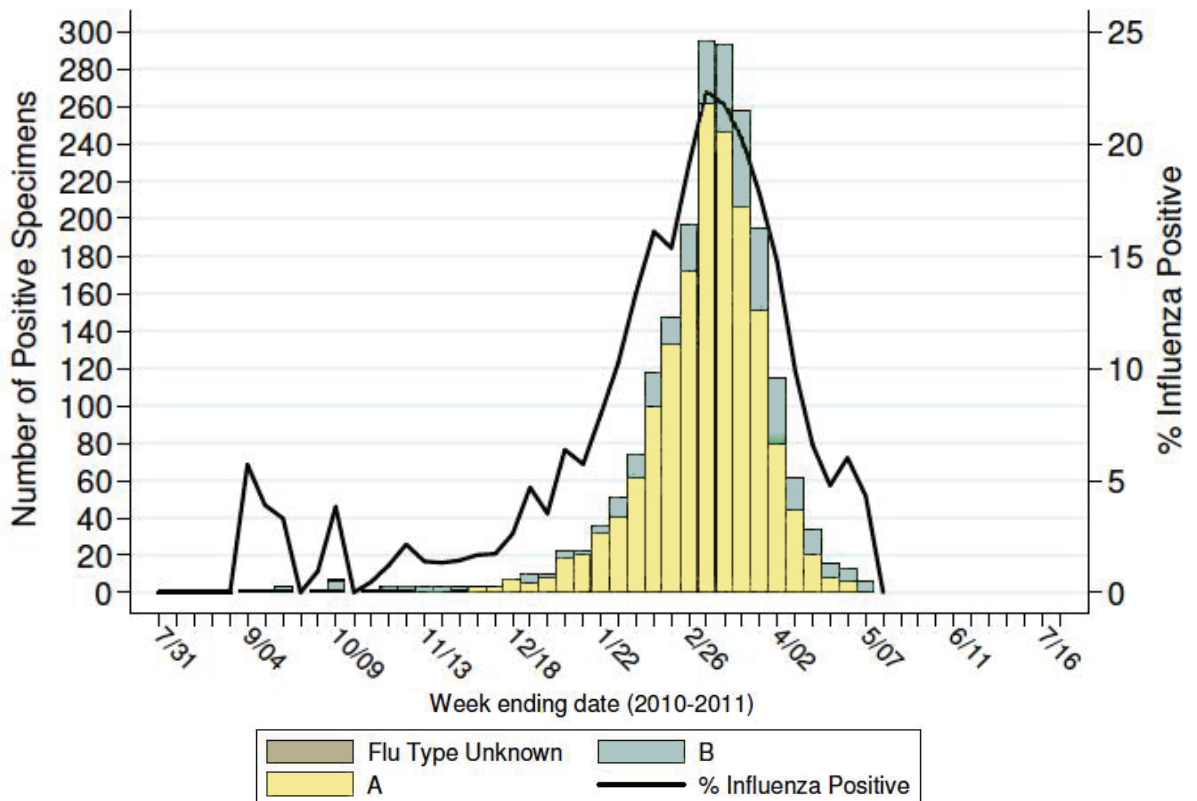
Figure WA-13 Winter and Summer Food Service and Drinking Place Employment in Pierce, Snohomish and King Counties



Source: US Census Bureau; Quarterly Workforce Indicators; NAICS 722⁵⁶

While employment in the food system declines in the winter months, flu infections increase during the same period. The Washington State Department of Health compiles weekly results of laboratory tests for influenza. The results of the tests up to May 14, 2011 show a spike in infections in the exact calendar quarter that food system employment declines and few infections in other quarters.

Figure WA-14 Aggregate Influenza Testing Results, Western Washington, 2010-2011



Source: Washington State Department of Health; Communicable Disease Epidemiology Influenza Update; 2011 CDC Week 19⁵⁷

Nationally, workers with paid sick leave “take an average of 2 to 3 days per year.”⁵⁸ While “[a] 2010 survey of workers in San Francisco, where all employers are required to provide paid sick leave, found that ... an average of 1.9 [sick] days [were taken] in the leisure and hospitality sector – in which restaurants and bars provide the majority of employment.”⁵⁹

If three paid sick days were taken by food and drink servers all during the winter quarter when flu infections are most likely, the worker-hours lost to sick leave would not exceed the decline in demand for worker-hours between the summer and winter months.⁶⁰ Such an ordinance would actually reduce costly worker turnover due to industry seasonality merely by smoothing out the labor demand cycle, a benefit to food system employers’ bottom line.

A 2005 study of the costs and benefits of a proposed national mandatory sick leave scheme found that savings from the reduction in employee turnover (and resultant costs of rehiring and retraining) exceed the costs of paid sick days.⁶¹ A survey of business operators in San Francisco following its mandatory sick leave ordinance of 2007 suggests the fiscal viability of the law: “66 percent of accommodation and food service **employers** reported supporting [it].”⁶²

Living Wage Ordinances and Alternatives

Living wage ordinances are the most direct way to support living wage jobs in the central Puget Sound region. The living wage movement began in Baltimore in 1994. By the end of 2010, 140 jurisdictions legislated some form of living wage laws. There are no living wage ordinances in Washington State. The most common and comprehensive policies are business assistance living wage standards that require businesses participating in projects receiving public subsidies to pay wages above the poverty level. In some jurisdictions, local governments extended the legislation to include businesses with government contracts or those that receive public dollars from economic development programs.⁶³

Critics of living wage ordinances argue the policy results in significant job loss and encourages firm to relocate to lower-wage areas. The objections apply primarily to a universal or near-universal living wage standard. If a living wage were mandated throughout the central Puget Sound region, footloose firms would potentially relocate outside the region to avoid incurring additional labor costs. However, where the policy is linked to government contracts or regional, then demand is fixed and the wage is associated only with the contract, not the location. The components of the food system are also fixed in location (though some processing jobs might be shifted or retailers could rely more heavily on remote sales in targeted regions) and are less vulnerable to relocation. As a result, there is little incentive to relocate.

Critics claim that the firms would lay off workers to find efficiencies and minimize the cost of inputs. Empirical evidence suggests these claims are overstated: “Our findings point to positive and significant effects of living wage ordinances on the wages of low-wage workers. In addition to the wage effects, we find moderate negative effects on the employment rates of low-skilled individuals. Finally, our estimates provide some evidence that living wage ordinances result in modest reductions in the likelihood that urban families live in poverty.”⁶⁴

For these reasons, a regional living wage standard is feasible. If additional research indicates firms locate in the central Puget Sound region to maximize resources, intellectual and human capital, and access to international markets inherent to the

region, a living wage standard would not cause firms to relocate. Analysis of firm behavior and wages in regional industry clusters would enable policymakers to anticipate the feasibility of a regional living wage.

Not all living wage laws are designed to promote a living wage standard in the food system. Food producers, processors, and retailers are private enterprises and do not receive state subsidies or county subsidies. As such, the industry would likely be exempt from any business assistance living wage laws. This section considers two alternatives to support a living wage in the food system: a big box living wage ordinance and institutional food contracts that mandate a living wage for employees.

Retail workers in the food system are the most likely food system workers to be paid a wage below federal poverty measures. A big box living wage ordinance is one possible way to improve the wages for the working poor in the central Puget Sound region. A big box living wage ordinance would establish a wage floor or a wage and benefit package to provide workers compensation above the poverty line. Many retailers, such as Costco, already provide compensation packages that include salaries above minimum wage and benefits.⁶⁵

The Center for Labor Research and Education analyzed the consequences of a hypothetical \$12 per hour living wage for Walmart workers. The wage increase would benefit the 41.4 percent of Walmart employees below 200 percent of the federal poverty level, increasing annual income between \$1,670 and \$6,500. While a living wage standard would increase payroll, the study finds that even if the complete cost of the wage increase is passed on to consumers, consumer prices would increase by 1.1 percent—46 cents per visit, and only \$12.49 for the average customer.⁶⁶

A second model links government contracts and living wage jobs. Local governments throughout the country have enacted legislation that requires businesses servicing government contracts to pay employees a living wage. There is an opportunity in the food system to require foodservice companies with government contracts in the central Puget Sound region to pay a living wage to employees. The provision would necessarily include employees of subsidiaries and subcontractors. There is limited data available to anticipate the impact of such legislation, though most living wage research suggests prices might increase between 1.2 and 1.6 percent.⁶⁷

Foodservice is a \$190 billion industry in the United States.⁶⁸ Large firms dominate the marketplace and service contracts for prisons, hospitals, universities, and governments. Institutional demand requires large firms to service contracts and only a handful of regional and nation firms are able to compete.⁶⁹ The mere scope of each contract precludes smaller firms from competition. The ordinance would result in higher wages for employees in the food system that service government contracts. Wages would also increase for local companies where foodservice companies rely on local producers and processors for goods. The policy would marginally increase the cost of inputs for goods provided by large foodservice providers. Small producers and processors without the economic scale to service institutional contracts would be exempt from a living wage standard and could be more competitive with large firms when bidding for private sector contracts.

Big box and institutional food contract living wage ordinances conditioned to achieve specific goals in the food system would notably improve the wages of employees without significantly impacting employment or job growth. Firms benefit from increased worker productivity, less turnover, and lower costs for recruitment and training. Even if

all costs incurred are directly distributed to consumers, the studies reviewed suggest prices will only marginally increase.

The Regional Food Policy Council can draw from the many cases in the United States to develop a strategy to implement a living wage. The process typically requires partnering with labor, business, and community organizations to negotiate wage levels and benefits. The partnership then attempts to educate the public and elected officials and advocates for legislative action.

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CONCLUSION

Wages in the food system in the central Puget Sound region are insufficient for many working families to live in the communities where they work. Workers must subsidize wages with government assistance programs to meet basic demands for housing, food, and other necessities.

The Regional Food Policy Council, the Puget Sound Regional Council, the Prosperity Partnership, local jurisdictions and community leaders have the opportunity to promote good jobs and regional competitiveness if they cooperate to systematically address the prevalence of low wage jobs in the food system. A regional living wage ordinance is the most direct alternative to implement a living wage, but a regional living wage ordinance may not be politically feasible.

A living wage standard is only one strategy to address low wages in the food system. Other regulatory and programmatic approaches are also available. The key considerations introduced above attempt to promote decent wages, benefits, retirement income, and career advancement. It is the recommendation of the studio team that the Regional Food Policy Council review these alternatives to develop a comprehensive implementation strategy that would benefit all components of, and people in, the regional food cluster.

Appendix WA-1: Common Definitions to SOC Definition Crosswalk

Non-farm Food Production

Common Definition	SOC system Definition
Food production supervisors	First-line supervisors/managers of farming, fishing, and forestry workers
Crop, nursery, and greenhouse workers	Farmworkers and laborers, crop, nursery, and greenhouse
Farm and ranch animal workers	Farmworkers, farm and ranch animals
Other agricultural workers*	Agricultural workers, all other

*No employment data recorded

Food Processing

Common Definition	SOC system Definition
Purchasing agents	Purchasing agents and buyers, farm products
Food scientists	Food scientists and technologists
Food science technicians	Agricultural and food science technicians
Agricultural inspectors	Agricultural inspectors
Bakers	Bakers
Butchers	Butchers and meat cutters
Meat and fish cutters and trimmers	Meat, poultry, and fish cutters and trimmers
Food roasting and drying machine operators	Food and tobacco roasting, baking, and drying machine operators and tenders
Food batchmakers	Food batchmakers
Food cooking machine operators	Food cooking machine operators and tenders
Packaging machine operators	Packaging and filling machine operators and tenders

Food Retailing

Common Definition	SOC system Definition
Food service managers	Food service managers
Chefs	Chefs and head cooks
Food prep and service supervisors	First-line supervisors/managers of food preparation and serving workers
Fast food cooks	Cooks, fast-food
Institution and cafeteria cooks	Cooks, institution and cafeteria
Restaurant cooks	Cooks, restaurant
Short order cooks	Cooks, short order
Other cooks	Cooks, all other
Food prep workers	Food preparation workers
Bartenders	Bartenders
Food prep and service workers	Combined food preparation and serving workers, including fast food
Counter, concessions, cafeteria, and coffee shop workers	Counter attendants, cafeteria, food concession, and coffee shop
Server	Waiters and waitresses
Non-restaurant servers	Food servers, non-restaurant
Bussers	Dining room and cafeteria attendants and bartender helpers
Dishwashers	Dishwashers
Hosts	Hosts and hostesses, restaurant, lounge, and coffee shop
Other food prep and service workers*	Food preparation and serving related workers, all other

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