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For Immediate Release
February 4, 2009

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New Study Finds Long Beach Hotel Workers Living in Poverty While Industry has Benefited from Millions in Taxpayer Dollars

Coalition Says Hotels Failed to Provide a Fair Return on Public's Investment

Over \$750 Million Received in Taxpayer Subsidies Since 1980

LOS ANGELES – A new study released today by the Los Angeles Alliance for a New Economy (LAANE) on behalf of the Long Beach Coalition for Good Jobs & a Healthy Community found that taxpayer subsidies to the tourism industry have not yielded a fair return on the public's investment. The report, entitled "A Tale of Two Cities: How Long Beach's Investment in Downtown Tourism Has Contributed to Poverty Next Door" can be viewed at: www.goodjobslongbeach.org.

For years, the City of Long Beach has invested millions of taxpayer dollars into the tourism industry in hopes of creating a new source of revenue that would revitalize the city and bring new jobs to the city's residents. Although the city has succeeded in attracting an increased number of visitors – and was listed by the Urban Land Institute as "one of the top 10 revived downtowns in the United States" – the industry has failed to offer a fair return on the public's investment, contributing to poverty in local communities through its poverty-wage jobs which leave many workers dependant on public assistance to survive.

"The city of Long Beach has done a tremendous job in revitalizing our city by investing millions of dollars into our tourism industry," said Long Beach City Councilwoman Tonia Reyes Uranga. "We have done our part, but now it is time for these hotels become responsible partners with our city and residents and reinvesting in their workforce."

Report Findings

According to a review of tourism-related expenditures, Long Beach has invested an estimated \$750 million since the early 1980s to reinvent its Downtown area as an attractive destination for tourists and convention attendees. Hotels have received at least an estimated \$114 million in direct subsidies since 1983, in addition to benefiting indirectly the city's investment in local tourism attractions.

In 1978, Long Beach was ranked by a Federal Government report as among the most socially, economically and financially distressed cities in the country; yet by 2007, the city's investment in the area revitalized the region into a desirable location for visitors. This dramatic turnaround is notable for a city that was transitioning from a manufacturing-based economy to a service-based one.

Despite receiving millions in taxpayer subsidies, it is clear that the tourism industry has failed to invest in its workforce and assist in revitalizing local communities. Today, more than 18% of Long Beach residents live below the federal poverty line, a measure of extreme poverty. The tourism industry and hospitality jobs created by the city's investments have contributed to these rates of poverty. According to a city study in 2006, tourism, arts and hospitality jobs paid an average of \$19,000/year. This is 65% less than the \$54,078 self-sufficiency threshold to meet the basic needs for a family of four in the Los Angeles and Long Beach area in 2007. For essentially the same job, hotel and motel workers in Long Beach make 12.2% less than their counterparts in the LAX area, 13.6% less than their counterparts in Anaheim, 25.4% less than their counterparts in Santa Monica and 26.9% less than their counterparts in Downtown Los Angeles.

"Hotels in Long Beach have been thriving thanks to taxpayer subsidies, yet their workers are living in poverty, many using public assistance to survive," said Norma Chinchilla, a professor of sociology at Cal State University Long Beach. "It is time for city officials and the hospitality industry leaders to ensure a fair return on the public's investment in tourism in the form of good jobs and tax revenue."

A 2007 LAANE survey of workers employed at one prominent Long Beach hotel found that nearly 83% of workers surveyed live in the city of Long Beach, suggesting that the economic situation of these workers has a direct impact on the city. The survey also found that:

- The median yearly earnings of the workers interviewed were \$19,240.
- 41.4% of surveyed workers utilized some form of public assistance in order to meet their basic needs.
- Half of those who said they used public assistance use more than one program.
- The average surveyed worker is eligible for an estimated \$2,375 in public assistance per year.
- Assuming all Long Beach hotel workers resembled those surveyed, the public cost of covering all eligible workers' public assistance needs would be \$6.4 million per year.

"Despite the fact that the tourism industry is doing well and hotels are seeing a steady increase in occupancy and average daily rates, hotel workers are making poverty wages without benefits," said Jasleen Kohli, Policy & Research Analyst for LAANE and author of the report. "There are thousands of workers in Long Beach who are unable to support their families. Many are forced to work two jobs or accept public assistance to survive."

60-year old Jose Landino, a 25-year resident of Long Beach and cook at the Hilton Long Beach, still earns only \$9.01 per hour despite working at the hotel for 8 years.

"I've suffered two strokes that paralyzed my face," said Landino, who has partially recovered and returned to work. "My wife is unable to work because of medical problems. I pay for our medical insurance through my hotel, but it costs \$398 a month." Landino works two jobs to pay for his medical insurance and living expenses.

Long Beach hospitality workers often report doing the job of two or three people and suffering from chronic injuries. María Patlán, who has worked for 10 years as a housekeeper at the Hilton Long Beach and also resides in the city, makes only \$10.20 per hour. Having been injured three times at work, she says that the most difficult part of her work is "to do my job while in pain. I do the work of two people." In the past three years, Patlán has been forced to use food stamps and free or reduced-price school meals to feed her family. For her, it was extremely difficult to not have the money to pay for her daughter's first semester of college.

Recommendations

The city of Long Beach has worked hard to rebuild its local economy. Through its investment in the tourism and hospitality industry, the city achieved its goal of improving its public image in order to attract a stable stream of visitors to become a tourist and convention destination.

But many in Long Beach have been left behind. The employees who work in these industries are not receiving adequate benefits to justify the massive investments the city has made. They do not earn enough to afford basic necessities, and their wages are sub-par when compared to other regions.

The city government of Long Beach and its residents should review how local legislation can be brought to bear so that the residents and the city can get a fair return on their investments. In addition, the hotel industry needs to be a responsible employer and provide livable wages and health benefits to city residents.

Proposed recommendations for Long Beach city leaders:

- Conduct a full audit of hotel leases and redevelopment agreements.
- Hold city hearings on the costs and benefits of the tourism industry to Long Beach residents.
- Require community benefits review.
- Explore policy options for raising standards at hotels and ensuring community benefits.

Proposed recommendations for tourism and hospitality industry leaders:

- Provide safeguards to hotel workers during difficult economic times.
- Provide affordable family health insurance.
- Create job access for community members.
- Honor workers' right to organize.
- Invest in environmentally-conscious practices.

"The hotel industry in Long Beach is one of our city's most robust industries," said Annette Quintero of the Long Beach Immigrant Rights Coalition. "Yet the hotels pay their workers, many of whom live in the Long Beach community, poverty wages. The hotels are thus contributing not only to a life of impoverishment for the workers and their families, but also to poverty in this city as a whole. It is time for the hotels to invest in their employees as a way to enhance the workers' lives and revitalize our city."

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