

Behind the Counter at BWI: Engine of Development or Pocket of Poverty?

**Poverty Wages and Hidden Taxpayer
Costs at Maryland's Largest Airport**

by
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Introduction and Summary

Airports represent enormous taxpayer investments in the assembly of land; the construction and maintenance of runways, terminals and high-capacity highway and transit connections; and in their day-to-day air-traffic control operations and passenger security. These public investments are justified in the name of economic development: busy airports are considered to be engines of job creation and economic growth.

But when a state allows a large group of the jobs at an airport to stagnate or deteriorate in quality—when poverty wages and scarce benefits force many workers to depend on social safety-net programs—that airport can instead become a pocket of poverty, and taxpayers can incur hidden costs that effectively amount to large subsidies for certain private companies operating at the airport.

A survey of food and retail concessions workers at Baltimore-Washington International Thurgood Marshall Airport (BWI) reveals just such a pattern. Because of changes made to the airport's concession management structure in 2004 by then-Gov. Robert Erlich, about 450 workers who were in the process of negotiating their first union contract for living wages and health care benefits are now working for poverty wages and few if any benefits.

The survey reveals:

- The surveyed workers' typical (median) pay is only \$8.50 an hour with only 36 hours of work per week, for an annual income of just \$15,912—well below both the federal family poverty line and a bare-subsistence budget even for one breadwinner in a two-income family in Anne Arundel County or Baltimore City.
- Although some have healthcare coverage thanks to their spouse or parents and a small share receive coverage from their employer, almost two in five have no healthcare coverage. Of those with health care, two in five rely upon Maryland Medicaid, the state-sponsored program funded with federal and state dollars.
- Health care for those with children is also troubling: although seven-eighths of those workers with children report having them covered, none has a child covered by their employer and almost two-thirds with coverage are dependent upon the Maryland Children's Health Program (MCHP), another state-administered program funded by both Maryland and the federal government.

- More than one sixth receive food stamps, the federally funded nutrition program for poverty-wage families. For those that reported, the median benefit was \$300.50 per month. If the rate of food stamp use is the same among all of the approximately 615 non-union BWI workers, a total annual taxpayer cost of \$410,000 for that program alone is suggested.

Since its founding in 1998, Good Jobs First has argued that allowing companies that benefit from taxpayer investments to pay poverty wages and few if any benefits undermines the whole premise of economic development and creates hidden costs for taxpayers. The widespread enactment over the past two decades of living wage laws covering procurement and Job Quality Standards covering economic development subsidies is evidence that many taxpayers and public officials agree.

Background on BWI’s Retail Employment Structure

Prior to 2004, most food and retail workers at BWI worked for a single, unified employer which managed the airport’s diverse retail franchises. This “operator model” gave management labor flexibility and gave workers the ability to gain work hours at different establishments as terminal traffic ebbed and flowed. It also enabled many of the workers to vote as a group to join a union, UNITE HERE. HMS Host, a Maryland-based firm and the largest airport concessions operator in the U.S., played that role at BWI.

However, before the workers achieved their first airport-wide contract, then-Gov. Robert Erlich converted the BWI concessions program to a “developer model.” This had the effect of breaking up the unified employment group and creating many small employers of individual franchises. This conversion also inserted a developer—a second for-profit management layer—between the Maryland Aviation Administration and the franchisees. Airmall, one of the three airport-developer firms in the U.S., now plays that role at BWI. As such, it does not directly employ front-line food or retail workers.

Seniority, Wages, and Hours per Week

	N responding	Average	Median
Seniority (years)	176	1.5	1.0
Wage (non-tipped only)	148	\$8.96	\$8.50
Hours per week	166	34.8	36.0

With such low wages, high turnover and low average tenure is evident. The annualized median wage (\$8.50 an hour times 36 hours per week times 52 weeks) of \$15,912 is well below the 2011 federal poverty line for a family of three at \$18,530 or four at \$22,350.¹

A more realistic bare-subsistence family budget (because it is derived from more than the cost of food and reflects local variations) was most recently issued for Maryland in 2007 by Wider Opportunities for Women (WOW). For Anne Arundel County (which includes BWI), WOW's Family Economic Self-Sufficiency Standard for a family of five² (including three teens who no longer require child care) is an annual income of \$61,561, which would require both parents to each earn \$14.57 an hour with a little overtime. For the same size family in Baltimore City (where many BWI retail workers reside) WOW found a lower cost of living but each parent would still need to earn \$10.30 an hour with a little overtime to generate a family budget of \$43,521. Of course, the cost of living has risen somewhat in the ensuing four years.³

Healthcare Coverage

Of all 178 workers:

Have public or private health insurance	60.7%
Do not have health insurance	38.2%
No response	1.1%
Covered by the state via Medicaid	24.2%
Have children	40.4%

Almost two-fifths of those surveyed have no health insurance and almost one fourth depend on Maryland Medicaid. Of the 108 workers who report having health coverage:

Insured through airport Job	13.0%
Insured through spouse or parents	36.1%
Covered through the state	39.8%
Insured through other means	6.5%
Source unspecified	4.6%

¹ Accessed at <http://aspe.hhs.gov/poverty/11poverty.shtml>

² For Anne Arundel County, WOW only published standards for families of two adults and three children of varying ages. This is the lowest-dollar budget of those; the same family configuration was used for Baltimore City for comparability.

³ See the standards at <http://www.wowonline.org/ourprograms/fess/state-resources/documents/MD2007AllFamilyTables.pdf> and WOW's conservative methodology at <http://www.wowonline.org/ourprograms/fess/state-resources/documents/MD07SSSMethodologyAppendix.pdf>

Of the 72 workers who have children, 62 (86.1%) report them having some kind of health coverage, while 8 (11.1%) report them not having health coverage and two did not answer.

Of the 62 workers with covered children:

Children insured through airport job	0%
Children insured through spouse or parents	17.7%
Children covered through the state	64.5%
Children insured through other means	8.1%
Source unspecified	9.7%

Food Stamps

A total of 33 workers, or 18.5%, of the workers reported receiving food stamps. Of those, 18 provided their benefit levels. They averaged \$297.50 per month and the median was \$300.50 per month

If the same share of the approximately 615 non-union concessions workers at BWI receive that level of benefits (or about 114 families at about \$300 per month) an estimated annual federal taxpayer cost of \$410,000 is implied.

Survey Notes

The survey of workers was conducted by UNITE HERE Local 7, which represents service workers in the Baltimore region. It is a large but non-randomized sample of the approximately 615 non-union, non-managerial food and retail workers at BWI (about 185 more are members of UNITE HERE). UNITE HERE interviewed all workers willing to be interviewed of those who provided their addresses.

With 198 surveys received, after exclusions of responses that came from supervisory personnel or from workers who had already left employment, there were 175 left. However, among the workers whose surveys were counted, three held two different jobs at BWI concessions operations and therefore were included in the study twice in order to include data about each of their two separate jobs.