

# THE WALL STREET JOURNAL.

WSJ.com

JULY 6, 2011

## Liu Is Sued Over Wages

City Comptroller John Liu ignored a state Supreme Court judge's ruling in setting a new prevailing wage schedule for movers that is much too high, a lawsuit filed Tuesday charged.

In a May decision, Supreme Court Justice Alice Schlesinger concluded that Mr. Liu, a potential 2013 mayoral candidate, "failed to fulfill his responsibility" to "determine the actual prevailing wage" for movers. The judge said the schedule is roughly double actual wages in the marketplace and "drastically" higher than the rate set by the federal government.

### On the Move

A judge struck down the city comptroller's 2010 wage schedule for movers, prompting his office to reverse the pay scale for lower-paid workers. A new suit challenges the schedule for higher-paid workers.

City's minimum wage/benefits per hour for movers:



\*Employees who worked less than 600 hours the prior calendar year  
Source: Office of the City Comptroller; court documents

"The comptroller has brazenly defied this court's recent instructions on how prevailing wages must be set," the suit alleged, referring to the new wage

schedule published by Mr. Liu's office.

"Under the comptroller's new schedule," the suit alleges, "city contractors, and ultimately New York City taxpayers, will pay far more than what the market dictates for labor."

Michael Loughran, a spokesman for Mr. Liu, said the city is appealing the judge's ruling. "We will let the appeals process take its course," he said. He declined to comment on the lawsuit.

Mr. Liu has aligned himself with the city's labor unions during his first 18 months in office. In a recent newsletter, he boasted that his office has worked "closely with labor, contractor associations, law enforcement and other municipal agencies to aggressively enforce and strengthen our labor laws."

Under state law, the comptroller is responsible for setting a wage schedule for workers in 470 job titles—such as movers, bricklayers, plumbers, roofers—performing business for the city. Employers must pay this rate, at a minimum, when these workers with these job titles do work for the city; violators face stiff penalties and a potential five-year disbarment from any public project in the state.

Mr. Liu's new schedule—covering the fiscal year that began Friday—lowers wages dramatically for the lowest-paid workers but the pay schedule for

THE WALL STREET JOURNAL.  
MOBILE READER

Download free  
for BlackBerry® for  
a limited time only.




Download free  
for iPhone™ for  
a limited time only.

Print Powered By FormatDynamics™

# THE WALL STREET JOURNAL.

WSJ.com

the bulk of the workers remains high, the suit alleges.

"While we're pleased that our court victory has forced the comptroller to adopt rational minimums for casual [lower-paid] employees, the comptroller's minimum wage for regular employees is still more than twice that of the wage that's actually prevailing in the industry," said Robert Koncelik Jr., president of Metropolitan Movers Association and owner of Universal Moving & Storage, both plaintiffs in the case.

The association, a not-for-profit group, and others also filed suit against the comptroller's wage schedule last year, prompting the judge's ruling.

The judge's decision raised questions about the comptroller's tight allegiance with labor and the office's methodology for determining wage rates.

"A comparison of the rates in the comptroller's schedule alone demonstrates that he simply adapted the rates from Local 814's collective bargaining agreement without any further inquiry as to whether these rates accurately reflected the actual prevailing wage," the judge wrote, referring to the Teamsters union.

Roughly 80% of workers in the industry earn hourly wages that are lower than the low end of the comptroller's 2010 rate schedule, the judge ruled, and about 96% of workers were paid wages lower than the high end of the rate schedule.

According to the U.S. Department of Labor's wage schedule for 2010, movers are to be paid between \$15.90 and \$20.14, based on seniority.

Judge Schlesinger wrote in her decision that the comptroller's rate schedule "risks producing inconsistent and arguably absurd results, since a moving company awarded contracts on a municipal job, a private job and a federal job would need to pay its workers twice as much for the municipal job as compared to the private and federal jobs."

Claude M. Millman, counsel to Metropolitan Movers Association, said: "It's mind boggling that

the comptroller is brazenly using a method that the courts just threw out.

"The new lawsuit puts all the schedules for building service trades in play—not just those for movers—because they all appear to be based on the method rejected by Justice Schlesinger," he said.

Jason Ide, president of Local 814, said in an interview earlier this year that he was "very confident the decision will be overturned."

For the past year, the union has been trying to stop building owners and others from using moving services of companies that belong to the association—and in some cases placing inflatable rats outside buildings where the companies work. The union has been using the comptroller's wage schedule as the area standard to criticize these companies, even though the comptroller's rate applies legally only to employees working on city jobs.

Write to Michael Howard Saul at michael.saul@wsj.com

ACAP Enabled