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MINIMUM CITY

*Across America (even in Texas)
municipalities are raising
contract workers' pay
to pull them out of poverty.
So why can't El Paso do a living wage for them?*

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By Maria Esquinca | Chucopedia

Editor's note: The workers interviewed for this story asked for their names not to be used because they fear they will lose their jobs. Their identities have been protected with pseudonyms.

Manuel Lopez is a guard stationed on the El Paso side of one of the city's international bridges connecting to Ciudad Juárez. His job consists of making sure pedestrians pay the city's crossing toll, and that they don't get out of line.

Sometimes he has to deal with difficult people — people who are drunk or high on drugs. Sometimes he has to detain them. “*Contamos con el apoyo de los muchachos de inmigración, de Border Patrol, pero básicamente los primeros somos nosotros. Somos la carne de cañon,*” he said. “We can count on the help of Border Patrol officers, but we are the first on the battle line.”



The gun Lopez has to carry to work every day weighs the heaviest on his mind. He says carrying it requires responsibility and ethical standards. “*Entonces eso debe de valer algo, para la compañía no lo vale nada,*” he said. “That should count for something, but to the company, it doesn’t matter.”

Alexa Davila is also a Ruiz security guard. She, too, thinks her weapon is worth something. “If I have to ever pull out this gun the company is not going to back me up. I have to back my own self.”

Despite the responsibility her job demands — not to mention the risk that everybody takes when working in law enforcement — Davila sometimes has no food in her refrigerator.

“Sometimes my checks come out to less than my rent, and I have to pay my phone, I have to buy other things like toilet paper. I’ve taken out three loans since I’ve been working here,” Davila said, her eyes glistening with tears. “It’s not that I don’t know how to save money. It’s just that I can’t.”

Her sentiments are echoed by Maya Rodriguez, a guard for ArtCo, another security firm in El Paso. “*Mija*, I have to do whatever I can,” she said, “It’s kind of hard sometimes.” She qualifies for \$120 a month in food stamps. She needs financial support from her daughter.

All of these struggling workers are employed by companies contracted by the City of El Paso. The city puts out bids for certain services, for example guards at the bridges. Then many companies bid, and the most competitive bidder wins.

All the workers at the bridge have the same gadgets as any security guard or police officer: A shiny, gold badge, silver handcuffs—and that gun. Looking at them, you wouldn't guess that they make only the federal minimum wage: \$7.25 per hour. None makes the lowest amount the city pays most of its directly hired workers: \$10.36 an hour. A few make just pennies more than the federal legal minimum: \$8 instead of \$7.25.

Lopez and the others interviewed are some of 318 security guards, janitors and grounds maintenance employees contracted by the city, earning minimum wage or close to it. They work in buildings all over the city. They guard, sweep, mop, cut grass, and maintain safety at places including bus terminals, bridges, museums, fire stations, police stations, parks, libraries, and City Hall.

In addition to these contracted workers, the city directly hires about 355 people for its Parks and Recreation facilities at sub-minimum wages — people like lifeguards and youth athletic workers.



Although their hires go through the Human Resources department—exactly like the city manager's hire, or the city attorney's — they also make much less than the City's mandated hourly minimum of \$10.36 per hour. Many contracted workers for El Paso County make less than the county's de facto minimum wage of \$10.71 per hour. Further, both the City and County maintain food and other concessions that pay their workers much less than

City and County minimum wages.

For more about all these workers, as well as others doing work for the city under under contracts, see [Hundreds? Thousands? El Paso's Poverty Wage Mystery](#).

About 700 security guards, janitors, parks maintenance people and those hired for Parks and Recreation — and many more people besides — are earning far less than what local government has deemed appropriate for El Paso's public workers. In all, about 6,000 people work for the City of El Paso. A substantial percentage are working for deep-poverty wages.

“La ciudad debería de exigirles que nos pagaran más,” Lopez said. “The City should demand that they pay us more.”

Going Way Back with the Living Wage

“The idea of a minimum wage began in the 1880s with the labor movement, then got adopted in the early 1900s by unions and consumer groups,” said Peter Dreier, a professor of politics at Occidental College, in Los Angeles.

The Living Wage movement, which has developed in the past two decades, was spearheaded by community organizing including by groups like ACORN, Dreier said. He described the movement as one of the most successful community organizing campaigns ever. He said that by inserting the phrase “living wage” into the dialogue, activists have managed to shift the public's opinion of poverty — and about what working people deserve in order not to be poor and to gain dignity.

The Living Wage movement began at the local level in 1994. Community groups, religious organizations, and labor unions in Baltimore, calling themselves Baltimoreans United in Leadership Development (BUILD), organized a grassroots campaign to pass the first Living Wage law, and mandated that businesses that had contracts with Baltimore had to pay employees decently.

By the end of 2015, according to the Texas Association of School Boards, 140

municipalities nationwide had some kind of living wage measure. Most cover only municipal employees or businesses that receive contracts from local governments. In Texas, it's illegal to establish a citywide or countywide minimum wage higher than the federal minimum, for anyone except people doing work for the municipality.

Municipalities providing living wages now include Santa Fe (\$10.91 for *everyone* in working in the city), San Francisco (\$13 for everyone, and set to go up to \$15 in two years), Tucson (\$10.32 to city-contracted workers if they get health insurance, \$11.62 if they don't), Bexar County (\$13 for county employees) – and El Paso (the city is supposed to pay \$10.36 to its directly hired employees; the County pays \$10.71). Several states also have living wages.

Nationwide today, 134 million people live in areas covered by living wages set by local governments above the federal minimum. That's 43 percent of the population.

The Living Wage movement – on a national level at least – seems unstoppable. “If you’re fighting against the minimum wage you’re fighting a losing battle,” said Yannet Lathrop, a policy analyst and researcher at the National Employment Law Project. “It’s a very popular policy.”

A poll by the [Pew Research Center](#) reveals that 50 percent of people believe circumstances beyond a person's control, rather than a lack of hard work, lead to poverty, compared to 35 percent of people who believe that people are poor due to a lack of effort.

The poll also finds that most Americans support increasing the minimum wage. Seventy-three percent favor raising the federal minimum wage



from \$7.25 to \$10.10 an hour: including 90 percent of Democrats, and 71 percent of independents. Even most Republicans – 53 percent – favor the increase.



Omar Hernandez

Despite the national trend, there are places like El Paso who have not increased the minimum wage. A [2014 Oxfam report](#) ranked 50 congressional districts according to the highest concentration of low-wage workers. El Paso has one of the highest rates of minimum-wage workers, and was ranked No. 8. It got the same ranking among districts with the highest concentration of female low-wage workers.

El Paso—A Business-Friendly City

In El Paso, city Rep. Lilly Limon has pushed to increase the minimum wage for those 318 contracted workers employed under security, janitorial and grounds maintenance contracts. She called the current, \$7.25 minimum wage that most get “miserable.” She has argued for a raise as a social justice issue.

“It’s something we should be looking at to be fair and equitable,” she has said. She often recounts the story of Rosalinda, a janitor who quit her job City Hall after working there for 19 years and earning the minimum wage, with no benefits.

When Limon began her effort to raise the minimum wage, she said, she didn’t expect support from City Council. So she approached City Manager Tommy Gonzalez with a modest proposal: “Can we do a dollar increase?” She hoped an increase above that amount could be gradual. But even her \$1 raise “pretty much has been shut down,” Limon said.

Back in February of this year, Limon made a motion to the city manager to gather data to enable city council to approve a wage increase to \$10.15 for all directly hired city employees, and \$10 for contracted employees. Mayor Oscar Leeser asked council to be “open minded” about the request. But then the arguing started. Limon was opposed by city representatives Courtney Niland and Michiel Noe.

Noe called it “fiscally irresponsible” to artificially increase the minimum wage. He

said he couldn't see the "possible good" and suggested that Limon was being irresponsible because the raise would not be "coming out of your pocket."

Things got a little more heated when he literally threw up his hands at the idea of a Living Wage and its suggestion that a \$15 minimum would change the world.

"It won't happen," he scoffed. "We're just going to raise taxes."

Niland echoed Noe and said increasing the minimum wage "destroys families" and would destroy the backbone of the El Paso economy. "It's social policies like these that think they sound really great on paper, but you can't support it with the data."

As Limon countered Niland she told her to "read the economics books."

The mayor said it was too late to do anything then about raising the minimum this year, but suggested that research could be done, and perhaps an increase could happen in the future. However, as Limon continued to press for data and action, she was met by resistance from him.

During a special city council meeting on April 11 after the Purchasing and Procurement Department presented some of the data requested in February, things became heated between her and the mayor.

"Mr. Gonzalez when are we going to get down to business and really address something that this council put forth to address the miserable, low wages we are paying to contracted employees?" she asked the manager.

The mayor stepped in to defend Gonzalez and said they had been working on the budget together. "I expect a flat budget," he insisted. "And if there is a penny increase to the taxpayers I will veto the budget this year."

Leeser has shown more interest for the business community than



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taxpayers. A prominent businessman and the president of Hyundai of El Paso, he began his term with a very clear message — El Paso is business-friendly. He had run in 2013 against then-city representative Steve Ortega, with one of the highest-funded mayoral campaigns in the city's history. Each raised more than \$300,000; Leeser threw in \$90,000 from his own pocket. During his State of the City Address, hosted by the El Paso Chamber of Commerce, he said called economic development “my favorite

topic.”

His message has been echoed by council members who have used his pro-business stance as a talking point to oppose a minimum wage ordinance for contracted workers.

“That’s been the mayor’s mantra, ‘we’re open for business,’” Niland said during the February meeting. She said that supporting an increase in the minimum wage would be like “talking out of both sides of our mouth.” During a city council meeting in April, she said it would be a gross negligence not to involve Borderplex Alliance, The El Paso Chamber of Commerce, and the businesses and unions who would be affected by an increase in the minimum wage. She warned about receding into the pre-Leeser years and creating “a harmful environment for business.”

And at the final budget meeting of the year on June, Noe said increasing the minimum wage for contracted workers would be asking taxpayers to overpay. “Overpay? Lord!,” Limon shouted back.

In response to all the criticism, Rep. Limon has shifted her approach. She has moved for increasing the minimum wage just a tiny bit every year until it reaches

only \$10 an hour. That approach echoes one recommended to council by the Office of Management and Budget, which would increase the minimum wage in small increments starting this year, until it reaches \$10 an hour five years later.

Ten dollars would most likely be worth significantly less five years from now. “Inflation just erodes the value of it as time passes,” said National Employment Project’s Lathrop.

Even with this modest proposal, however, Limon is criticized by Niland’s and Noe’s claims that raising the wage would destroy jobs and be disastrous for the local economy. Faced with such criticism, Limon and her staff failed to cite research that strongly contradicts Noe’s and Niland’s claims.

In fact, research debunks most of the claims raised by the mayor and city council.

Lathrop says there is no evidence that raising the minimum wage leads to job loss. She adds that while older research showed a correlation between increasing the minimum wage and a decrease in jobs, it did not take into account several external factors. Newer research contradicts the earlier finding.

Instead, it shows that increasing the minimum wage positively affect the local economy. “When wage workers have more money to spend, they actually do spend it right away,” she said, “on food, rent, healthcare, clothing, transportation. And that puts money in the economy. That creates more demand and more jobs.”

Politics professor Dreier, at Occidental College, calls this “the multiplier effect,” and says that that business groups and lobbyists have been using the same, tired argument against the minimum wage forever.

“The business lobbyists have had the same mantra for the last hundred years, which is the minimum wage is bad for our business, it’ll kill jobs, it’s a form of communism,” he said. “The fact, ironically, is that raising the minimum wage is good for the economy.”

During the final budget meeting on June it became clear council would not approve a motion to increase the minimum wage, even though Leeser allowed that somehow, the wage for El Paso contracted workers needs to go higher. “But again,” he warned, “we have to look at the consequences of our actions.”

While there has been considerable time devoted to voicing concerns on behalf of the business community, little is known about how El Pasoans themselves would feel about raising the minimum wage. No polling or other scientific research has been done to measure public opinion.

Bidding for Misery

The security, janitorial and grounds maintenance companies that win bids with the city are selected through a competitive process in which they are evaluated based on different factors. Each factor has a score, and together they total 100 points. The company with the highest score generally wins the bid.

The evaluation factor with the highest score is price, so the cheaper the bid, the higher the score. “That’s typically how it works,” said Bruce Collins, El Paso’s director of Purchasing and Procurement. “No single evaluation point or criteria can be more than price.”

Another evaluation factor is medical benefits. If a company offers health benefits that are fully paid by the employer, it scores 10 points. Medical benefits weren’t always a factor. In 2012 city council passed a resolution to assure that contractors would offer them.

“We wanted to make sure that if [the city itself is] offering medical benefits, vacation, whatever, to our employees, that some of the contractors working with us would offer the same,” Collins said.

Despite the measure, which would ideally ensure a better standard of living for contracted workers even with their low pay, the Purchasing and Procurement

Department does not evaluate the quality of the benefits. As a result, when it comes to actually helping workers in a practical way, many of the benefits are illusory.

Ruiz Protective Services, a security guard company based in Dallas, has seven active contracts with the city worth more than \$3 million. These contracts provide security guard services at Sun Metro stations, fire department facilities, and the police department headquarters, among others. Ruiz has consistently scored a “10” under the medical benefit factor.



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However, open records requests reveal a huge disparity between the medical benefits offered by Ruiz in comparison to the city’s health insurance benefits—with Ruiz’s falling far short.

In 2014, Ruiz provided a hospital indemnity insurance plan to its employees through a company called HM Insurance Group. Ruiz paid only \$46.41 per month per member. It had 120 members subscribed for the insurance – meaning Ruiz paid a total of just \$5,569 a month in health insurance for its employees.

Diane Lewis, spokesman for HM Insurance Group, said “It really shouldn’t be confused with employee benefits.” She said a plan like the one chosen is called a hospital indemnity plan, and is “fairly limited in nature.”

For example, [the indemnity plan](#) chosen by Ruiz offered \$200 per ambulance trip to a hospital. Yet an ambulance ride can range from \$1,000 to \$2,000. Other paybacks, for only 12 services — such as a day in the hospital, or use of the emergency room — are similarly minimal.

In comparison, city employees are offered a comprehensive medical plan with more than 70 services. Allergy tests, chemotherapy, prenatal visits, emergency room visits, and treatment for mental disorders with room and board, are covered 100 percent.

But because Ruiz paid for this very limited insurance, it scored a 10 on the city's evaluation.

Chucopedia interviewed six Ruiz employees. All said they had no paid sick leave or holidays. None knew if they had health insurance or how it worked.

One of them, Hernandez, said that he and his co-workers have asked for insurance cards and been told they have to call the company. But the employees don't know the name of the company to call.

Hernandez said when he gets sick he goes to Juárez.

When asked how Ruiz can score a 10 if employees say they do not know if they have medical benefits, Purchasing and Procurement Department head Collins said employees do not have to accept the insurance in order for the company to score a 10. The evaluation score is based on the company solely offering insurance.

Ruiz is no longer a customer of HM Insurance group because their indemnity plan was discontinued in January 2015. "It was the company's decision to do that," Lewis said.

ChucoPedia attempted to interview Hector Ruiz, the owner of the company. He refused to answer questions, other than to say that he would support an increase in the city's minimum wage for his workers.

The Case for the Minimum Wage in El Paso

In the last budget meeting of the year, Robert Cortinas, director of the Office of

Management and Budget, presented an analysis of the budgetary impact increasing the minimum wage would have on the city.

The analysis included two alternatives: a five-year phase-in plan and a seven-year phase-in to reach \$10 an hour.

According to the presentation, the city pays \$9.72 million annually in contracts for janitorial, security and grounds maintenance. Increasing the minimum wage to \$10 an hour would add \$2.88 million. That's only a small part of the budget proposed by City Manager Gonzalez for fiscal year 2017. It is \$904 million, a \$60 million increase from the previous year.

"In the worst case scenario we're talking about increasing the city budget by 0.3 percent" – in other words, less than one-third of 1 percent. "This is according to their own data," said University of Massachusetts economist Robert Pollin, who studies living wage issues. He said that due to the competitive nature of the bids, contractors would absorb some of the labor costs associated with increasing the minimum wage. The 0.3 percent estimate therefore is probably high.

"What we're really talking about is probably something along the lines of 0.1 percent." Pollin added that the cost could be even far less than that.

According to the Economic Policy Institute calculator, which calculates the cost of living in communities nationwide, for one adult and two children to have a decent standard of living in El Paso, income should be \$49,000. That comes out to \$25 per hour.

"Can the city afford to pay that to get people to \$10 an hour," Pollin asked, "which is less than half of what one might call a living family wage in the area?"

During the budget presentation, Leeser said increasing the minimum wage could deter companies from bidding with the city.

Pollin disagreed. "I'm sure they can find people that'll take the contracts," he

said. “You can guess that somebody is going to want to take these contracts because those are quite advantageous. If one person doesn’t take them another person will.”

Chucopedia tried several times to arrange an interview about Living Wage issues with Mayor Leaser. He declined to be interviewed.

A future for the Living Wage in El Paso?

“It’s unfortunate ... that so much of the population that is making \$7.25 ends up being a non-voting population. They’re not organized. They don’t have a union. It’s just them,” Limon said.

As “just them,” many contracted workers declined an interview with Chucopedia because they were afraid of losing their jobs. Hernandez said they fear retribution.

“Yo soy de los unos que no me dejo, si yo hablo, a los demás les preguntan y no quieren hablar por el temor de las represalias de que vayan a perder el trabajo,” he said. “I’m one of the few that doesn’t get bullied. I’ll talk, but the others are afraid of talking because they’re afraid of the company, that they’ll lose their jobs.”

Lopez says he’s afraid to speak out publicly because Ruiz Protective Services is one of the few companies that offer overtime, something he needs in order to make ends meet. He earns about \$600 a week and works 70 hours a week. Without the overtime he would make about \$290 a week. Most guard work 40 hours a week.

Dreier said without a progressive city council, it’s impossible for a minimum wage ordinance to pass unless there is unionizing and community and grassroots organizing. In his hometown of Pasadena California, these forces put great effort into getting a minimum wage ordinance passed.

“We organized and we had meetings and rallies and protests, brought hundreds of people out to the meetings, and last March [City Council] voted 8 to 0 to support a

minimum wage.” He cited many cities nationwide that have gone through the same process, successfully.


In El Paso, some organizing has been done around raising the minimum wage for workers left behind.

Lift Up El Paso Alliance, a coalition of nonprofit community groups, faith-based institutions, and labor organizations, has just successfully concluded a five-year effort to pass a wage theft ordinance. Wage theft occurs when employers illegally fail to pay workers their wages. The city’s new ordinance requires that contractors with records of wage theft be placed in a city database, and that the city refuse to enter into new contracts with them.

Chris Benoit, a representative for Lift Up El Paso, said that since the wage theft ordinance was passed earlier this year, Lift Up has started to focus on collecting data to prepare for the upcoming budget cycle and on creating policy strategy and speaking with council members and county commissioners. The group wants to make sure that all employees in the city’s and county’s contracting and concessionaire chains are paid a living wage. Lift Up will be trying to do that, Benoit said, via public education, advocacy, and lobbying.

Meanwhile, Lilly Limon promised to “keep kicking the can down the road.” In August, she was the only city representative to vote against the city manager’s proposed 2017 budget. She said she voted against it because it did not include raises for minimum wage contract workers.

Debbie Nathan contributed to this story by making several open records requests

 mscanlon999@gmail.com / August 25, 2016 / Border, Community, Politics / chucopedia, Debbie Nathan, El Paso, Maria Esquinca, minimum wage, poverty, US-Mexico border

4 thoughts on “”

 **Aurolyn Luykx**

September 10, 2016 at 3:15 am

Great work Maria. Glad to see that El Paso is producing quality journalists like yourself. (But wages will have to go up if they want to keep you!)

It's a shame that those who consider themselves “fiscally responsible” turn a blind eye to the fact that raising the minimum wage actually IMPROVES the local economy. When you put money into the hands of low-income people, they spend

it, locally.

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