

# Income Inequality Advisory Committee

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Seattle City Council's Select Committee on the  
Minimum Wage and Income Inequality



# IIAC's Charge

- The Mayor's Income Inequality Advisory Committee was charged with delivering recommendations to the Mayor on how best to increase minimum wage levels for low-wage workers in Seattle.
- The Advisory Committee was tasked with developing these recommendations while taking into account the complexity of existing conditions facing employers and workers: such as timing of an increase in compensation and ensuring that Seattle businesses continue to thrive.



# IIAC Members

- David Rolf (co-chair), SEIU 775NW
- Howard Wright (co-chair), Seattle Hospitality Group
- Seattle City Councilmember Nick Licata
- Seattle City Councilmember Bruce Harrell
- Seattle City Councilmember Kshama Sawant
- Janet Ali, Nucor Steel
- Sarah Cherin, UFCW 21
- Maud Daudon, Seattle Metropolitan Chamber of Commerce
- Craig Dawson, Retail Lockbox
- Bob Donegan, Ivar's Restaurant
- David Freiboth, Dr. Martin Luther King County Labor Council
- Joe Fugere, Tutta Bella
- Audrey Haberman, Philanthropy Northwest
- Nick Hanauer, Second Avenue Partners
- Pramila Jayapal, Center for Community Change
- Eric Liu, Citizen University
- Gordon McHenry, Solid Ground
- Dave Meinert, Onto Entertainment
- Craig Schafer, Hotel Andra
- Diane Sosne, SEIU Healthcare 1199NW
- Nicole Vallesterio Keenan, Puget Sound Sage
- David Watkins, Seattle Hotel Association
- Michael Wells, Capitol Hill Chamber of Commerce
- Ronald Wilkowski, Financial Services



# IIAC Public Engagement

- February 27<sup>th</sup>: Subcommittee on restaurant, retail, hospitality, tourism, grocery and pharmacy sectors @ Cal Anderson Park Shelterhouse
- March 3<sup>rd</sup>: Subcommittee on financial and business services, education, health and social services @ City Hall
- March 5<sup>th</sup>: Joint Income Inequality Advisory Committee – Seattle City Council Select Committee on Minimum Wage Public Hearing @ Seattle Town Hall
- March 11<sup>th</sup>: Subcommittee on warehouse, maritime, manufacturing, supply chain, logistics and transportation, residential construction, domestic employment @ Puget Sound Industrial Excellence Center
- March 13<sup>th</sup>: Subcommittee on the impacts on women, people of color, youth, immigrants and people with disabilities @ Filipino Community Center
- March 27<sup>th</sup>: Income Inequality Symposium @ Seattle University



# Minimum Wage Issue Identification

- **Minimum Wage Level**
  - What is the “real” minimum wage level?
  - What measure should future increases be tied to? Inflation?
- **Wages and Compensation**
  - What is the definition of wage?
  - What is the definition of compensation?
  - Could any of the following be included in total compensation: paid sick leave? Healthcare benefits, retirement contributions, profit-sharing/bonuses?
- **Phasing**
  - Immediate or over multiple years?
  - Tiers and steps? (by business size, revenue, etc.?)
- **Exemptions**
  - Small business exemption?
  - Non-profits?
  - Collective bargaining agreement waivers?



# Critical Policy Questions

- How do we help low-wage workers quickly increase their incomes and at the same time, recognize that many smaller businesses and non-profit organizations will have a hard time with a dramatic minimum wage increase?
- Given the increased costs to businesses, should we include other forms of compensation, such as employer-provided health care or tips and gratuities?
- If we decide to expand our view of what counts in compensation, how do we also protect our state's hard fought policy of being one of seven non tip-credit states?
- How do we recognize the many Seattle companies with strong traditions of being good employers?



# Framework for Raising the Minimum Wage

- The city minimum wage should be raised to \$15 per hour
- The minimum wage should be phased in
- The first year of implementation of a phased increase of the minimum wage should begin in 2015
- Once the minimum wage reaches \$15 per hour it should rise in concert with the consumer price index



# Framework (cont.)

- No exemptions from the \$15 per hour minimum wage. All sectors, businesses and organizations should pay the city's minimum wage
- Recognition that smaller businesses and non-profits would face particular challenges in implementing a higher minimum wage
- The minimum wage law should be accompanied by a strong enforcement and worker and business education program



# Proposed Seattle Minimum Wage

Washington State Minimum Wage: Prospective Binding Wage Schedule (2.40% CPI estimated)		Employers > 500 employees		Employers ≤ 500 employees		
		Minimum wage (Schedule A)	Minimum wage w/ health care (Schedule B)	Guaranteed minimum compensation (Schedule C)	Maximum allowable non- wage compensation	Minimum wage (Schedule D)
Year	State Wage	-	-	-		-
2015	\$9.54	11.00	11.00	11.00	1.00	10.00
2016	\$9.77	13.00	12.50	12.00	1.50	10.50
2017	\$10.01	15.00	13.50	13.00	2.00	11.00
2018	\$10.25	15.36	15.00	14.00	2.50	11.50
2019	\$10.49	15.73	15.73	15.00	3.00	12.00
2020	\$10.75	16.11	16.11	15.75	2.25	13.50
2021	\$11.00	16.49	16.49	16.49	1.49	15.00
2022	\$11.26	16.89	16.89	16.89	1.14	15.75
2023	\$11.53	17.29	17.29	17.29	0.79	16.50
2024	\$11.80	17.70	17.70	17.70	0.45	17.25
2025	\$12.08	18.13	18.13	18.13	0.00	18.13



# Proposed Minimum Wage

## *Larger Employers*

Employers > 500 employees		
	Minimum wage (Schedule A)	Minimum wage w/ health care (Schedule B)
Year	-	-
2015	11.00	11.00
2016	13.00	12.50
2017	15.00	13.50
2018	15.36	15.00
2019	15.73	15.73
2020	16.11	16.11
2021	16.49	16.49
2022	16.89	16.89
2023	17.29	17.29
2024	17.70	17.70
2025	18.13	18.13

**Large employers** (greater than 500 employees, either in Seattle or nationally)

- Schedule A: If an employer does not provide healthcare benefits, the wages of those employees will reach \$15 per hour by 2017.
- Schedule B: If an employer does provide healthcare benefits **AND** the individual employee is enrolled in employer provided healthcare, the wages of those employees reach \$15 per hour by 2018.



# Proposed Minimum Compensation

## *Smaller Employers*

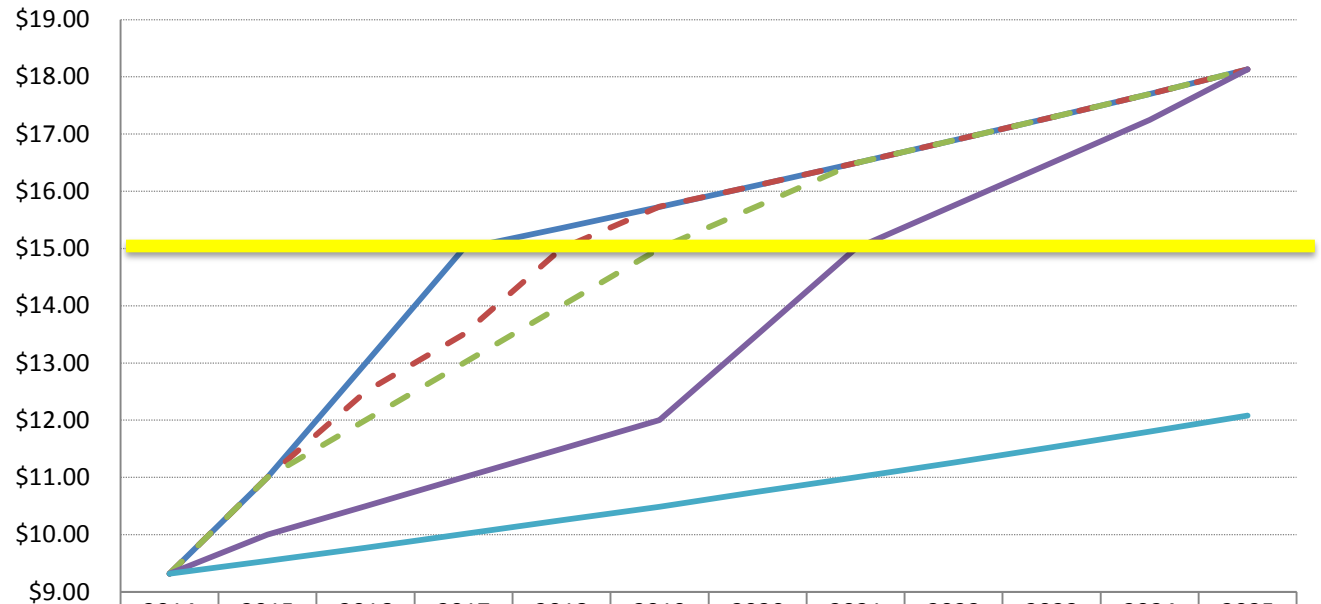
Employers ≤ 500 employees			
	Guaranteed minimum compensation (Schedule C)	Maximum allowable non-wage compensation	Minimum wage (Schedule D)
Year	-	-	-
2015	11.00	1.00	10.00
2016	12.00	1.50	10.50
2017	13.00	2.00	11.00
2018	14.00	2.50	11.50
2019	15.00	3.00	12.00
2020	15.75	2.25	13.50
2021	16.49	1.49	15.00
2022	16.89	1.14	15.75
2023	17.29	0.79	16.50
2024	17.70	0.45	17.25
2025	18.13	0.00	18.13

**Small employers** (equal to or less than 500 employees) :

- Schedule C: By 2019, all employees will reach \$15 per hour in **guaranteed minimum compensation**, which can include employer-paid health care contributions, tips, and wages.
- Schedule D: The minimum wage that all small employers will pay their employees
- The difference between Schedules C and D is the maximum allowable value of healthcare benefits and tips that can be used towards the guaranteed minimum compensation.



# City Minimum Wage



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
3-year Min Wage w/o Health Care	\$9.32	\$11.00	\$13.00	\$15.00	\$15.36	\$15.73	\$16.11	\$16.49	\$16.89	\$17.29	\$17.70	\$18.13
4-year Min wage w/Health Care	\$9.32	\$11.00	\$12.50	\$13.50	\$15.00	\$15.73	\$16.11	\$16.49	\$16.89	\$17.29	\$17.70	\$18.13
5-year min comp	\$9.32	\$11.00	\$12.00	\$13.00	\$14.00	\$15.00	\$15.75	\$16.49	\$16.89	\$17.29	\$17.70	\$18.13
7-year min wage	\$9.32	\$10.00	\$10.50	\$11.00	\$11.50	\$12.00	\$13.50	\$15.00	\$15.75	\$16.50	\$17.25	\$18.13
State Min Wage	\$9.32	\$9.54	\$9.77	\$10.01	\$10.25	\$10.49	\$10.75	\$11.00	\$11.26	\$11.53	\$11.80	\$12.08



# Enforcement and Education

Commitment to establish a regulatory function to enforce city labor laws and standards, with an emphasis on prevention, education, and monitoring:

- Integrates existing annual business license process
- Significant penalties for intentional and repeat violation
- Establishes worker outreach, education and empowerment model
- Establishes employer and small business outreach and education component
- Develops an incentive structure for businesses with solid labor practices
- Emphasis on culturally competent communication with employees and employers
- “No wrong door” approach to connect workers with appropriate local/state/federal agency

