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Harry Bridges Center for Labor Studies
University of Washington

New University of Washington Report: Low Wages at PDX Limit Economic Impact

Increased outsourcing at “America’s Best Airport” has led to lower wages, higher turnover, and bigger costs to taxpayers

Seattle, Wash. — On Wednesday, researchers from the Harry Bridges Center for Labor Studies at the University of Washington released *Poverty Doesn’t Fly*, a new report that details the negative economic impacts of outsourcing and low-wage jobs at Portland International Airport.

The report finds that the share of outsourced air transportation workers at PDX increased from **19% to 26% from 2001 to 2014**. This trend of outsourcing has led to few workers serving more passengers while earning lower wages.

A wage analysis in the report concludes that by ensuring that outsourced airport workers are paid at least \$15 an hour, the Port of Portland could create 81 jobs, add \$7,197,000 to the regional economy, and significantly reduce over \$3 million in annual taxpayer subsidies for low-wage employers.

“Any serious discussion of the airport’s impact on economic development needs to include wages for contracted workers,” said Michael McCann, Director of the Harry Bridges Center for Labor Studies at the University of Washington. **“While it may get top marks for customer satisfaction, PDX has fallen behind other major West Coast airports when it comes to wages and job quality for airport workers.”**

Key findings from the report include:

- **Wages are low.** Even after Oregon’s new legislation raises the state’s minimum wage to \$9.75 in July 2016, PDX still will have the lowest minimum wage relative to its peer, large-hub airports on the West Coast (Seattle-Tacoma, San Francisco, Los Angeles, and San Diego).
- **Turnover is high.** According to an analysis of FY 2015 data from the Port of Portland, PDX employee turnover at a group of airline service providers (outsourcing firms) was 64% on average.ⁱ
- **Outsourcing has increased.** The share of outsourced air transportation workers at PDX increased from 19% to 26% from 2001 to 2014. Several studies have confirmed that outsourced air transportation workers earn substantially less than their counterparts who are directly employed by airline carriers.ⁱⁱ

- **Outsourced workers are serving more passengers with fewer staff.** In 2001, PDX had a ratio of one outsourced worker per 1,103 passengers. By 2014, the ratio was one outsourced worker per 1,931 passengers – a 75% increase.
- **Higher wages would boost Portland’s economy.** The report estimates that a \$15/hour minimum wage for outsourced workers would result in up to \$7,197,000 in additional spending and 81 jobs created in the Portland regional economy.
- **The costs of raising wages to airlines are tiny.** The cost of raising the wages of Alaska Air Group’s outsourced workers at PDX to \$15 an hour would be an estimated \$2,250,000 which represents only 0.27% of the company’s reported total net income in 2015.

A PDF of the full report is available for download at:
http://depts.washington.edu/pcls/documents/Strain-PDX_Poverty_Doesnt_Fly_June2016-c4.pdf

“By continuing to allow poverty wage jobs at the airport, the Port of Portland and the airlines are severely limiting the airport’s ability to positively impact the regional economy,” said Garrett Strain, researcher and author of the report. **“From their balance sheets and earnings reports, it is clear that the airlines can afford to pay workers more, the question is whether they want to make it a priority.”**

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ⁱ SEIU Local 49. “One Year Later, Problems Remain: Despite the PDX Workplace Initiative, PDX Continues to Have Low Wages, High Turnover, Increased Risk.” April 2016, v. 4. Pg 2.

ⁱⁱ C.f. Dietz, Miranda, Peter Hall, and Ken Jacobs. “Course Correction: Reversing Wage Erosion to Restore Good Jobs at American Airports.” Berkeley, CA: UC Berkeley Center for Labor Research and Education, October 2013. Available at: http://laborcenter.berkeley.edu/pdf/2013/restore_good_jobs_american_airports.pdf; and Burns, Patrick, and Flaming, Daniel. “Equity Under the Wing.” Los Angeles, CA: Economic Roundtable, 2012. Available at: http://economicrt.org/wp-content/uploads/2012/02/Equity_below_the_Wing_2012.pdf