

2015 - 2016 Seattle City Council Statement of Legislative Intent

Ready for Notebook

Tab	Action	Option	Version
56	1	A	1

Budget Action Title: Report by HSD and CBO on the cost to maintain existing human service delivery with the increased minimum wage.

Councilmembers: Burgess; Clark; O'Brien

Staff Analyst: Ketil Freeman

Date		Total	SB	BH	SC	TR	NL	TB	JG	MO	KS
	Yes										
	No										
	Abstain										
	Absent										

Statement of Legislative Intent:

The Council requests that the Human Services Department (HSD) and the City Budget Office report to the Council prior to April 1, 2015 on the cost to maintain current human services delivery levels with the increased minimum wage. At a minimum, the report should include the following:

- An inventory, by Human Services Strategic Investment Plan (SIP) program, of services currently provided;
- A quantification by SIP program of the incremental budget increase that would be necessary to maintain existing services with scheduled minimum wage increases in 2016, 2017, and 2018;
- A quantification by schedule 1 and schedule 2 employers who are human services providers to the City of the incremental budget increase that would be necessary to maintain existing services with scheduled minimum wage increases in 2016, 2017, and 2018; and
- An analysis by SIP program of how service delivery and contract costs could change based on implementation of the results-based accountability "Outcomes Framework."

The report should be informed by interviews and information gathered from schedule 1 and schedule 2 employers who are current human services providers to the City.

Background

In June the Council passed [Ordinance 124490](#), which establishes a new hourly minimum wage and minimum compensation for most employers with employees that work in Seattle. Ordinance 124490 sets out a schedule for minimum wage increases that begins on April 1, 2015. There are no exceptions to minimum wage requirements for non-profit employers. For the biennium, the required minimum wage or minimum compensation, whichever is higher, is shown in the table below.

	Beginning April 1, 2015	Beginning January 1, 2016
<i>Employers with More than 500 Employees</i>	\$11 / hour	\$13 / hour*
<i>Employers with 500 or Fewer Employees</i>	\$11 / hour	\$12 / hour

*Large employers that provide healthcare are given a \$.50 credit in 2016.

Many non-profit human services providers that contract with the City currently pay some of their employees less than the required minimum wage that will be applicable on April 1, 2015. Consequently, many of these providers will struggle to maintain delivery of services at current levels, which is driven for most by staffing costs, without increased revenue to maintain staffing levels.

Over the biennium the cost of City contracts for maintaining current human service delivery levels will rise because of the increased minimum wage. In anticipation of this, as a companion piece of legislation to Ordinance 124490 the Council also adopted [Resolution 31542](#). Resolution 31542 requests that the Mayor submit a plan that, “address[es] steps the City should take to ensure human services providers and others with City contracts will be able to meet policy and service objectives while also meeting the new wage schedules.” Such a plan was not submitted to Council.

Responsible Council Committee(s): Housing Affordability, Human Services, and Economic Resiliency

Date Due to Council: March 31, 2014