

## **CITY OF TACOMA'S MINIMUM WAGE TASK FORCE**

### **THE TASK FORCE'S SECOND MEETING**

Monday, 1 June 2015 5:38 – 8:34 p.m.

The Center for Urban Waters

# **Revised SUMMARY**

## **OF THE MEETING'S KEY DISCUSSIONS, DECISIONS, AND AGREEMENTS**

**In attendance: Task Force Members and Alternates:** Sarah Cherin, Pastor Gregory Christopher, Odette D'Aniello, Michelle Douglas, Liz Dunbar, Dennis Farrow, Reggie Frederick (by telephone), Eric Hahn, Russ Heaton, Dr. Ali Modarres, Abranna Romero Rocha, David Strong, Robert Taylor, and Brenda Wiest; **City Staff** serving the Task Force: Tadd Wille, Jared Eyer, and Martha Lantz; **Economic Consultants:** Katie Baird and Doug Wills; **Facilitator:** Jim Reid

**Task Force members who were absent:** Kelly Chambers, Jason Kinlow, and Elizabeth Lewis

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Facilitator Jim Reid called tonight's meeting of the Tacoma Minimum Wage Task Force to order at 5:38 p.m. PDT.

### **THE TASK FORCE'S DECISIONS AND AGREEMENTS**

The Task Force members:

1. Approved the draft summary of the key discussions, decisions, and agreements of their first meeting on 28 May 2015. The final summary will be posted on the Task Force's website to help keep the public informed about the Task Force's work.
2. Approved a proposal from Tadd Wille, the City's Budget Director, to continually engage citizens in the Task Force's work. The City will establish a Task Force email by which citizens can send comments, ideas, and suggestions to the Task Force. Each Monday the staff will bundle the comments and distribute them to all Task Force members for their review and consideration.

Task Force member Michelle Douglas asked that the City consider offering citizens the ability to send comments in languages other than English, and Tadd said he would look into that.

## **A HOUSEKEEPING MEASURE: FOLLOW-UP ON THE OPEN PUBLIC MEETINGS ACT (OPMA)**

Deputy City Attorney Martha Lantz, who at the 28 May meeting briefed the Task Force on the obligations and requirements of the Open Public Meetings Act (OPMA) and the Public Records Act, returned to ask if the Task Force members have any additional questions or concerns about complying with two Acts. No one expressed any concerns or asked additional questions.

Facilitator Jim Reid reminded the members that when they reply to something he has sent them, they should only write to him, not include all the other members on the email. This will avoid the perception that the Task Force is conducting business privately. If the Task Force member is asking a question that everyone should be given the answer to, Jim will construct an email for everyone stating the issue or question and providing the answer.

## **TASK FORCE MEMBERS ARTICULATE THEIR CURRENT THINKING ON RAISING THE MINIMUM WAGE**

The Task Force members took a few minutes to share their current thinking about raising the minimum wage. Here is a synopsis of the major themes from their comments:

- Task Force members from a variety of perspectives expressed compassion for low-income people who are struggling to make ends meet. They also respect that people need a living wage.
- With a number of Task Force members saying to “do it reasonably,” It appears there may be sentiment for raising the minimum wage over time.
- A number of Task Force members also mentioned “meeting in the middle” or finding a “middle ground.”
- There seems to be recognition that the minimum wage is not the only means of lifting people out of poverty. Education and training, affordable housing, and transportation were mentioned as other issues that must be addressed to help reduce poverty.
- Task Force members appeared to distinguish large businesses, including nation-wide enterprises, from small, local businesses.
- Task Force members reiterated one of their mutual interests: Potential unintended consequences must be considered when assessing potential solutions. Task Force members don’t want businesses to leave Tacoma, people to lose their jobs or businesses to close, or unskilled employees to lose job opportunities because those jobs became more appealing to others in the workforce. One potential positive unintended consequence that was mentioned is that other cities in the region raise their minimum wage as a result of Tacoma’s action.
- Another sentiment appeared to be that Tacoma is unique and the solutions need to reflect the community’s uniqueness. Some members raised the question of how to balance the city’s uniqueness with the fact Tacoma is part of a regional economy and society.
- Another question put on the table was this: “What will be the cost of doing nothing?”

## **PRESENTATIONS PROVIDE CONTEXT FOR THINKING ABOUT THE MINIMUM WAGE ISSUE**

The rest of the meeting was devoted to presentations that were intended to help set the framework for the discussions about raising the minimum wage. Ali Modarres’ presentation helped establish a profile

of Pierce County, illustrating how its demographics fit within and compare to the wider region. Katie Baird and Doug Wills helped frame economic considerations. They suggested that relying on data alone about Tacoma isn't sufficient to figure out how a particular minimum wage would affect the City's residents. Also needed are judgments about how the labor market will respond to a minimum wage.

Dr. Ali Modarres, the Director of the UW Tacoma's Center for Urban Studies and a Task Force member, provided demographic information to help create a profile of Pierce County and begin to give context to the debate around raising the minimum wage. He reviewed PowerPoint slides and a hand out showing the jobs in the county (provided by the Bureau of Labor Statistics) that currently make less than \$15 per hour, and the estimate of how many jobs there are in each category. The primary lessons from his remarks included:

- In crafting policies to lift people out of poverty and, more specifically, to address increasing the minimum wage, we must consider the labor market in the long-term future.
- Seattle's population and economic growth are on a trajectory that far outpaces that of any other city in our region or state, making it extremely difficult to compare Seattle to Tacoma, Everett, or Spokane. Solutions that work for Seattle may not work elsewhere.
- Growth and development in Pierce County have outpaced Tacoma's in the last couple decades.
- The unemployment rate in Pierce County was 2.6% higher than Seattle's in December 2014.
- Between 2000 and 2013, the number of Pierce County residents in the range of 35-44 years old declined, as did the number of people below 19 years of age. This is likely to reflect that 35 to 44 year-olds moved from the County and took with them their young children.
- Based on estimates from the Bureau of Labor Statistics, there are about 269,800 jobs in Pierce County. Of these, about 71,450 provide a salary of less than \$15 per hour. That is 26.5% of the jobs in this county. However, we must also consider the percentage relative to standard error for the employment data in some occupational categories.
- Based on analysis by the Puget Sound Regional Council (U.S. Census—Pierce County inflow/outflow data from 2011) about 155,000 people live and work in Pierce County. About 134,00 people who live in Pierce County work outside the county, and close to 83,000 people who live outside Pierce County work in the county.
- One of the biggest public policy issues today is housing, which is increasingly unaffordable. The rise in income is not matching the rise in medium housing prices.
- Based on May 2013 Bureau of Labor Statistics data for all occupations, the mean hourly wage in Tacoma is one percent higher than that of the United States (\$22.46 vs. \$22.33). Seattle's mean hourly wage is 27% higher than that of the U.S. (\$28.36 vs. 22.33).

After a brief dialogue with Ali, some Committee members said it would help them understand the issues around the minimum wage even better if the Task Force could get an understanding of who are the people in Tacoma/Pierce County currently making less than \$15 per hour. Ali said he may have

additional information to draw this profile. The Washington State Employment Security Division (ESD) may also have data that could help provide this understanding.

Katie Baird, an Associate Professor of Economics, Politics, Philosophy, and Public Affairs at the UW Tacoma, and Doug Wills, an Associate Professor of Economics at the Milgard School of Business, also at the UW Tacoma, presented a paper that offered questions for the Task Force's consideration about the potential economic impacts of raising the minimum wage. They emphasized that different values and value judgments will guide the discussion more than data.

Katie mentioned that raising the minimum wage is an economic redistribution strategy, as is the income tax, for example. She presented these four concepts by which to consider raising the minimum wage:

1. **Demand for Labor:** How employers respond to a minimum wage. Redistribute profits to employees, relocate, reduce use of labor, use a labor substitute, such as technology, and/or raise the price to consumers to balance the loss of profits.
2. **Supply of Labor:** Employment will look more attractive for labor. Increase the supply; change the composition of minimum wage workers.
3. **Leakages or unintended consequences:** Less employment as some businesses leave or choose to not locate in Tacoma. In addition, the characteristics of minimum wage workforce could change and consumers, rather than employers, pay for a higher minimum wage by buying at higher prices.
4. **Good unintended good consequences:** People work harder, Tacoma becomes a more desirable place to live, and the cost of social services to City government and other social service providers declines. In addition, other cities in the region follow Tacoma's example by raising their minimum wages.

Katie concluded by stating that within this context there will be tradeoffs and they should be recognized in the discussion and debate.

The major points of Doug's remarks included:

- It's difficult to project outcomes of raising the minimum wage because, among other factors, the market is volatile, the Tacoma-area market is small, wages may not be not all the benefits that workers receive, and both businesses' and peoples' responses to change differ widely.
- Local conditions matter.
- Previous research on the economic impacts of raising the wage is mixed; some data appears to be inconsistent or contradictory and some of the findings are inconclusive.
- Businesses will be affected differently and respond differently. For example, a large firm with lots of capital may not have as high a percentage of labor costs and thus would respond in one fashion. A small business with a high percentage of labor costs would likely respond differently.
- Take into account what might happen to other benefits offered, including paid sick leave and paid vacations.
- Both businesses and people adjust to change. But the degree of their flexibility and the time needed to adapt will vary.
- We won't get easy answers from the data, but we might be able to get a sense of what will happen to business and labor.

The meeting adjourned at 8:33 p.m. PDT. The Task Force's next meeting is June 4<sup>th</sup> from 5:30-8:30 at the Center for Urban Waters.