

**2019-2020 BUDGET QUESTION**  
***Response to Request for Information***

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DEPARTMENT(S): Human Resources

REQUEST NO.: 6

REQUESTED BY: Tovo

DATE REQUESTED: 8/5/19

DATE POSTED: 8/14/19

REQUEST: What is the estimated fiscal impact of raising the City's living wage for all full-time and part-time employees to \$16.83 / hour in FY 2019-20?

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**RESPONSE:**

The estimated City-wide fiscal impact of raising the City's living wage to \$16.83 for all full-time and part-time employees would be \$3.67M annually, including employer costs (FICA, and retirement for regular employees). These costs break down as follows:

| <b>Employees</b> | <b>General Fund</b> | <b>Enterprise</b> | <b>Support Services</b> | <b>Total</b>       |
|------------------|---------------------|-------------------|-------------------------|--------------------|
| <b>Temporary</b> | \$2,321,000         | \$423,000         | \$17,000                | <b>\$2,761,000</b> |
| <b>Regular</b>   | \$340,000           | \$497,000         | \$75,000                | <b>\$913,000</b>   |
| <i>Full-Time</i> | \$328,000           | \$496,000         | \$65,000                | \$889,000          |
| <i>Part-Time</i> | \$12,000            | \$2,000           | \$10,000                | \$24,000           |
| <b>Total</b>     | <b>\$2,661,000</b>  | <b>\$920,000</b>  | <b>\$93,000</b>         | <b>\$3,674,000</b> |

**Temporary Employees**

"Temporary" includes temporary part-time and full-time, and seasonal employees.

These costs do not consider compression<sup>1</sup> for temporary employees. It only brings employee pay up to the living wage.

**Regular Employees**

"Full-Time" includes any regular employee budgeted to work 30 or more hours per week.

"Part-Time" includes any regular employee budgeted to work fewer than 30 hours per week.

These costs **do** consider compression for regular employees; however, they do not provide a complete picture. The proposed living wage would eliminate the first pay grade. As a result, all jobs in that grade (19 titles) will go up to the next pay grade. Since some jobs are in a progression (e.g., Cashier I, Cashier II), some of these jobs will also move to the next grade, and so on. Twenty-five (25) total jobs will be impacted.

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<sup>1</sup> "Compression" occurs when the difference between the pay rates of two employees become closer. For example, if employee A was formerly earning \$16.00 per hour, and employee B was earning \$15.00 per hour, after this exercise, they would be earning the same amount, even if employee A had more experience or tenure, had more qualifications, etc.

The proposed living wage is higher as compared to our current scale (12% increase). In order to fit the increase in our scale without eliminating any further grades (and disrupting the structure for more than the 25 titles already affected), the range of the grades will need to be compressed. Where the ranges are normally about 25% from the minimum of the pay grade to the midpoint of the pay grade (e.g., the minimum for pay grade 7 is currently \$16.40, and the midpoint is \$20.45, which is 24.7% higher than the minimum), the range from the minimum to the midpoint of the lowest pay grade would be compressed to less than 1% (i.e., the minimum for pay grade 3 would be \$16.83, and the midpoint would be \$16.95). This effect would occur, in a decreasingly pronounced effect, for the first six pay grades.