The Impact of Unionization and Living Wages at Resorts World Casino

STEPHANIE LUCE • JUNE 2016

The Joseph S. Murphy Institute
for Worker Education and Labor Studies
City University of New York

EXECUTIVE SUMMARY

In 2011, Resorts World opened a casino in Queens, New York. As a condition of allowing the casino, New York State required the casino operators to sign a labor peace agreement. Resorts World signed an agreement with the Hotel Trades Council, and shortly after the casino opened, employees of Resort World unionized. After a year of bargaining, and interest arbitration, the employees won a contract in 2012, which included an expansive union health and retirement package, stable work schedules, and significant wage increase – doubling wages from an average of $10 per hour to $20 per hour in the first year of the contract.

The employees of Resorts World were surveyed about their financial situation before and after the contract went into effect, in 2012 and in 2014. This report details the changes in employee's situation as a result of the collective bargaining agreement.

The results are striking. Among other changes, we observed the following outcomes as a result of the contract:

- 94 percent average increase in hourly wages
- 81 percent increase in average weekly pay, after taxes
- 50 percent drop in unpaid medical bills
- 46 percent drop in employees being late with their rent or mortgage
- 67 percent drop in employees needing to borrow money to cover bills
- 75 percent drop in using government assistance for food and medical needs
- 68 percent drop in holding a second job
- 80 percent drop in irregular schedules and on-call work
- 39 percent of employees have now been able to start a savings account
- 37 percent of employees say they now have less stress on a daily basis

These results highlight the major impact wage increases and union contracts can have on workers daily lives, as well as the indirect benefits for the larger community when workers are able to cover their basic expenses and obtain health care.

These findings provide support for New York State and City lawmakers to consider requiring labor peace agreements in all of their economic development programs. The findings also lend support to lawmakers considering minimum wage and stable scheduling legislation.

The decline in the number of workers that need to utilize food stamps, Medicaid and federal, state and city EITC credits results in an approximate potential savings of $1.5 million a year. The amount will likely increase as the wage level increases. When employers are required the pay their workers a living wage and provide benefits, it is not only workers and their families that benefit, but taxpayers and communities as well.

* * *

Since the economic crisis of 2008, a rapidly growing number of experts agree that much of the world is experiencing alarming and unsustainable levels of inequality – within and between countries. The problem comes in part because there is a small segment of super wealthy people at the top of the income and wealth distribution, who keep getting wealthier – but there is also a huge share of people living in poverty or near poverty at the bottom end. This includes workers who have seen wage stagnation or even deterioration over the last several decades, workers who have experienced the conversion of full-time stable jobs to part-time precarious jobs, and young workers entering a labor market increasingly filled with low-wage jobs.

Many economists and policymakers now agree that the growth of low-wage labor, and working poverty, can have devastating impacts on individuals and their families as well as the macro-economy.[i] Therefore, more people are looking at ways to raise wages for the lowest paid workers.[ii] These strategies include unionization and collective bargaining, and wage standards such as minimum wage, prevailing wage and living wage laws.

But while there is growing interest in raising wages for low-wage workers, we have little research to show how a dramatic increase in wages could impact workers and their households. Much of the economic research that exists focuses on the impact on employers and employment. While those aspects are important, it is also imperative that we understand the material outcome for workers who receive wage increases and move in the direction of a "living wage" job.

In the last few years, over 30 cities and countries have set or raised citywide minimum wages, often with a large increase in minimum pay over the existing rate. These wage rates are mostly phased in, however, so the jump in pay will take place slowly over the next several years or more. Therefore we have little information about the impact of a large pay increase on workers lives.

But in 2012, over 1000 workers at a casino in Queens, New York received a significant wage increase. Hourly wages went from an average about approximately $10 per hour to $20 per hour – a 100 percent increase. Workers won this increase through a collective bargaining agreement between the employer and the Hotel Trades Council. The contract provided higher wages and a host of benefits, including a comprehensive health care plan.

This report provides background on how workers won this wage increase, and results of a surveys conducted before and after the raise. The data presented here is not a complete picture of the ways in which the contract changed workers lives, but gives important insight into some of the key impacts. The information provides useful insight into estimating what a similar wage increase could mean for other low-wage workers.

Background

In 2001, New York State granted approval for eight racetracks to build "racinos" – casinos with limited services (electronic slot machines and baccarat tables). The legislature required that all companies bidding on the right to operate the Aqueduct racino in Queens agree to "labor peace." Because the state of New York had a proprietary interest in the casino, it had an interest in assuring that the operations would not be disrupted by labor violations or disputes. By signing a "labor peace agreement," the employer would show they had taken steps to maintain stable peaceful labor relations at the casino.

Resorts World, owned by Genting New York,[iii] won the bid, and had signed a Labor Peace agreement with a New York based union, the Hotel Trades Council (HTC). The particular agreement they signed with the union included language that promised card check and labor neutrality. This means the employer agreed to remain neutral in any unionization effort, to allow union organizers to talk to casino employees on their breaks, and to allow the employees to choose whether or not to have a union represent them by signing a union representation card. If more than 50 percent of employees signed cards, then Resorts World would recognize the union.

The casino opened in 2011. Within a short time, the majority of over 1,000 Resorts World workers voted to join the union. The company and union began bargaining over a contract but reached an impasse over wages and benefits. The labor peace agreement included language that mandated the case go to interest arbitration if the parties could not reach agreement on a contract. In 2012, the case went to arbitration.

The agreement stipulated that the arbitrator consider at least four factors when determining wages, which included:

(1) the Employer's financial ability;
(2) size, location and type of Employer's operations;
(3) cost of living as it effects the Employer's employees; and
(4) ability of the employees, through a combination of wages, hours and benefits, to earn a living wage to sustain themselves and their families.

After hearing evidence from the company and the union, the arbitrator made a determination. The ruling resulted in substantial wage increases for employees: in some cases, going from an average of around $10 per hour to $20 per hour right away, and increasing up to $30 per hour for non-tipped classifications over the life of the contract (going into effect in 2016). The contract also provided workers with a full set of benefits including the HTC health and pension plan.

Methodology

Workers at Resorts World were surveyed about their wages, expenses, and benefits before the arbitration, in 2012, and then surveyed again in 2014, starting at six months after the contract went into effect. This paper reviews the results from the survey. In the first wave (2012), 698 workers were surveyed out of approximately 1400 workers, which is a response rate of just about 50 percent. All workers had an opportunity to respond to the survey. The 2014 survey captured information from 404 workers out of approximately 1200 workers, for a response rate of 33 percent.[iv] We did not track names of workers who responded; therefore we are not able to match responses from 2012 to 2014. However, given the very low turnover at the casino it is likely that there is a good deal of overlap in the two years.

Household Information

We do not observe significant changes in the demographics of the household structure of the workers before and after the raise. This is not a surprise, because there is no reason to expect much turnover in the workforce in this time period, particularly given the wages and benefits in the collective bargaining agreement.

Table 1: Household Information for Respondents, Before and After the Contract

	Before the contract 2012	After the contract 2014
Total surveys completed	698	404
Total people in household (average)	3.5	3.4
Total earners in household (average)	2.0	1.9
Dependent children in household (average)	1.1	1.0
Marital status:		
Domestic Partner	9%	9%
Married	40%	41%
Separated/Divorced	8%	7%
Single	42%	42%
Widowed	1%	0%
Percent who are:		
The primary earner in the household	69%	67%
Financially responsible for children outside household	23%	17%
Financially responsible for elderly family members	39%	35%

Wages and Income

The most dramatic impact of the collective bargaining agreement was the increase in wages. As Table 2 shows, the median and mean hourly wage rate increased by over 90%, as did the average weekly pay. Workers essentially doubled their wages in the first year of the contract.

We see a smaller increase in total annual household income, in part because the raise was not in effect for the full year at the time of the survey, and also because most workers have a second wage earner in the household that likely did not receive a raise. Still, the average worker experienced a 50 percent increase in total annual household income.

Table 2: Wages and Income, Before and After the Contract

	Before the contract 2012	After the contract 2014	Change
Hourly wage rate			
Mean	$10.60	$20.50	93%
Median	$11.00	$21.32	94%
Average weekly pay, before taxes	$376.92	$732.58	94%
Average weekly pay, after taxes	$288.13	$521.66	81%
Total annual household income	$32,214	$48,201	50%

Expenses and Debt

We collected information from workers about their monthly expenses. This was helpful for determining what was their cost of living, and what wage would be necessary to constitute a living wage.

The monthly expenses did not change significantly after the contract went into effect. This is not surprising, as we surveyed workers within a short time frame after they received their raise and there is little reason to expect that they would have made major life changes. However, over time, a higher wage may allow workers to make changes in their lifestyle and expenditures, such as moving to a more convenient neighborhood, buying a home, buying a car, or enrolling in college. We present the expenses data in the Appendix.

More significantly, we see changes in worker debt before and after the raise. The share with unpaid medical bills drops from 36 percent to 17 percent, suggesting that many workers used their wage increase to pay off some of medical debt. At the same time, the average unpaid amount of medical debt goes up by 12 percent, which may mean that those workers who had relatively lower debt were the ones who paid off their medical debts completely.

The number of respondents with credit card debt went up 10 percent, which might mean that a few workers had not been able to qualify for a card with their low wage and now are eligible. Here, however, the average credit card debt per respondent fell by 28 percent.

We asked about car payment debt. Here we see an increase in both the share of workers with car payments, and the average monthly car payments. This might suggest that workers spent their raises on buying a car, or buying a new car.

Respondents also reported a small decline in the amount of public transit trips they take per month, which would be consistent with some of the workers buying cars. Although the racino is located near a subway stop, many workers reported that they do not live near a subway, and therefore getting to work was difficult. After the raise, the average commute time to work dropped somewhat.

Another way we assessed debt was to ask about the frequency of late payments on rent and mortgage, and whether they had to borrow money. Before the contract, 38 percent of workers had fallen behind on rent or their mortgage within the past 6 months. This dropped to just 20 percent after the raise.

Similarly, we see a significant decline in the share of workers that fell behind on other payments in the last 6 months: from almost 70 percent before the raise, to 34 percent after. Finally, the share of workers that had to borrow money before the raise fell by over two-thirds after the raise was implemented.

Table 3: Debt, Before and After the Contract

	Before the contract 2012	After the contract 2014	Change
Percent with unpaid medical bills	36%	17%	-52%
Average unpaid medical bills	$2,933.78	$3,282.84	12%
Percent with credit cards	55%	60%	10%
Average credit card debt	$5,008.35	$3,585.14	-28%
Percent with car payments	23.3%	33.0%	42%
Average monthly car payments	$529.88	$584.92	10%
Have you fallen behind on rent or mortgage in past 6 months?	38%	20%	-46%
Have you been late with other payments in last 6 months?	69%	34%	-51%
Have you borrowed money in last 6 months?	68%	22%	-67%

Their low wages and high monthly expenses meant that a significant share of workers at Resorts World had to rely on government programs before the raise. Here we see a dramatic drop in the use of certain government programs, particularly assistance for food, medical, and school vouchers. We also see a drop in the use of rent assistance and EITC but these are smaller declines, and few workers were using rental assistance even before the raise.

Table 4: Use of Government Programs, Before and After the Contract

	Before the contract 2012	After the contract 2014	Change
Share that receive:			
Government assistance for food	13%	3%	-76%
Government assistance for medical	18%	4%	-77%
Government assistance for rent	3%	2%	-54%
School vouchers for children	15%	9%	-44%
EITC	14%	12%	-14%

The survey did not ask about specific dollar amounts attached to the program benefits, but using average data for New York, we can come up with a rough estimate of the savings taxpayers would realize based on the reduction in public programs used.

Table 4a provides estimates of savings for food stamps, Medicaid, and EITC programs. Assuming a full workforce of 1000 people, the drop in program utilization means 100 fewer workers will need to use food stamps, 140 fewer will need Medicaid, and 20 fewer will apply for EITC. Based on the average cost per participant for New York, the savings totals approximately $1.5 million per year.

Table 4a: Estimated Annual Savings from the Decline in Utilization of Select Government Programs

	Number of workers no longer relying on public services	Average spending per enrollee, per year	Total savings in public program spending per year
Food stamps	100	$1,665	$166,536
Medicaid	140	$8,811	$1,233,540
Federal, state and city EITC	20	$2,809	$56,180
Total			$1,456,256

Hours and Schedules

Before the contract was settled, almost 19 percent of respondents held a second job. This dropped to 6 percent after the contract. While the average hours worked per week did not change before and after the contract was settled, the share of workers with a regular schedule went up, and the proportion that say they have full-time/regular work status increased slightly (see Table 5).

The implementation of the collective bargaining agreement appears to have had significant effects on worker control over schedules. Once the contract was in place, the share of workers who are called and told not to come in for work, or who are sent home early during a scheduled shift, dropped by approximately 80 percent. More workers have schedules posted in advance, and schedules are changed after posting less frequently. Before the contract, schedule changes resulted in economic hardships for over one-third of respondents. This dropped to 15 percent of respondents. Finally, almost all respondents now take a meal break on every shift. Before the contract, workers reported that even if they didn't take a meal break, the break would be deducted from their pay. This is now rare.

Table 5: Work Hours and Schedules, Before and After the Contract

	Before the contract 2012	After the contract 2014	Change
Respondents that hold a second job	19%	6%	-68%
Share of workers with a regular schedule	82%	92%	13%
Work status:			
Regular, full-time	73%	77%	6%
Regular part-time	23%	22%	-5%
On Call	1%	0%	-81%
Don't know	1%	1%	-20%
Hours worked per week, on average	34	33	-1%
Share who said YES:			
Are you called and told not to come for work?	14%	3%	-80%
Are you sent home early during a scheduled shift?	40%	8%	-81%
Are your work schedules posted in advance?	66%	84%	27%
Is your schedule is ever changed after its posted?	47%	31%	-34%
Do you experience negative economic effects from schedule changes?	36%	15%	-58%
Do you take a meal break every shift?	84%	96%	14%
If no: are the meal breaks still deducted from your pay?	69%	38%	-46%

Health and Other Benefits

Before the contract was settled, some workers had the option to participate in the employers company health plan (Genting health plan). Just over 60 percent said they were eligible to participate, and of those, 57 percent said they did participate (Table 6a). However, only 17 percent of those said they were satisfied with it. Those participating reporting paying an average of approximately $75 per month in co-pays.

Before the contract, over one-quarter of employees were not eligible for health care. Over one-fifth were receiving health care through a government plan.

Table 6a: Health Plan, Before and After the Contract

	Before the Contract 2012	After the contract 2014
Respondents eligible for Genting health plan	61%	
Of those, percent participating in Genting plan	57%	17
Of those: percent satisfied with plan	17%	46
Average co-pays, per month	$75.41	$114.86
Reasons not enrolled in Genting health plan (can choose more		
Not eligible (part-time, on-call)	26%	
Can't afford it	22%	
On government agency insurance	22%	
Health insurance through spouse/family or own plan	17%	
Plan doesn't provide good coverage	9%	
Didn't know about it/not offered	3%	
On probation/not enrolled yet	2%	
Enrolled in Hotel Trades (HTC) health plan	--	77%
Of those: percent satisfied with plan		88%
Average co-pays, per month		$12.86
Reasons not enrolled in HTC plan:	--	
I get healthcare through a spouse or family member		21%
The union plan does not provide the coverage I need		14%
I receive health insurance through a state program		21%
I have not signed up for it yet		20%
I elected to stay in the Genting health		20%

Workers also experienced a large change in their dental coverage. Before the contract, only two-thirds were eligible for the Genting dental plan, and of those, fewer than two-thirds were participating. Fewer still were satisfied with the plan. After the contract, 75% are enrolled in the Hotel Trades dental plan (Table 6b).

Table 6b: Dental Plan, Before and After the Contract

	Before the Contract 2012	After the contract 2014
Respondents eligible for Genting dental plan	66%	
Of those, percent participating in Genting plan	64%	18%
Of those: percent satisfied with plan	32%	35%
Enrolled in Hotel Trades (HTC) dental plan	--	75%

Impact of Raises and a Contract

Finally, in the 2014 we asked respondents about the impact of the wage increase and collective bargaining agreement on their lives. First, we asked about how they used the raise (checking all that apply). In Table 7, we see that almost 40 percent used some of the raise to start a general savings account, 23 percent paid off debt, and 22 percent have started saving for a home.

Table 7: Activities Respondents Have Pursued after the Wage Increase

Since the raise have you been able to:	Share of Respondents
Start a general savings account	39%
Pay off debt	23%
Start saving for a home	22%
Start a retirement account	16%
Buy a car	15%
Start saving for college	11%
Purchase medical supplies or procedures	6%
Quit a second job	5%
Enroll in school	5%
Get off a government assistance program	5%
Buy a home	4%

We then asked workers what they felt were the most important outcomes from the raise and collective bargaining agreement. The majority of workers (70 percent) reported that the raise allowed them to cover their bills (Table 8). Almost half reported that an important outcome was the job was more secure, and that they now had health insurance. Others reported feeling less stress on a daily basis, feeling more respect on the job, and having more stable work hours.

Table 8: Most Important Outcomes from the Raise and Contract

Outcome	Share of Respondents
I have more income to cover bills	70%
My job is more secure	48%
I now have health insurance	47%
I have enough income to put away money	39%
I feel less stress on a daily basis	37%
I feel more respect on the job	31%
My work hours are more stable	25%
Other	4%

Conclusion

Policymakers and scholars are debating the merits of raising minimum wages and regulating unstable schedules as a way to alleviate working poverty and address historic levels of inequality. While a few cities have recently passed citywide minimum wage laws that result in significant wage increases, we have relatively little research on the impact of these increases on workers.

This report, based on two surveys of employees at the Resorts World casino, shows the dramatic impact of a large wage increase, along with a union contract that provides health benefits and stable work schedules. This study does not allow us to examine the impact of a wage increase alone, because it came as part of a union contract. Other research shows us that not all wage increases won through legislation are enforced, and in some cases, employers may attempt to remove other benefits as a way to cover the wage increase. Resorts World workers not only won a significant wage increase, but with a union contract, they have a mechanism to ensure that the new wage is implemented and enforced.

Based on these results, we can estimate the potential savings that taxpayers would see as a result of these wage gains. When employers are required to pay a living wage and provide health benefits, workers are no longer reliant on public programs to cover their basic subsistence. In the case of Resorts World, taxpayers saved approximately $1.5 million a year in costs for food stamps, Medicaid and federal, state and city EITC in the first year of the contract. Likely the savings increased as the wage level in the contract went up each subsequent year.

APPENDIX

Table A1: Expenses, Before and After the Contract

	Before the contract 2012	After the contract 2014
Utilities per month, average	$515.92	$456.44
Percent who own a home	20%	20%
Mortgage per month, average*	$1,992.00	$1,883.11
Mortgage per month, median	$2,000.00	$1,800.00
Maintenance per month, average	$682.64	$721.58
Taxes per year, average	$4,188.00	$3,887.73
Percent who rent	74%	71%
Rent per month, average	$1,014.13	$1,056.54
Average public transit costs per month	$132.25	$121.71

Thanks to Rebecca Givan, Ruth Milkman and Paul Sonn for comments on earlier drafts.

[i] See for example, Florence Jaumotte and Carolina Osorio Buitron, 2015. "Power from the People." *Finance and Development*. Vol 52(1); Nick Hanauer, 2014. "The Pitchforks are Coming: For Us Plutocrats." Politico Magazine. July/August.

[ii] Pierre Laliberté, editor. 2012. "Social Justice and Growth: The Role of the Minimum Wage." *International Journal of Labour Research*. Vol. 4, Issue 1. Geneva: International Labour Organization.

[iii] Genting New York is owned by Genting Malaysia Berhad, a member of the Genting Group. According to the Resorts World website, the Genting Group is the world's largest "Destination Resorts" operator and also has "global investments in plantations, power generation, oil and gas, real estate, cruise, leisure and other industries."

[iv] After the casino implemented the contract, they shut down one of the buffet restaurants, laying off 175 workers. The casino claimed that the buffet was not profitable. Some workers reported that they felt the closure was a form of retaliation for the arbitrator's award.