

Tacoma Minimum Wage Task Force Public Comment Report

(Period from June 2, 2015 – June 15, 2015)

June 8, 2015

An open letter to any interested party

Subject: \$15 per hour minimum wage in Tacoma

Reference: Referendum on the ballot

This is information on the effect the minimum wage of \$15 per hour will have on a small business in Tacoma. Cascade Park Communities have been providing care for over 250 low income vulnerable and aged individuals for the past 20 years. These three facilities are as follows. Cascade Park Vista is a 124 bed assisted living facility with 95% of our residents on Medicaid. Cascade Park Gardens is an 80 bed memory care facility with 90 % of our residents on Medicaid. Cascade Park Active Day is an Adult Day Health Care Program with an average daily attendance of 70 clients, many who have memory loss or traumatic brain injuries. All of these clients are on some form of government assistance.

65% of our 120 full time employees are making less than \$15 per hour. Implementing the proposed wage would increase our expenses by \$637,000 per year (based on our payroll for 2014). Increasing our revenue would be a logical response to this additional expense. However, our primary source of revenue is government funding, primarily by DSHS and the rates are set by the legislature. We have not had a reimbursement increase for the past 8 years (we received a 2% decrease 2 years ago because of the State Budget) and the implementation of the Affordable Care Act has placed us at a barely break-even basis. The State legislature is currently arguing between giving us a 2.5% increase or none.

It would be appropriate to provide higher wages to all employees provided there was the revenue to support the additional expense. It would require an additional 9.7% increase in revenue for us to stay at a break even situation if the minimum wage was \$15 per hour. Any Business that does not provide a reasonable return on capital invested beyond break-even point is not sustainable. That is true with us in this situation

There will not be many, if any, winners by implementation of the \$15 per hour proposal. Losers in our case could include our business, our employees out of work, our residents placed in more expensive settings such as nursing homes, and the State paying for these increased costs with a budget for nursing homes. The total economic, social, and cultural effect on other business in the City of Tacoma is unknown but there are likely many organizations that would have a similar impact. The few employees who would benefit from the increased pay would be competing with those currently better qualified for the higher wage rate.

During any deliberations you or your friends have on the impact of this proposal, please consider the facts I have presented. I will be available to anyone with questions regarding this letter.

Very truly yours,

Donald L Hansen, Owner, Manager, Cascade Park Communities
242 St Helens Ave, Tacoma WA 98402 253-279-7340 hansendljs@aol.com

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June 11, 2015

First and foremost, thank you to all of the task force members who have volunteered their time and talents to this endeavor. An important and high-impact task faces you. It requires a lot of personal time and dedication. I appreciate what you are doing.

I am a local small business owner. I have been able to attend one of your meetings. My take-away from that meeting: the most important task you have at this point is define some terms (definitions). There are many different voices around the table, and many different backgrounds, thus assumptions. If you use terms without defining them, you have a hard time coming to agreement.

- Minimum Wage vs Living Wage.
 - o These two terms were used synonymously by several members at different times. I do not believe they are synonymous. There was a great link on your task force website last week showing studies of what living wage would be in Tacoma. (Based on a MIT study) <http://livingwage.mit.edu/counties/53053n>
 - o Entry level jobs can be a good thing for the economy and those lucky enough to have them and the training that goes along with them
- Profession vs. Job
 - o Again, are they synonymous? There are college courses designed around these terms, and I think that most would agree that they are not synonymous.
 - o Not all jobs were designed to be professions. EG. A high school tutor might hope someday to be a professional educator, but they (HS students) are not in a professional capacity when grading papers.
 - o Most commonly agreed to components of a profession: 1) Self-regulating 2) Has a code of Conduct of some sort 3) Long term outlook (a calling) 4) specialized knowledge/training
- Small Business vs Business.
 - o Not all businesses are equal in size and impact.
 - o There is a sliding scale of business size/profit margin/# of employees
 - o Creating a new mandate that does not recognized the differences in businesses will close some businesses.
 - o Some see this as acceptable “collateral damage” if the great good is served
 - o A one size fits all measure could disincentivize small business ownership in Tacoma
- Data Collection
 - o Please look at data concerning business as well as workers; Gross Income vs. Profit as reported in taxes. Number of employees does not necessarily = large business; The profit margin on many small business is small

Again, thank you for taking the time to read this and to serve on the Task Force.

Best Regards,

Jennifer Jensen

Instructor

Kumon of Tacoma - North End

MATH - READING - SUCCESS

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Tacoma WA 98407

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Hello,

I am in support of a \$15 minimum wage for adults and teens who have to earn a living wage and care for themselves -- though on second thought, I guess with the cost of education nowadays, I couldn't object to teens also making \$15 an hour!

Sincerely, Linda Frank, Tacoma

June 15, 2015

City of Tacoma Minimum Wage task force,

My husband is the president of a very small engineering firm in Tacoma. He has 3 partners and 7 employees. Over the years, he's hired a few students from Bates and Tacoma Community Colleges. These young people came from less than ideal financial and family situations. They were hired by the recommendations of their teachers as being intelligent, very hard workers. Some are now office managers, some are engineering students. They were each hired at minimum wage while our business paid to complete their education, spent hours mentoring and training them, paying for licensing classes and test fees. Our business has also hired a few summer college student interns at minimum wage to give them an understanding of what their chosen field might look like as they receive hours of mentoring. The majority of these workers, after they completed their training, have remained very loyal employees who have quickly gone on to earn a much higher wage. They've received education, training and a good job they might not have otherwise.

The cost of college tuition is skyrocketing. If the city of Tacoma decides to raise the minimum wage to \$15, our small business cannot absorb that higher wage until workers are trained enough to bill for their work hours. We'll be forced to discontinue the above business model of investing in training inexperienced young, disadvantaged workers at the entry level. We'll have to focus on hiring graduate students who already completed their education, training, licensing and are actually worth the \$15 / hour entry level pay. This will essentially cut out entry level positions from our small businesses and many others, thus leaving struggling students out in the cold on their own

Maybe you should push for higher wages in steps as employees are trained and productive?
Example: hired at \$9.47 for first 3-6 months. \$10.47 for the next 3-6 months. \$11.47 for the next 3-6 months, up to the \$15 / hour minimum ... or by that time, depending on the complexity of the business and job description, many workers could earn more!! Please don't force businesses to cut out their entry level jobs!!!

- Cathy Phillips