



BELOW THE RADAR

How Sea-Tac Airport's substandard working conditions hurt our region and how other major airports changed course toward growth and prosperity

Puget Sound Sage • March 2013



“ I grew up in the SeaTac area, my father worked in the SeaTac area — he was a ramp serviceman for United Airlines and my mother was a homemaker.

Because of the strength of our society, I had opportunity. I had a good public education, access to higher education.

My father was a member of a union — so he got decent wages and benefits at his blue collar job. That enabled me to pursue my hopes and dreams, and that’s what I want for everyone in society as well.

Equality of opportunity — a chance at creating that middle class life and I’m very worried that we’re losing that.”

Representative Adam Smith

9th Congressional District
(which includes Sea-Tac Airport)

Source: “Adam Smith, 9th Congressional District Democrat” www.kings5.com (2012).
Available at: <http://www.kings5.com/news/politics/its-your-time/173313361.html>,
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Puget Sound Sage is building communities where all families thrive. Sustainable growth for our region requires good jobs, quality employment opportunities, a cleaner environment and affordable housing for families with low- and moderate-incomes.

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EXECUTIVE SUMMARY

Many travelers are unaware of the work it takes to fly in and out of Sea-Tac Airport safely, comfortably and with all their belongings. The people who handle baggage, clean cabins and provide assistance for the elderly and passengers with disabilities are essential to the quality of this experience, yet they endure poor wages, benefits and working conditions. The consequences and their underlying causes are below the radar of the public and policy makers. It does not have to be this way.

Four major West Coast airports — Los Angeles International, San Francisco International, Oakland International and San José International — have set minimum workforce standards to address the adverse effects of low-wage jobs and outsourcing. These airports' policies are setting standards that create economic success for workers, local economies, airports and their airlines. Moreover, a comparison between airline and airline contractor operations at these West Coast airports and Sea-Tac Airport shows that Sea-Tac is below standard.

For decades, the airline industry has cut costs on ground-based operations that are critical to passenger air service — including baggage handling, cabin cleaning and wheelchair services. By outsourcing these services to businesses with lower wages and fewer benefits, the industry's workers, their communities and travelers have been subjected to many unintended, negative consequences. Currently, 2,100 workers at Sea-Tac Airport endure poverty-level wages, no benefits and unsafe working conditions. A majority of these workers live in neighboring suburban cities with a dramatically higher poverty rate (16%) than the rest of King County (9%) and worse reported health. As airport workers rely on public services to feed their families, the airport's largest carrier, Alaska Airlines, boasts record profits for 2012.

Airline contractors compete fiercely by cutting costs that can also compromise airport security, public health and passenger safety. Before the tragic events of 9-11, low wages for passenger screeners led to such high rates of turnover (approaching 200% a year) that Federal agencies determined nationwide airport security to be compromised. Thirteen years later, airport workers with other vital

security functions continue to make poverty wages. Also, studies at major U.S. airports show that key personnel, such as wheelchair agents and cabin cleaners, lack proper safety equipment, receive inadequate training and cannot take paid time off for illness. Recent allegations filed by over 50 airline contractor employees with Washington’s Division of Occupational Safety and Health indicate similar problems at Sea-Tac Airport.

Highlighted below are our findings.

Sea-Tac Airport has fallen behind minimum workforce standards set by major West Coast airports.

	Minimum Compensation	Health Insurance Incentive	Worker Retention	Paid Time Off (PTO)
San Francisco (SFO)	\$12.43 – 14.18	Yes	Yes	12 days PTO, 10 unpaid days off
Los Angeles (LAX)	\$15.37	Yes	Yes	12 days PTO
San José (SJC)	\$14.71	Yes	Yes	No
Oakland (OAK)	\$13.45	Yes	Yes	12 days PTO
Sea-Tac (SEA)	\$9.19	No	No	NO

These four West Coast airports implemented standards to reduce poverty, strengthen safety and security, improve public health and minimize the public cost of their low-wage workforces.

- All four airports raised wages to reduce poverty in their cities. Thousands of airline contractor employees on the West Coast currently earn \$3.74 to \$6.18 more per hour than their counterparts at Sea-Tac Airport, for the same jobs.
- Concerned with the public cost of care for uninsured airport workers, as well as the risk of exposure to H1N1 and potential pandemics at the airport, LA’s City Council offered paid sick days and offered a health insurance incentive for workers at Los Angeles International Airport.
- San Francisco’s Board of Supervisors implemented workforce standards at San Francisco International Airport to address the adverse effects of low wages and high turnover. Fifteen months after implementing these standards,

employee turnover fell dramatically, decreasing by an average of 60% among firms that experienced average wage increases of 10% or more.

- After learning about low-wage working conditions at Oakland International Airport, Oakland voters overwhelmingly approved (78%) a living wage ballot measure for all airport workers.

Sea-Tac Airport and its dominant carrier, Alaska Airlines, can meet West Coast standards.

- Alaska Airlines has made record profits for several years and analysts expect the carrier to continue outperforming its competitors.
- A significant percentage of Alaska Airlines' operations (12.5%) occur at West Coast airports that have established workforce standards. This number comprises one out of eight of all Alaska enplanements (the number of passengers boarding flights).
- Requirements for living wages and better benefits have not prevented Alaska Airlines from expanding business.
 - In 2012 Alaska Airlines invested \$16 million to renovate a terminal at LAX, the airport with the highest minimum wage on the West Coast.
 - Alaska Airlines increased passenger volume at San José (SJC) by 26% following implementation of living wage requirements.
- Several of Alaska Airlines' contractors at Sea-Tac Airport — all multi-national companies with global customers — operate successfully under workforce standards at other airports.
- Sea-Tac Airport's monopoly on regional air travel will prevent loss of airline business to local competitors.

Recommendations: Sea-Tac Airport and Alaska Airlines should meet West Coast standards.

Agencies responsible for the health and welfare of King County residents should work together to enact policy and programs that align with the standard set by other West Coast airports. Alaska Airlines can and should lead this transformation. The minimum standards should include:

- Living wages
- Paid time off for sick and personal days
- Worker retention for airline and airport contractors
- Flexibility for collective bargaining
- Increased security and safety training

INTRODUCTION

In the last year, there have been a number of attempts to put the working conditions of Sea-Tac Airport employees on the radar. In early 2012, Puget Sound Sage co-authored *First Class Airport, Poverty Class Jobs*. The report documents that thousands of workers at Sea-Tac Airport earn annual incomes close to the poverty line.¹ Although the Port of Seattle, which operates Sea-Tac Airport, frequently boasts of being a regional economic engine and creator of family-wage jobs, the report reveals a workforce that had been left behind as prosperity soars for others.² Alaska Airlines, serving nearly half of all travelers at Sea-Tac Airport, made record profits as wages fell for airline service workers.³ More jobs shifted to ground-based service contractors, like Menzies Aviation and DAL Global Services (DGS), as airlines shed good jobs at the airport. Amidst these trends and growing airport revenues, the Port of Seattle failed to take responsibility for declining working conditions.

Throughout 2012, Sea-Tac Airport workers voiced growing concern over safety, employment rights and low wages in a series of high-profile activities. In April, nearly 1,000 workers, community residents and faith leaders marched in the City of SeaTac to protest poor working conditions.⁴ Over fifty clergy led another march in September to Alaska Airlines headquarters to raise these issues directly with CEO Brad Tilden.⁵ A month later, employees of Aircraft Service International Group, who provide fueling for Alaska Airlines and most other airlines at Sea-Tac, threatened to strike over hazardous working conditions and retaliation against a company whistleblower.⁶ Finally, in November, over 50 workers performing a wide range of airline services, such as aircraft cabin cleaning, wheelchair assistance and baggage handling, filed formal complaints about their working conditions with the State Department of Labor and Industries.⁷ The complaints included exposure to toxic chemicals, harassment, denial of bathroom breaks or access to water, exposure to faulty fueling equipment, and outright wage theft by multi-national firms.⁸ These stories received broad nightly news, radio, blog and print coverage.

In Puget Sound Sage's last report, we pointed to airports in four cities that have enacted wage, training and workforce stability policies, setting a new standard for the West Coast — Los Angeles, Oakland, San Francisco and San José.⁹ This report explores how and why these airports established standards for their workforces, and demonstrates what we can do to change conditions at Sea-Tac Airport.



Port of Seattle photo by Don Wilson

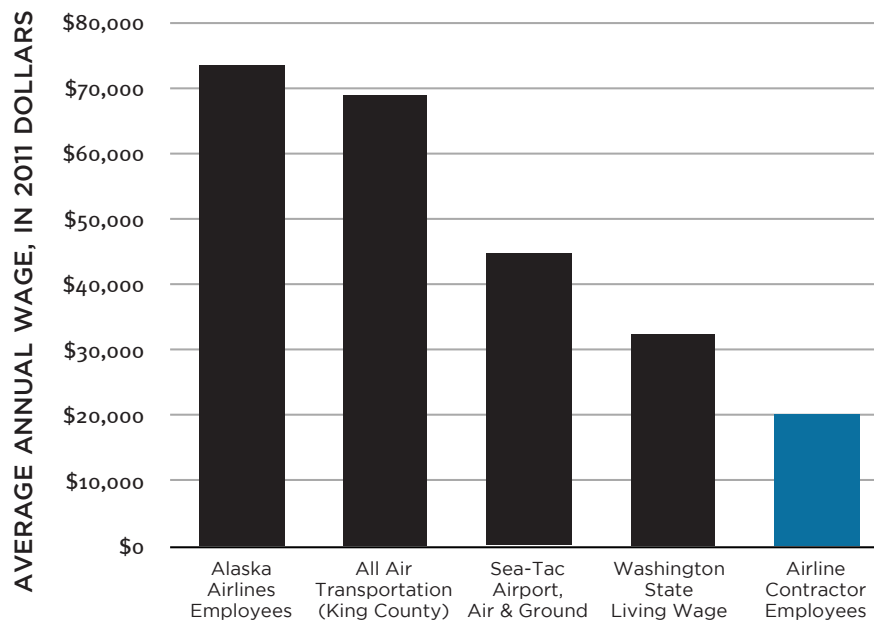
THE DOWNSIDE OF AIRLINE OUTSOURCING: *Workers, Passengers and the Local Economy Bear the Consequences of Declining Wages and Working Conditions*

Over the past 30 years, airlines outsourced vital services as a cost cutting measure. However, increasing passenger complaints and rising poverty for workers and their communities indicate that outsourcing has many unintended negative consequences.

THOUSANDS OF SERVICE WORKERS AT THE BOTTOM OF SEA-TAC AIRPORT'S ECONOMY

An estimated 6,300 workers are employed by businesses that help passengers get to the airport, through the airport and to their destinations.¹⁰ Specialized services and low-wage jobs characterize these businesses. About 2,000 of these workers provide ground transportation services, including off-airport parking, rental cars, shuttle service and taxis. The remaining

Figure 1 – Airline Contractor Employees at Bottom of Industry



Sources: Bureau of Transportation Statistics, WA State ESD, Martin and Associates, Alliance for a Just Society, Authors' Analysis of Airport Worker Survey

4,300 provide airport-based services to passengers and passenger airlines, including an estimated 1,800 workers who prepare and serve food inside the terminal, sell products to travelers and clean the airport. None of these workers, however, is employed by the airlines or Sea-Tac Airport itself.

By far the largest group of low-wage airport workers — an estimated 2,500¹¹ — is employed by businesses that contract with airlines to provide essential, ground-based services. Some of these workers are employed under union contracts, and have medical and pension benefits, or are managers and administrative staff. However, most of these workers — an estimated 2,100¹² — make poverty wages, or earnings that if added up over a year put a worker near or below the Federal poverty threshold.¹³ Few workers have benefits, such as health insurance, vacation, sick days or retirement.¹⁴ For comparison, Figure 1 shows that in 2011 the average estimated income for these workers (\$20,176) fell far below the average earnings of other air transportation workers, including Alaska Airlines employees (\$73,500), air transportation workers throughout King County (\$68,900) and combined Sea-Tac air and ground workers (\$44,700).¹⁵ The income of these contractor employees also fell below the state’s “living wage” (\$32,600), which represents the earnings required for a single adult to meet his or her most basic expenses without government assistance.¹⁶

SHIFT TO OUTSOURCING, LOW-BID COMPETITION LEADS TO “RACE TO THE BOTTOM”

Forty years ago, major airlines directly hired and managed employees to run ground services at airports, both inside the terminal and outside.¹⁷ Sitting in their airplane seats at the gate, passengers would see the same logo on their flight attendant’s jacket as the overalls of the person loading their luggage. After deregulation in 1978, however, airlines began outsourcing a variety of their airport operations to save money, primarily through lower, non-union wages offered by their contractors.¹⁸ As airlines faced industry-wide challenges from the 1990s and 2000s — putting many legacy carriers out of business or into bankruptcy — the trend only strengthened. Today, a growing number of ground-based services throughout the U.S. are performed by airline contractors (see *Ground Based Services Provided by Airline Contractors* on page 9 for a description of these services).¹⁹

Although airlines have multiple reasons for outsourcing, such as focusing on core operations, a dominant motivation has been cutting labor costs.²⁰ Across the country, as airlines outsourced ground-based functions, union airline workers were replaced by non-union workers employed by a growing group of aviation service companies. Major companies at Sea-Tac Airport include Menzies Aviation, DAL Global Services (DGS), AirServ, BAGS and Aviation Services International Group (ASIG).²¹ At most major airports, airlines now have several companies to choose from and benefit from fierce competition among them to offer low costs for their services. This prevalent business practice has created a two-tiered system of passenger aviation workers: well-compensated employees working directly for airlines and low-wage, few or no

benefit employees of airline contractors.

Outsourcing of ramp service workers by Alaska Airlines best illustrates the larger story here in the Puget Sound region. Prior to 2005, Alaska Airlines self-performed baggage handling and related ramp activities at Sea-Tac Airport.²³ Alaska baggage handlers earned an average of \$15.59 per hour (adjusted for inflation) with a maximum pay of \$23 per hour.²⁴ Nearly 500 workers were terminated in spring of 2005 and were told they could reapply for their jobs with Menzies Aviation,²⁵ with wages offered at \$10.17 an hour (adjusted for inflation).²⁶ In 2012, many Menzies workers made even less, an estimated \$9.66 an hour, on average.²⁷ Not only did this workforce lose significant wages and union benefits from being outsourced, the communities in which workers lived suffered millions in lost income.²⁸

Ground-Based Services Provided by Airline Contractors²²

Ramp Services: Ramp contractors provide a myriad of services to keep planes functioning and safe. After a plane has landed, ramp workers complete a variety of tasks outside the plane, including guarding the equipment from theft or terrorists, moving and sorting passenger bags to the terminal or next flight, removing waste from the lavatory, fueling the plane, and removing ice to ensure the plane is safe to fly. This work is sometimes referred to as “below the wing.”

In-cabin Services: Cabin service workers make sure that the bathrooms and seat trays are disinfected to prevent the spread of infectious disease, and restock any in-flight catering items. They clean and restock the cabin after passengers have deplaned and before new passengers board. This is sometimes referred to as “above the wing.”

Passenger Services: Passenger services typically occur inside the terminal and include check-in staff, skycaps, and wheelchair assistants or ambassadors. These workers check passengers onto a flight, take bags at the curbside, and help people that need assistance moving from check-in to their gate. Wheelchair ambassadors help people with injuries or disabilities, the elderly, and children move throughout the airport.

AIRLINE CONTRACTOR EMPLOYEES FACE POOR WORKING CONDITIONS

In *First Class Airport, Poverty Class Jobs*, we described several challenges faced by airport workers who are paid poverty wages. Over 2,100 low-wage workers at Sea-Tac Airport make an estimated \$9.95 an hour (in 2012 dollars), only 76 cents above the State’s minimum wage.²⁹ As described above, someone making this wage — employed full time, year round — would see annual earnings just above the poverty threshold. Even airline contractor employees with many years at the same company make little more than the estimated average.³⁰ Further compounding low annual

DGS Cabin Cleaners Make Low Wages, Work Under Harsh and Unsafe Conditions

Cabin cleaners play a vital role in the airline industry. The disinfecting responsibilities of cabin cleaners are important in stopping the spread of illness and disease. They also, especially post-9-11, have taken on added responsibilities as front-line security personnel, accountable for checking the cabin for potential weapons or explosives.³⁸

Cabin cleaners often have to work fast — when an airplane is on quick “turn-around,” they may have as little as 10 minutes to clean a Boeing 737 aircraft with 157 seats before new customers are boarded.³⁹

A DGS cabin cleaner hired at Sea-Tac Airport today will be paid the state minimum wage of \$9.19 an hour or slightly above that.⁴⁰ This is approximately \$5.62 an hour below the living wage for a single adult in Washington State.⁴¹

In contrast, cabin cleaners at other West Coast airports — cleaning the same aircraft for the same airlines, with the same job standards and requirements — are paid between \$3.74 and \$6.18 more per hour.⁴²

In a focus group with DGS employees, workers claimed that DGS also cuts costs in many other ways, including the following:⁴³

- **No paid time off.** One worker, employed at DGS for more than five years, said “This year, after I earned 40 hours of paid time off, they [DGS] took this benefit away.”
- **Shorting workers on hours.** Another long-tenured worker told us, “I used to work full time from 6:30am until 2:30pm, but now our shift is only 6 hours from 9am until 3pm”
- **Health insurance beyond reach.** Expressing a common experience, a DGS employee stated, “Health insurance through DGS costs between \$70 and \$120 per week. I make \$300 a week and I can’t afford to buy their health insurance.”

earnings, airline contractors frequently offer less than full-time hours or year-round employment even if desired by employees.³¹

As a result, many airport workers struggle to make ends meet, particularly with major expenses such as rent, food and health care. For example, local food banks have become an important source of family nutrition for many airport workers and their families (see discussion in the next section) and many workers qualify for food stamps.³² Lacking health insurance, over 1,100 airline-related workers and their dependents rely on State health programs which cost millions in public funds.³³ Many workers experiencing poverty use emergency rooms for urgent medical care that could have been prevented with routine care.³⁴ In addition, low pay and lack of health insurance create insecurity and stress for workers and their families.

In the fierce competition for airline business, some contractors cut costs in other ways that adversely affect their employees. For example, many airport contractor employees have no paid sick days and lack vacation. One worker we spoke with from DGS explained, “I’ve worked for DGS for over 9 years... Unfortunately, every few years DGS has taken away more and more benefits. They used to help pay for part of our health insurance, but three years ago they stopped paying. Last year, they cut our hours. Then this year after I earned 40 hours of vacation, they took that benefit away too.”³⁵ In safety and health hazard allegations filed with Washington State Labor and Industries, workers complained of limited or no access to bathrooms while cleaning aircraft cabins and lack of protective equipment, such as masks and gloves, when using caustic chemicals.³⁶ Ramp workers who refuel aircraft also alleged faulty hose connections, resulting in leaks during fueling, and causing fuel-soaked uniforms that must be taken home to wash.³⁷

AIRLINE CONTRACTOR EMPLOYEES’ LOW WAGES AND BENEFITS WEAKEN LOCAL ECONOMIES AND PUBLIC HEALTH

While poverty-level compensation for thousands of airport jobs has profound effects on workers and their families, it also has a ripple effect on the communities surrounding Sea-Tac Airport. A survey of airport service workers by Working Washington, an economic justice organization, showed that over 50% of airport workers live in close-by, suburban communities.⁴⁵ These include the City of SeaTac, Burien, White Center, Des Moines, Federal Way, Tukwila and Kent. Despite the contribution of Sea-Tac Airport to the region’s economy and the prosperity of its largest companies, the surrounding communities do not reflect the same economic health. Table 1 shows that a disproportionate share of residents in these communities represent the region’s poor, with a poverty rate (16%) dramatically higher than the rest of King County (9%). Children suffer at an even greater rate, with 25% in poverty compared to 10% for the rest of the county. Race and immigration also play a role — for people who were not born in the United States, the poverty rate in communities neighboring Sea-Tac Airport is 22%, compared to 14% in the rest of King County.⁴⁶



“As a SeaTac City Council member, I can see the impact of this poverty-wage airport economy every day. When so many people struggle to provide their families with life’s basic needs, our neighborhoods suffer. Kids struggle to thrive in school. And South King County communities like mine struggle to build strong local economies without a solid base of living-wage jobs.”⁴⁴

—Mia Gregerson, Deputy Mayor, City of SeaTac

The large number of low-paying airport jobs held by local residents also contributes to a drain on businesses, local government revenues and community institutions. The steep drop in compensation when Alaska Airlines outsourced ramp services in 2005 reduced worker earnings by as much as \$5 million a year.⁴⁸ These reduced earnings have a ripple effect on spending at local businesses and tax revenues for cities and the County. In addition, community institutions must operate with fewer donations and offer more in community services. Reverend Jan Bolerjack, of Riverton Park United Methodist Church in Tukwila, reports that many airport workers are forced to use her church’s food bank because of low pay and inadequate hours.

Table 1 – Communities Surrounding Sea-Tac Airport Experience High Poverty Rates⁴⁷

	POVERTY RATE	
	Surrounding communities to Sea-Tac Airport	Rest of King County
All persons	16%	9%
Children	25%	10%
Foreign born	22%	14%

Source: Authors’ Analysis of American Community Survey, 2006-2011

“My church runs the Food Pantry, the largest food bank in Tukwila. I hear story after story from people standing in line at the Food Pantry, of long hours spent in airport jobs that leave the workers still unable to put enough food on the table for their families. They must either wake early after a graveyard shift or take time on their day off to come to the pantry. Many are asked to work split shifts, disrupting their whole day with very low wages, leaving them little time to manage school schedules for their children or good food habits for their families. The fast food in the area or a can of soup and chips from the Pantry feed the families of many of our airport workers. It is distressing to see so many hard-working airport employees struggling to choose between rent, utilities and food.”

In addition to high poverty rates, people living in communities surrounding the

airport also suffer from poor health. Public Health – Seattle & King County reports that residents living near Sea-Tac Airport compare poorly to the rest of King County on several health indicators.⁴⁹ Table 2 shows that residents in surrounding communities are more likely (15%) to report being in the worst categories of health than residents in the county as a whole (10%). They also report less access to health insurance and less ability to afford seeing a doctor.⁵⁰

Table 2 – Communities Near Sea-Tac Airport Have Poor Health Indicators⁴⁹

	RESIDENTS REPORTING ON HEALTH	
	Surrounding communities to Sea-Tac Airport	All of King County
Reported “poor” or only “fair” health	15%	10%
Adults (18-64) uninsured	26%	16%
Could not afford to see doctor	15%	10%

Source: Public Health – Seattle & King County

PASSENGER SAFETY, SECURITY AND HEALTH COMPROMISED BY LOW-WAGE EMPLOYMENT

Scholars, analysts and government agencies have raised serious concerns over the past fifteen years that outsourcing leads to declining safety, security and customer service.⁵² This section will explore and summarize how the effects of outsourcing – including low wages, few benefits, minimal training and cutting corners on equipment – hurt passenger service at airports.

The most significant effect of low wages on employment practices is high turnover of workers. No story better illustrates this than employment practices at discount retailers Sam’s Club (owned by Wal-Mart) and Costco. Costco offers employees an average of \$17 an hour with 82% receiving health benefits while Sam’s Club offers employees about \$10 an hour with less than half receiving health benefits.⁵³ As a result, annual turnover at Costco is only 17% compared to 44% at Sam’s Clubs.⁵⁴ A comparison of turnover costs at the two stores shows that Sam’s Club loses \$612 million a year from turnover while Costco loses only \$244 million.⁵⁵ This story shows that companies using low-wage employment strategies to compete incur hidden costs that counter-balance wage savings.

Airports have proven susceptible to the unintended consequences of low-wage employment practices, particularly the resulting high rates of worker turnover. Before



“*My church runs the Food Pantry, the largest foodbank in Tukwila. I hear story after story from people standing in line at the Food Pantry, of long hours spent in airport jobs that leave the workers still unable to put enough food on the table for their families....The fast food in the area or a can of soup and chips from the Pantry feed the families of many of our airport workers.*”

— Reverend Jan Bolerjack,
Riverton Park United Methodist Church in Tukwila

the events of 9-11, airlines bore responsibility for security screening at airports and contracted with private firms to operate security check points. As with airline contracting today, airlines awarded work to companies that submitted the lowest bids and paid poverty wages to their employees. In 2000, only a year before the tragic events of 9-11, the Government Accountability Office (GAO) reported that high turnover and poor training resulted in compromised security, with little incentive for airlines to make improvements.⁵⁶ In some airports, turnover for security screeners approached 200% a year.⁵⁷ Although the GAO and members of Congress expressed urgency in fixing this problem, little was done until after 9-11. Airport security screening was eventually federalized, in part, to permanently fix problems related to outsourcing.⁵⁸

Long after the Transportation Security Administration (TSA) took over passenger screening, questions remain about airport security beyond the check points. Surveys of workers at San José (SJC) and Los Angeles (LAX) airports, conducted before those airports enacted workforce standards discussed in the next section, revealed that airline contractors with security roles continued to operate like pre-9-11 screening contractors — low-wages and inadequate training. The security roles included cabin security checks, looking for suspicious behavior, maintaining secure areas and responding to emergencies. The survey results showed that:

- Workers at both airports received relatively low pay. In the case of San José, most workers received no benefits.
- Four out of five (80%) airline contract workers with security functions at San José had no formal training on how to evacuate the terminal, and nearly half (48%) had received no training on procedures in case of emergency.⁵⁹
- Less than 25% of workers with security duties at LAX reported receiving formal training on conducting plane searches for dangerous items. Only one in four (25%) surveyed workers with security duties said they received training in identifying suspicious behavior.⁶⁰

- Only 10% of LAX passenger service workers surveyed reported they had been trained in terminal evacuation and emergency procedures.

These studies of airport workers revealed ongoing vulnerabilities in an airport system dependent on airline contractors to prevent rare, yet potentially devastating, security events.

The pressure for airline contractors to reduce costs can compromise customer service and safety through cutting corners on equipment and training. Nationwide, wheelchair service for disabled passengers remains a critical airline responsibility affected by outsourcing. For millions of people with limited ability to navigate airport terminals and board planes, wheelchair service plays a critical role in their journey. Yet wheelchair service contractors compete with each other primarily on cost, typically providing their employees low wages, little training and faulty equipment.⁶¹ For example, the survey of LAX workers discussed above revealed that 75% of wheelchair attendants reported working with broken or faulty wheelchairs, and one third (33%) indicated a passenger had been in danger due to faulty equipment or lack of training.⁶² At Sea-Tac Airport, all 10 wheelchair ambassadors who recently filed safety and health hazard complaints alleged that they received inadequate training to respond to emergencies and safely move disabled and overweight passengers.⁶³

Outsourcing and continued cost cutting by airline contractors likely has contributed to a recent rise in national complaints by disabled air travelers. A 2012 report by the Secretary of Transportation to Congress documented an increase in complaints by disabled passengers, from 13,766 in 2006 to 21,372 in 2011 (an increase of 55%).⁶⁴ Over half of the complaints involved airline-provided wheelchair services.

Airline contractors also play a critical role in public health at our nation's airports. Outbreaks of deadly viruses over the last 10 years, such as SARS and H1N1, prove that crowded airports can exacerbate the spread of global diseases.⁶⁵ Other diseases that can be spread by airborne transmission at airports include tuberculosis, measles and influenza.⁶⁶ Many airport workers have higher exposure to infectious disease spread by travelers by virtue of where they work. Yet many airline contractor employees, such as skycaps, cabin cleaners and wheelchair agents, live paycheck to paycheck and have an economic incentive to go to work sick. Nationwide, only one in five (18%) low-wage workers in the private sector are provided paid sick days.⁶⁷ A 2008 survey of airport workers in San José revealed that only 4% had any paid sick days.⁶⁸

Wheelchair agents are required to have significant, direct contact with travelers as they are required to help people into wheelchairs and move them through the airport. Yet travelers that need wheelchair services are more likely to be susceptible to infectious disease — the elderly and people with medical conditions or compromised immune systems.⁶⁹ Contractors that provide wheelchair services can compromise public health by denying paid sick days.

LANDING A BETTER FUTURE WITH WORKFORCE STANDARDS

Airline outsourcing of ground-based services creates unintended, negative consequences for airports, travelers, workers and surrounding communities in Seattle and across the U.S. As we find in the next section, the governing bodies of four West Coast airports determined that those consequences — poverty wages and compromised safety, security and public health — required policy solutions. We explore how they addressed those problems, by establishing minimum workforce standards for businesses operating at their airports. These minimum standards do not exist at Sea-Tac Airport.

SETTING THE STANDARD:

West Coast Cities Ensure Quality Workforces at Their Airports

In sharp contrast to Sea-Tac Airport’s governing body, the Port of Seattle, public officials in four West Coast cities — San José, Los Angeles, San Francisco and Oakland — implemented quality work standards for airport workers as strategies to reduce poverty, increase customer service, and create safer and more secure operations. Airport leaders were explicitly concerned with the effects of high worker turnover rates, a churn of service companies and a general “race to the bottom” as described in the previous section of this report.

A study by researchers at U.C. Berkeley confirms that these standards can accomplish their goals. Research at San Francisco International Airport (SFO) demonstrates that before the City established standards in 2000, airline service contractors suffered from rapid turnover in their workforces, with security screener turnover as high as 110% per year.⁷⁰ After San Francisco implemented a living wage, the decrease in turnover led to tighter security, improved customer service and a cost savings of roughly 11% to employers.⁷¹

The standards discussed in this report include a wide range of workforce requirements that ensure quality airport operations. The key provisions and requirements are discussed below and then specified for each airport in Table 3 below.

Living Wage

Living wage policies require that airport businesses, including airline contractors, provide a higher minimum compensation for workers. For example, the City of Los Angeles’ most recent policy revision increased the minimum wage at the airport to \$15.37/hour.⁷² (In contrast, the current minimum wage at Sea-Tac Airport is Washington’s minimum wage of \$9.19/hour.)

Health Benefit Incentives

These provisions are usually integrated in living wage requirements and allow the employers to pay a lower wage if they offer health insurance.

Paid Time Off

At San Francisco, Oakland, and Los Angeles International Airports, employers must provide paid sick and/or vacation days.

Worker Retention

Worker retention requires that an airline replacing one contractor with another must retain the current workforce for a certain period of time, such as 60-90 days. This ensures that when an airline switches contractors, the existing workforce is not fired wholesale and replaced by a brand new one. The policy encourages airport-wide workforce stability and creates a disincentive for contractors to enter into bidding wars premised on replacing higher paid workers with lower paid workers. Worker retention policies encourage airline service contractors to retain experienced and trained staff. All four airports provide a worker retention provision.

Training Programs

Two airports (SFO and SJC) implemented standards programs that require minimum safety trainings based on job function.⁷³ For example, at SFO, workers with security or safety functions are required to have 40 hours of training.⁷⁴ At SJC, passenger service workers are trained on Americans with Disabilities Act (ADA) compliance and proper etiquette in assisting persons with disabilities.⁷⁵

Flexibility for Collective Bargaining

All four airports incorporate provisions that recognize collective bargaining agreements between covered businesses and employee unions. These agreements include guarantees rarely offered by non-union contractors — such as retention of experienced workers through seniority provisions, allowances for sick days and funeral leave, equipment maintenance and family medical insurance. In order to recognize existing benefits in collective bargaining agreements, all four airports include flexibility in their policies to accommodate them.⁷⁶

The airport profiles below provide a description of how each governing body enacted workforce standards and highlight significant, or complex, provisions. For a more detailed list at each airport, see Table 3.

Table 3 - Labor Standards at West Coast Airports ^{77,78,79,80,81,82}

	Minimum Compensation	Health Insurance Incentive	Worker Retention	Paid Time Off (PTO)	Collective Bargaining Agreement Provisions	Minimum Training Requirements
San Francisco (SFO)	\$12.43 – \$14.18	Yes	Yes	12 days PTO, 10 unpaid days off	Yes	Increased from industry standard of 8 hours to 40 hours of security training
Los Angeles (LAX)	\$15.37	Yes	Yes	12 days PTO	Yes	No
San José (SJC)	\$14.71	Yes	Yes	No	Yes	Yes – Created and expanded minimum training based on sector
Oakland (OAK)	\$13.45	Yes	Yes	12 days PTO	Yes	No
Sea-Tac (SEA)	\$9.19	No	No	No	No	No

SAN FRANCISCO INTERNATIONAL AIRPORT: STANDARDS SHOW PROVEN RESULTS

Just one year before September 11, 2001, the City of San Francisco passed a living wage and training standards program to address declining airport security.⁸³ Studies by the Federal Aviation Agency (FAA) and the Government Accountability Office (GAO) in the late 1980s and 1990s revealed a decline in airport security directly related to airlines’ reliance on third party contractors to perform passenger screening.⁸⁴ As discussed in the previous section, the GAO called attention to high worker turnover as a major factor in declining performance. Between May 1998 and May 1999, turnover for screeners at San Francisco International Airport (SFO) was as high as 110%.⁸⁵

In late 1999, SFO’s Airport Director proposed and supported a package of standards, including minimum compensation, enhanced hiring practices, improved working conditions and increased training.⁸⁶ In January 2000, the Airport Commission approved and implemented these standards as part of a “Quality Standards Program” for airport workers. Subsequently, all ground handlers, passenger services workers and security screeners saw workplace improvements that have remained in place for nearly thirteen years.⁸⁷



“With a living wage and union benefits, I am able to continue to pay my mortgage on my small home. I don’t have to pay rent to someone else and have to move every couple of years because a landlord has upped my rent. As well as a decent wage, I have affordable urgent care health insurance. This gives me and my family a lot of peace of mind. I feel that the living wage has made working at SFO better for us workers and better for society. It has also made it better for passengers. I have seen progress and improvements in the last couple of years.”

— Leigh Browder, Skycap, SFO

In addition to the Quality Standards Program, the City of San Francisco implemented a Health Care Accountability Ordinance (HCAO), which guarantees quality health insurance or medical care for most airport workers.⁸⁸ These related policies were designed to improve working conditions by helping the industry attract, train and maintain high quality workers.⁸⁹ Highlights of the SFO standards include the following:

- A minimum living wage of either \$12.93 or \$14.18 for any workers with safety or security functions, including baggage handlers, fuelers and cabin cleaners.⁹⁰
- Guaranteed, quality health insurance from an employer or medical care from the City for workers making less than \$14.18 an hour.⁹¹ Employers not providing insurance to employees must pay \$3.75 to the City to adequately fund medical care for uninsured airport workers.⁹²
- A minimum of 40 hours of training for workers with safety or security functions, a significant increase from the FAA required minimum of 8 hours at the time.⁹³

In addition to benefitting from these standards, many airline service workers at SFO who are represented by unions also have collective bargaining agreements with their employers. Airline service contractors with collective bargaining agreements at SFO include AirServ/ABM, G2, Prime Flight and Aircraft Service International Group (ASIG). Except G2, all of these contractors also operate at Sea-Tac Airport. ⁹⁴

Three years after the Quality Standards Program (QSP) was implemented, the University of California, Berkeley, published a report assessing the outcomes of the program. This report represents the most comprehensive study of the impacts of workforce standards on airlines, airports and workers. The authors concluded that following implementation of the program:

- Employee turnover fell by 60% among firms that experienced average wage increases of 10% or more.⁹⁵ As a result, employers saved \$6.6 million annually from reduced turnover costs.⁹⁶
- Employees reported working harder (44%), with more skills (50%), and at a faster pace (37%).⁹⁷
- Employers reported improvements in employee morale (47%) and decreases in grievances (45%), employee disciplinary issues (44%), and absenteeism (29%).⁹⁸
- The cost of the QSP amounted to about \$1.42 per passenger.⁹⁹
- Approximately 9,700 workers received a wage increase between April 2000 and June 2001.¹⁰⁰ As a result, the local economy saw a total increase of \$56.6 million in annual earnings for ground-based, non-management employees.¹⁰¹

LOS ANGELES INTERNATIONAL AIRPORT: POLICY MAKERS SAFEGUARD STANDARDS AND SAVE PUBLIC MONEY

The Los Angeles City Council implemented an airport living wage to improve airport security, enhance public health, and decrease expenditures on public services required by the LAX's large poverty-wage workforce.¹⁰² Los Angeles initially established living wage standards for City contractors, including those at the airport, in 1997 and later expanded coverage twice to include all workers in and outside of the terminal.¹⁰³ However, thousands of workers with key duties for airport operations were not covered by the original ordinance, and did not benefit from health insurance incentives, higher wages or paid sick days.¹⁰⁴ The City estimated that public health services and insurance for LAX workers and their families cost the State \$3.9 million per year.¹⁰⁵ Yet these workers helped provide security, safety, and mobility assistance for nearly 51 million passengers a year.¹⁰⁶ Concerned

Workers Bargain for Passenger Safety

AirServ workers and Aero Port Services at LAX are represented by the Service Employee International Union - United Service Workers West (SEIU-USWW), and have negotiated several provisions in their respective collective bargaining that benefited both customers and workers.¹¹² These workers provide wheelchair services, baggage assistance, cabin cleaning and security checks. Provisions include:

- Properly maintaining equipment, safety appliances and materials necessary to perform work assignments.
- Employer provided uniforms.
- A specific clause highlighting the details of wheelchair maintenance in order to improve service to passengers and protect employee health and safety. In addition, the employer agreed to limit the number of passengers a worker can serve at a given moment.

with the public cost of uninsured airport workers, as well as the risk of exposure to H1N1 and other pandemic viruses, the City Council extended the Living Wage Ordinance to cover this workforce in 2009.¹⁰⁷ Currently the Living Wage Ordinance includes the following provisions:

- 12 paid days off and 10 unpaid days off annually.¹⁰⁸
- A minimum wage of \$15.37, with a credit of \$4.67 towards the total if the employer provides health benefits.¹⁰⁹
- Worker retention in the event the airport or airlines replace one contracting firm with another for the same function.¹¹⁰

In addition to these benefits, many Los Angeles Airport workers have collective bargaining agreements. The airlines with the largest market shares — including American Airlines (14.2%), United Airlines (12.1%), Southwest Airlines (11.4%), and Delta Airlines (10.8%) — contract with unionized companies.¹¹¹ See sidebar for examples of customer and worker safety provisions bargained by workers at LAX.



The experience in the City of Oakland indicates that the procurement by contract of services has all too often resulted in the payment by service contractors to their employees of wages at or slightly above the minimum required by federal and state minimum wage laws...

*Underpaying employees in this way fosters high turnover, absenteeism and lackluster performance. Conversely, **adequate compensation mitigates these undesirable conditions and promotes increased productivity, efficiency and workplace stability.***

—City of Oakland

OAKLAND INTERNATIONAL AIRPORT: COMMUNITY CREATED STANDARDS

In 2001, the Oakland City Council placed a charter amendment on the ballot that would create living wage and other labor standards for airport and seaport businesses. Seventy-eight percent of voters approved the amendment in March of 2002.¹¹³ Several years before the initiative, when establishing a living wage at the City of Oakland, Oakland City Council had noted negative consequences of outsourcing:

“The experience in the City of Oakland indicates that the procurement by contract of services has all too often resulted in the payment by service contractors to their employees of wages at or slightly above the minimum required by federal and state minimum wage laws. Such minimal compensation tends to inhibit the quantity and quality of services rendered by such employees, to the City and to the public. Underpaying employees in this way fosters high turnover, absenteeism, and lackluster performance. Conversely, adequate compensation mitigates these undesirable conditions and promotes increased productivity, efficiency and workplace stability.”¹¹⁴

The initiative covered an estimated 1,400 low-wage workers at Oakland’s Airport, including baggage handlers, security guards, and food service workers.¹¹⁵



“I’ve worked at San José Airport for 8 years. Until the new law, we didn’t know how long our jobs would last because our employer could be replaced at any time by the airline. I couldn’t make long-term plans with my family or know if we could afford to stay here. Since the living wage went in, the airline has changed contractors several times but my co-workers and I have been able to keep our jobs.”

— **Charlie Silva**, Wheelchair Ambassador, SJC

Later in 2002, the Port of Oakland adopted the new charter amendment requirements through ordinance that expanded benefits for both airport and seaport workers under its jurisdiction.¹¹⁶ The expanded policy includes the following provisions:¹¹⁷

- A minimum compensation of \$13.45 an hour, with a \$1.75 credit towards the total wage if an employer offers health insurance.
- Twelve compensated days off for sick leave, vacation or personal necessity.
- A 90-day worker retention period in the event the airport or any airport business replaces one contracting firm with another for the same function. Note that this provision covers rental car companies and their contractors, in addition to airline contractors and lessees in the terminal.

MINETA SAN JOSÉ INTERNATIONAL AIRPORT: AIRLINE SUPPORTS STANDARD AND PROSPERS

The City of San José originally adopted a living wage for all City contractors in 1998. With the support of Southwest Airlines (the dominant carrier at the airport), the City expanded the law to include all workers at SJC in 2008.¹¹⁸ The City Council found that expanding living wage benefits to airport workers was critical to improving the health and welfare of a large group of San José workers, as well as encouraging the retention of an experienced, well-trained workforce to enhance airport safety, security and customer service.¹¹⁹ In supporting the living wage ordinance, Southwest’s CEO Gary Kelly told City leaders, “I want to thank you and the entire San José community for creating an environment where Southwest Airlines has been able to grow and prosper.”¹²⁰ The Airport Living Wage Ordinance (ALWO) included:

- A living wage of \$14.71, with a \$1.25 credit towards the total wage if an employer offers health insurance.¹²¹
- A Training Standard program that required employers to provide minimum, relevant training hours for specific worker roles.¹²²



“I want to thank you and the entire San José community for creating an environment where Southwest Airlines has been able to grow and prosper.”

—Southwest Airlines CEO Gary Kelly,
writing in support of San José International
Airport’s living wage requirement

- Flexibility for employers and unions to negotiate exceptions to certain elements of the law as long as the agreement honors the purpose and intent of the policy.¹²³

Two years later, the City of San José recognized that Southwest Airlines’ collective bargaining agreements with its own employees met or exceeded the intention of airport labor standards and created an exemption for the airline to ensure they remained intact.¹²⁴ In doing so, Southwest Airlines demonstrated that a dominant airline in a mid-sized airport can successfully incorporate living wage and other labor standards into a cost-effective operation.

SEA-TAC INTERNATIONAL AIRPORT: AIRLINES CHOOSE SUBSTANDARD OPERATIONS

Four of the most important airports on the West Coast have set new standards for compensation and workforce stability. Among them are two of the largest airports in the U.S. and one ranked 6th in the world. Thousands of workers employed by airline service contractors at these airports have higher wages and benefits than their counterparts at Sea-Tac Airport. Many of these workers also benefit from having collective bargaining agreements.

Three of the four airports have dominant carriers that have significant bargaining power in negotiating with airport management.¹²⁵ These carriers, along with other major airlines, have continued operations under the new standards. Furthermore, the four airports all compete within their urban areas with other airports. Despite the competition, these airports maintain their standards and, in some cases, grew dramatically after implementation.

Here, in the Puget Sound region, our airport and major airline fall far below West Coast standards. Yet Sea-Tac Airport holds a virtual monopoly on commercial passenger air service and Alaska Airlines remains one of the nation’s most profitable carriers. In the next section, we describe how Alaska Airlines and their contractors have already adjusted to higher standards at West Coast airports, which makes the case that they can effectively meet those higher standards at Sea-Tac Airport as well.

SEA-TAC AIRPORT CAN MEET THE WEST COAST STANDARD

With existing models for adopting workforce standards and evidence that these standards benefit workers, travelers, airports and airlines, the question remains: can similar standards be implemented at Sea-Tac Airport? As the dominant carrier at Sea-Tac Airport, Alaska Airlines has significant influence on policy and practices. Below we explore the carrier's position in the West Coast market and aspects about Sea-Tac Airport that show such standards are not just needed, but feasible.

WORKFORCE STANDARDS HAVE MARGINAL EFFECTS ON ALASKA AIRLINES' BUSINESS DECISIONS

Alaska Airlines operates at all four of the West Coast airports with higher workplace standards. In fact, 12.5% of the entire carrier's market share (1 out of 8 enplanements) was generated at these airports in 2011.¹²⁶ While Sea-Tac Airport serves as Alaska Airlines' largest hub, only one in three (31%) enplanements occurs there.¹²⁷ Bringing Sea-Tac Airport up to standard would represent a modest increase in the carrier's ground-based operations under living wage and other requirements.

Living wage requirements appear to have had minimal impact on Alaska Airlines' ability to operate cost-effectively. For example, before San José Airport's living wage requirements went into effect in 2009, Alaska Airlines generated nearly 446,000 enplanements and held 8.6% of total market share at SJC.¹²⁸ By 2011, the carrier had increased to over 561,000 enplanements and increased market share to 13.4%.¹²⁹ Additionally, Alaska Airlines recently invested \$16 million dollars to renovate Terminal 6 at LAX¹³⁰, the airport with the highest minimum wage requirement (\$15.37) on the West Coast.¹³¹ These decisions provide evidence that higher workforce standards for the carrier's ground-based operations do not compromise competition for market share or profitability. Furthermore, outsourced services represent only 5% of Alaska Airlines' total operational costs across all airports.¹³²

In addition to the carrier itself, airline service contractors doing business with Alaska Airlines at Sea-Tac Airport also do business at the four comparison airports. Table 4

**Table 4 – Major Airline Contractors at Sea-Tac Airport
Also Operate at West-Coast-Standard Airports ¹³⁷**

	Sea-Tac	Los Angeles	San Francisco	Oakland	San José
Menzies Aviation	✓	✓	✓		✓
ABM/Airserv	✓	✓	✓	✓	✓
Aircraft Service International Group (ASIG)	✓	✓	✓		
DAL Global Services (DGS)	✓	✓		✓	

shows four major aviation service companies that successfully operate under higher workforce standards on the West Coast, as well as at Sea-Tac Airport. All of these companies operate globally, have at least 7,000 workers and are subsidiaries of multi-national corporations.^{133,134,135,136} In theory, implementing standards at any airport should not negatively affect contractors. In fact, workforce standards can “even the playing field” for any businesses competing for contracts with airlines on the basis of costs. With wages and benefits taken out of consideration, contractors compete on other factors, such as quality, reliability, and service.

ALASKA AIRLINES DEMONSTRATES RESILIENCY, CAN AFFORD TO SUPPORT STANDARDS

Alaska Airlines has withstood several decades of turbulence in the U.S. airline industry and has come out ahead.¹³⁸ Twenty years ago, over a dozen legacy airlines competed in a post-deregulation environment. Today, most of the legacy carriers, such as TWA and Northwest Airlines, are gone or have merged. With the advent of low-cost carriers, business models have greatly changed. Since 2007, airlines have faced the largest challenge yet — the biggest economic slump since the Great Depression. Volatile fuel prices, a substantial decrease in passengers, periodic virus epidemics and yet more airline bankruptcies and mergers have dramatically changed the market.¹³⁹ It may not be the largest airline in the U.S. (it is the 7th largest), but since 2010 the carrier has been making record profits.¹⁴⁰ In 2012, Alaska Airlines

recorded an annual profit of \$339 million and an annual return on investment of 13%.¹⁴¹ As one analyst put it, “We believe that this airline’s best days are ahead of it.”¹⁴² Alaska also prides itself on generosity to its own workers, giving back \$88 million in bonuses, or about 8% per employee.¹⁴³

Alaska Airlines competes with both low-cost carriers and legacy carriers, but comparisons are frequently made with Southwest Airlines. Like Alaska Airlines, Southwest has been profitable during the booms and busts of the industry over several decades. Like Alaska, Southwest has major operations in all four West Coast airports, including dominant market positions in San José and Oakland.¹⁴⁴ Like Alaska, Southwest has placed a high value on good relationships with its own employees.¹⁴⁵ Unlike Alaska, Southwest has supported public officials’ efforts to enact higher workforce standards. For example, when the City of San José proposed to expand its living wage ordinance to the airport in 2008, during some of the worst economic contractions of the Great Recession, Southwest openly supported passage.¹⁴⁶ Meanwhile, Alaska was silent in the public debate. Also in contrast to Alaska Airlines, Southwest did not contract out ramp services when Menzies took over the majority of ramp operations at Sea-Tac Airport in 2005.

Southwest Airlines	Alaska Airlines
Profitable in 2011 and 2012 ¹⁴⁷	Profitable in 2011 and 2012 ¹⁵⁰
Southwest is the dominant airline at two airports with workforce standards, San José and Oakland ¹⁴⁸	Alaska airlines is the dominant airline at Sea-Tac Airport ¹⁵¹
Southwest Airlines openly supported and advocated for an Airport Living Wage Ordinance at San José in 2008	Alaska Airlines was silent on the living wage in San José
At Sea-Tac, Southwest baggage handlers are direct employees of Southwest, and receive the benefits of direct airline employment and are covered by a union contract. ¹⁴⁹	At Sea-Tac, Alaska Airlines outsourced 472 family-wage, union jobs to Menzies in 2005, resulting in a massive loss of wages and benefits for our region. ¹⁵²

ON THE RADAR: HOW SEA-TAC AIRPORT IS IDEALLY POSITIONED TO MEET THE WEST COAST STANDARD

With a highly profitable dominant airline, solid year-over-year revenues and one of the country's top performing regional economies, Sea-Tac Airport seems well positioned to meet the standard set by its West Coast peers.¹⁵³ Moreover, unlike the four comparison airports, Sea-Tac Airport holds a monopoly position for passenger air travel in the Puget Sound region and cannot lose significant business to price competition from a nearby airport.

Cost estimates for setting workforce standards at San Francisco and Oakland Airport also provide strong evidence that the economic effects are marginal to customers and airports. Authors of the U.C. Berkeley study on the outcomes of SFO's Quality Standards Program estimate that if all costs of higher wages, health benefits, paid time off and training were passed on to travelers, it would amount to only \$1.42 per enplanement.¹⁵⁴ If born entirely by the airlines, the estimated \$58 million cost would represent less than 1% of total fare revenues.¹⁵⁵ These costs are likely a great over-estimation, as they do not take into account savings from increased productivity and reduced turnover that typically accompany living wages. Another study by the same authors estimated that the cost of implementing a living wage at Oakland Airport would be \$0.59 per flying passenger.¹⁵⁶

The benefit to King County and airport workers of better standards at Sea-Tac Airport could be enormous. A study of wages and equity at LAX showed that a \$3 wage increase for 5,000 ground-handling workers could result in an increase of \$39 million in additional household spending in Los Angeles County — of which 54% would benefit local stores and businesses where the workers live.¹⁵⁷ Cities like Burien, Tukwila, SeaTac, Des Moines, Kent, Seattle and other municipalities where airport workers live would see more tax revenues, stronger businesses and healthier communities.

RECOMMENDATIONS

Sea-Tac Airport is ready for workforce standards that truly create opportunity for everyone. Public officials in King County responsible for the health and welfare of county residents should help create workforce standards at Sea-Tac Airport. Alaska Airlines, as the dominant business at the airport with considerable influence on airport operations, must help lead this transformation. Specifically, we recommend the following:

- ✓ **Minimum standards for airport workers** should be put in place, including:
 - **A living wage**
 - **Paid time off** for sick and personal days
 - **Worker retention** for airline and airport contractors
 - **Flexibility for collective bargaining**
 - **Increased security and safety training**
- ✓ **Alaska Airlines should lead other carriers in ensuring better working conditions for workers** employed by their own contractors and support public policy that creates higher workforce standards at Sea-Tac Airport.
- ✓ **All concerned local officials and stakeholders should work quickly to align Sea-Tac Airport with the standard** set by other West Coast Airports.

ENDNOTES

- ¹ Mendoza, David, et al, First Class Airport, Poverty Class Jobs: How the Port of Seattle and Alaska Airlines Create Prosperity for Some and Economic Hardship for Others, Puget Sound Sage, One America, Faith Action Network and Working Washington (May 2012). Available at: <http://pugetsoundsage.org/downloads/First-class%20Airport,%20Poverty-class%20Jobs.pdf>, accessed on February 27, 2013.
- ² For example, see Port of Seattle, Port of Seattle Annual Report to the Community 2009/10 (2010). Available at: http://www.portseattle.org/about/publications/documents/2009_pos_ar2009_printversion.pdf, accessed on February 25, 2013. In it, Commission President Bill Bryant states that, “In this economy, our Port is more important than ever. The region needs the family-wage jobs our facilities create.”
- ³ Alaska Airlines is technically Alaska Air Group, a holding company for both Horizon Airlines and Alaska Airlines. Throughout the report, we will use Alaska Airlines to refer to both of these brands. For profitability in 2010 and 2011, see Mendoza, David et al. For profitability in 2012, see endnote 141. For the company’s total market share (49.9%) at Sea-Tac Airport, measured by enplanements, see Port of Seattle, “Current and Historic Traffic and Operations Statistics – Enplaned Passengers by Airline, December 2012.” Available at <http://www.portseattle.org/About/Publications/Statistics/Airport-Statistics/Pages/default.aspx>, accessed on March 8, 2013.
- ⁴ Ran, Tiffany, “Airport workers fight for better wages – part 1 of 2: International Worker’s rally draws attention to conditions for airport workers,” [www.nwasianweekly.com](http://www.nwasianweekly.com/2012/06/airport-workers-fight-for-better-wages-part-1-of-2-international-workers-rally-draws-attention-to-conditions-for-airport-workers), Northwest Asian Weekly (6/7/2012). Available at: <http://www.nwasianweekly.com/2012/06/airport-workers-fight-for-better-wages-part-1-of-2-international-workers-rally-draws-attention-to-conditions-for-airport-workers>, accessed on February 25, 2013.
- ⁵ Shay, Steve, “Over 50 clergy & 500 marched to Alaska Airlines headquarters demanding good jobs, fair pay,” www.highlinetimes.com, Highline Times (9/7/2012). Available at: <http://www.highlinetimes.com/2012/09/07/news/update-over-50-clergy-500-marched-alaska-airlines>, accessed on February 25, 2013.
- ⁶ Unattributed, “Sea-Tac aircraft fuelers authorize strike,” www.kirotv.com, Kiro 7 (10/3/2012). Available at: <http://www.kirotv.com/news/news/Sea-Tac-aircraft-fuelers-discuss-possible-strike/nSSGt/>, accessed on February 25, 2013.
- ⁷ Arab, Zahid, “Workers claim hazardous working conditions at Sea-Tac Airport,” www.king5.com, King 5 News (12/13/2012). Available at: <http://www.king5.com/news/cities/seattle/Sea-Tac-Airport-investigated-for--183446011.html>, accessed on February 25, 2013. See also Gross, Ashley, “Sea-Tac airport worker complaints spark state investigation,” www.kplu.org, KPLU (12/13/ 2012). Available at: <http://kplu.org/post/Sea-Tac-airport-worker-complaints-spark-state-investigation>, accessed on January 4, 2013.
- ⁸ Allegations were filed by workers from four aviation service companies operating at Sea-Tac Airport, including AirServ, ASIG, DAL Global Services and Bags. Specific complaints cited here are from worker statements. The source documents are the Alleged Safety or Health Hazards complaint forms filed with Department of Labor and Industries Division of Occupational Safety and Health on November 26, 2012. Copies of the complaint statements were furnished to the authors upon request to Working Washington. Working Washington is listed on the complaint forms as the representative of employees.

- ⁹ Mendoza, David, et al.
- ¹⁰ All workforce size estimates in this report are derived from two primary sources. First, for workers in the terminal or workers who have access to the tarmac, we analyzed security badge data by firm for the month of January 2013. The badge data was requested from the Port of Seattle through a public records request. For this report, we have assumed that the number of active badges held by each firm represents the number of their current employees. Second, for employees working in non-secure areas, such as the rental car facility or terminal curbs, we used workforce estimates generated for the Port of Seattle in Martin Associates, “2007 Economic Impact of the Port of Seattle,” Port of Seattle (February, 2009). Available at: http://www.portseattle.org/Supporting-Our-Community/Economic-Development/Documents/EconomicImpact_20091.pdf, accessed on February 27, 2013.
- ¹¹ Ibid.
- ¹² This estimate represents all airline contracted workers minus employees working for in-flight catering companies, who work under a collective bargaining agreement that includes health and pension benefits. We have also assumed that 10% of total employees for any firm are managers and subtracted their number from the total.
- ¹³ Mendoza, David, et al.
- ¹⁴ Based on conversations between Puget Sound Sage staff and airport workers over the last 12 months.
- ¹⁵ Mendoza, David, et al. These figures are presented in 2011 dollars.
- ¹⁶ Ibid.
- ¹⁷ Mendoza, David, et al.
- ¹⁸ Ibid.
- ¹⁹ Ghobrial, Atef, “Outsourcing in the airline industry: policy implications,” *Journal of Transportation Law, Logistics and Policy* 72(4), (2005): 457-473.
- ²⁰ Alaska Air Group, Annual Report 2005 (4/10/2006). Available at: http://media.corporate-ir.net/media_files/irol/10/109361/ALASKAAIRar.pdf, accessed on: March 8, 2013.
- ²¹ See Table 4 in this report.
- ²² Our categories were drawn from conversations with ramp workers at Sea-Tac airport and ground handling industry literature. See “Training Brochure,” International Air Transport Association. Available behind a firewall at <http://www.iata.org/training/courses/Documents/training-interactive-brochure.pdf>, accessed on February 28, 2013.
- ²³ Gates, Dominic, “Arbitrator rules Alaska Airlines broke union contract when it outsourced baggage handling,” *www.seattletimes.com*, The Seattle Times Company (8/8/2008). Available at: http://seattletimes.com/html/business/technology/2008098978_alaska08.html, accessed on February 6, 2013.
- ²⁴ See Gates, Dominic for the original wages in 2005. In *First Class Airports, Poverty Class Jobs*, we adjusted the wages from this article upward to 2011 dollars in order to make comparisons with other wages, in current dollars. The Alaska Airline ramp worker wage cited in the article is \$13.41, which we adjusted to \$15.59 using CPI-U for the Seattle metro area.
- ²⁵ Unattributed, “Alaska Airlines axes 472 ramp workers,” *Associated Press* (5/13/2005). Available at: http://www.msnbc.msn.com/id/7845230/ns/business-us_business/t/alaska-airlines-axes-ramp-workers, accessed on January 23, 2013.
- ²⁶ Gates, Dominic. The wage level cited in the article is \$8.75 an hour, adjusted to \$10.17 to reflect 2011 dollars.
- ²⁷ Mendoza, David et al. The wage cited in the report reflects 2011 dollars. See *First Class Airports, Poverty Class Jobs* endnote 15 for how we estimated this average wage.
- ²⁸ Gates, Dominic. In 2011 dollars, wages for the same ramp jobs decreased from \$15.59 an hour to \$10.17 – a difference of \$5.42 an hour per worker (assuming full-time, year-round employment). Annualized (2,080 hours), this represents a decrease of \$11,274 in earnings per worker. When Alaska Airlines outsourced the 472 jobs ground handling jobs, up to \$5,321,139 may have been lost in total income for the region.
- ²⁹ The average wage was estimated from a survey of airport workers, first published in *First Class Airports, Poverty Class Jobs*. See endnote 45 for details. In that report, we estimated the average wage for this workforce at \$9.70 an hour, in 2011 dollars. For comparisons with current minimum wages at other West Coast airports in this report, we have adjusted the earlier figure using the annual CPI-U for the Seattle

metro area. This adjustment should capture natural wage inflation as well the increase in the State of Washington's minimum wage from 9.04 to 9.19 to make the estimate contemporary.

³⁰ Ibid.

³¹ As one wheelchair provider with BAGS stated, "They hired me as a full-time employee. However, since day one I never worked eight hours in any day. The maximum hours I worked in one day so far is six hours." See endnote 9.

³² Mendoza, David, et al.

³³ Mendoza, David, et al.

³⁴ Peppe, Elizabeth, Jim Mays and Holen Chang, "Characteristics for Frequent Emergency Department Users," Kaiser Family Foundation (October, 2007). Available at: <http://www.kff.org/insurance/upload/7696.pdf>, accessed on March 8, 2013.

³⁵ This information was collected from a small focus group of DGS workers conducted on February 2, 2013. Note that participating workers requested that they remain anonymous to avoid retaliation from their employer.

³⁶ See endnote 8.

³⁷ See endnote 8. Also, see Ervin, Keith, "Sea-Tac jet fuelers threaten strike over safety, worker's suspension," [www.seattletimes.com](http://www.seattletimes.com/html/localnews/2019335901_jetfuelers04m.html), The Seattle Times Company (10/3/2012). Available at: http://seattletimes.com/html/localnews/2019335901_jetfuelers04m.html, accessed on February 5, 2013.

³⁸ See endnote 35.

³⁹ Ibid.

⁴⁰ Ibid.

⁴¹ Henry, Ben, Julie Chinitz and Dennis Osorio, Job Gap Report: Searching for Work that Pays, Alliance for a Just Society (2012). Available at: <http://allianceforajustsociety.org/wp-content/uploads/2012/11/2011-Job-Gap-Report.pdf>, accessed on February 2, 2013.

⁴² See Table 3.

⁴³ See endnote 35.

⁴⁴ Gregerson, Mia, "Alaska Airlines should hire contractors that pay a living wage," [www.seattletimes.com](http://www.seattletimes.com/html/opinion/2018963554_guestmiagregersonxml.html), The Seattle Times Company (12/21/12). Available at: http://seattletimes.com/html/opinion/2018963554_guestmiagregersonxml.html, accessed on February 5, 2013.

⁴⁵ Data on worker residence was obtained through an unpublished, non-random survey of airport workers conducted from October 2011 through April 2012, and compiled by Working Washington. For place of residence, we analyzed 950 records with zip code data. For earnings, used elsewhere, we analyzed a sample of 310 records with wage data. For more details, see endnote 15 in First Class Airports, Poverty-Wage Jobs. For corroboration on residence of workers, see also Airport Jobs, "About Us - Fast Facts." Available at: <http://www.airportjobs.org/about-us>, accessed on February 25th, 2013.

⁴⁶ Authors' analysis of census data: Tables S1701 and B17025, American Community Survey, 2006-2011, US Census Bureau. Available at: <http://factfinder2.census.gov/faces/nav/jsf/pages/index.xhtml>, accessed on January 31, 2013. We defined Sea-Tac Airport adjacent communities as the following places: Burien, Des Moines, Federal Way, Kent, Tukwila, City of SeaTac and White Center. These places were determined by geographic proximity to Sea-Tac Airport and analysis of zip code data from a worker survey (see endnote 45). The zipcodes of these Sea-Tac Airport adjacent communities had the highest concentration of Sea-Tac Airport workers (nearly 60%).

⁴⁷ Ibid. Note: these communities comprise 16% of all King County's population.

⁴⁸ Gates, Dominic. See endnote 28 for the authors' calculation of earnings loss.

⁴⁹ Authors' analysis of regional health profiles: Public Health – Seattle & King County, "City Health Profiles." Available at: <http://www.kingcounty.gov/healthservices/health/data/CityProfiles.aspx>, accessed on February 27, 2013. The profiled region includes the cities of Burien, Des Moines, Federal Way, Kent, City of SeaTac, Tukwila and White Center.

⁵⁰ Ibid.

⁵¹ Ibid.

⁵² Ghobrial, Atef. See also Working Partnerships USA, Building a Better Airport: Expanding a Living Wage and Job Training to Workers at San José International Airport (April, 2008). Available at: <http://www.wpusa.org/Publication/Building%20a%20Better%20Airport.pdf>, accessed on November 29, 2012. See

also United States Government Accounting Office (now the Government Accountability Office), Report to Congressional Requesters: Aviation Security, Long-Standing Problems Impair Airport Screeners' Performance (June 2000). Available at: <http://www.gao.gov/assets/160/156968.pdf>, accessed on February 25, 2013.

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- ⁵⁴ *Ibid.*
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- ⁵⁸ Reich, Michael, Peter Hall and Ken Jacobs, *Living Wages and Economic Performance: The San Francisco Airport Model*, Institute of Industrial Relations, University of California, Berkeley (March, 2003). Available at: http://www.irl.berkeley.edu/research/livingwage/sfo_mar03.pdf, accessed on December 17, 2012.
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- ⁶⁰ Briones, Carolina and Aiha Nguyen, *Under the Radar: How Airline Outsourcing of Passenger Services Compromises Security and Service Quality at LAX*, Los Angeles Alliance for a New Economy (July 2007). Available at: http://laane.org/downloads/Under_the_Radar.pdf, accessed on February 25, 2013.
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- ⁶³ See endnote 8.
- ⁶⁴ United State Department of Transportation, *Annual Report on Disability-Related Air Travel Complaints: Report of the Secretary of Transportation to the United States Congress* (June 2012). Available at: <http://www.dot.gov/sites/dot.dev/files/docs/2011GeneralText.pdf>, accessed on January 23, 2013.
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- ⁶⁸ Working Partnerships USA.
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- ⁷⁰Reich, Michael, et al.
- ⁷¹ *Ibid.*
- ⁷² Bureau of Contract Administration, "Current and prior living wage rates for airport employees," City of Los Angeles (June 2012). Available at: <http://www.lawa.org/uploadedFiles/LAWA/pdf/Living%20Wage%20Rates%20of%20Airport%20Employees.pdf>, accessed on March 8, 2013.
- ⁷³ Mineta San José International Airport, "Role Based Training – Training Requirements per Function," City of San José. Available at: http://www.flysanjose.com/fl/business/training/Attachment_A.htm, accessed on March 8, 2013.
- ⁷⁴ Reich, Michael, et al.
- ⁷⁵ See endnote 73.

- ⁷⁶ Although airport authorities cannot require airport businesses to negotiate collective bargaining agreements, policy provisions that recognize these agreements allow workers, their representatives and employers flexibility to negotiate benefits that are not covered by living wage policies, such as health insurance, pensions, work uniforms, and workplace maintenance.
- ⁷⁷ For a description of labor standards that covers most workers at SFO, see San Francisco International Airport, “Quality Standards Program,” City and County of San Francisco (8/18/2009). Available at: <http://www.flysfo.com/web/export/sites/default/download/about/rules/pdf/QSP.pdf>, accessed on March 8, 2013. For compensation requirements, however, a range of wages can be calculated based on the Airport’s Quality Standards Program (QSP) combined with other City policies. First, the City’s Minimum Compensation Ordinance (MCO) (see endnote 78), requires that airport employees working for contractors, tenants or concessionaires of the Airport receive a minimum wage of \$12.43/hour. Additionally, the QSP stipulates that workers “involved in performing services which directly impact safety and/or security” must receive \$0.50 more an hour, for a total of \$11.. This category includes nearly all employees except retail and concessionaire workers. QSP covered workers who were hired before 2009 could also receive an additional \$1.25 an hour (for a total of \$14.18) if they opted out of employer paid health insurance. However, most airport workers are also covered by the City’s Health Care Accountability Ordinance (HCAO) (see endnote 78), which requires employers to either provide quality health insurance or pay \$3.75 an hour into a City public health fund. A worker not insured by an employer does not receive additional compensation, but he or she can receive free or low-cost health insurance from the City and County of San Francisco. In other words, nearly all workers at SFO receive either a wage of \$14.18 an hour, or at least a wage of \$12.43 plus quality health insurance or medical care with an approximate value of \$3.75 an hour.
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- ⁷⁹ Source documents that describe Los Angeles’s Living Wage Ordinance and the amendment expanding it to airport workers can be found at the City of Los Angeles’ Bureau of Contract Administration’s website. Available at: http://bca.lacity.org/index.cfm?nxt=lco&nxt_body=content_lwo.cfm, accessed on March 8, 2013. For current wage requirements, see endnote 72.
- ⁸⁰ Worker retention requirements for LAX workers can be found in City of Los Angeles, The Service Contractor Worker Retention Ordinance and Amendments. Available at http://bca.lacity.org/index.cfm?nxt=soc&nxt_body=content_scwro.cfm, accessed on March 8, 2013.
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- ⁸³ Reich, Michael et al.
- ⁸⁴ United States Government Accounting Office.
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- ⁸⁶ San Francisco Airport Commission, Minutes of the Airport Commission Meeting of December 7, 1999, San Francisco International Airport (12/7/1999), Available at: <http://www.flysfo.com/web/export/sites/default/download/about/commission/agenda/pdf/minutes/M120799.pdf>, accessed on March 8, 2013. The proposed package of standards was presented by Airport Director John Martin and Deputy Director Bob Rhoades at an Airport Commission meeting in December, 1999. In this meeting Director

Martin noted that the program would enhance the Airport Commission’s goal of safety and security. Bob Rhoades noted that there several vendors have safety and security functions at the airport, and implementing standards would help improve airfield operations and workforce stability.

- ⁸⁷ See endnote 77, “Quality Standards Program.”
- ⁸⁸ See endnotes 77 and 78.
- ⁸⁹ According to recruiters for sub-contractors at SFO, recruiters spend roughly 75% of their time recruiting for other airports due to low turnover at SFO. Reich, Michael, et al.
- ⁹⁰ See endnote 77 for a full description of the range of potential minimum living wage requirements. A lower minimum wage of \$12.43 can apply to workers without safety or security functions, which includes primarily retail and food concession workers in the terminal.
- ⁹¹ Ibid.
- ⁹² Ibid. Note that although airport workers do not receive the \$3.75 an hour directly, they receive an approximate value in health care coverage, significantly raising their overall compensation even higher than the maximum living wage of \$14.18 allowed under the QSP.
- ⁹³ Reich, Michael, et al.
- ⁹⁴ Union contracts for airline contractors were determined through conversations with SEIU- United Service Workers West. Airline market share information is from San Francisco International Airport, Analysis of Scheduled Airline Traffic – Comparative Traffic Report (December 2012). Available at: <http://www.flysfo.com/web/export/sites/default/download/about/news/pressres/stats/pdf/as201112.pdf>, accessed on March, 8 2012.
- ⁹⁵ Reich, Michael, et al.
- ⁹⁶ Ibid.
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- ¹⁰² City of Los Angeles “Administrative Requirements – Living Wage and Service Worker Retention Ordinance,” Los Angeles World Airports. Available at: http://www.lawa.org/welcome_LAWA.aspx?id=596, accessed on March 8, 2013.
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- ¹⁰⁴ See endnote 79.
- ¹⁰⁵ See endnote 102.
- ¹⁰⁶ Ibid.
- ¹⁰⁷ Ibid.
- ¹⁰⁸ Ibid.
- ¹⁰⁹ See endnote 72.
- ¹¹⁰ See endnote 80.
- ¹¹¹ These union firms were confirmed by interviews with staff of SEIU-USWW. Airline market share data is from Los Angeles International Airport “Top 10 Carriers January 2011 through December 2011.” Available at: <http://www.lawa.org/uploadedfiles/LAX/statistics/aircarrier-2011.pdf>, accessed on March 8, 2013.
- ¹¹² These contract provisions were determined through interviews with staff of SEIU-USWW.
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- ¹¹⁷ See endnote 82.
- ¹¹⁸ City of San José, Minutes of the City Council (10/28/2008). Available at: <http://www3.sanjoseca.gov/clerk/Agenda/20081028/20081028m.pdf>, accessed on March 8, 2013.
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- ¹²¹ See endnote 81.
- ¹²² Ibid.
- ¹²³ Ibid.
- ¹²⁴ See Memorandum to City Council cited in endnote 120.
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- ¹⁴⁹ These workers are represented by TWU Local 555. Information obtained through interview with staff of TWU Local 555.
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- ¹⁵¹ Ibid.
- ¹⁵² Ibid.
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