



## MEMORANDUM

**TO:** Mayor and Council Members

**THRU:** Spencer Cronk, City Manager  
Veronica Briseño, Assistant City Manager

**FROM:** Joya Hayes, Human Resources and Civil Service Director *JA*

**DATE:** April 28, 2022

**SUBJECT:** Living Wage Work Group Process

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The purpose of this memorandum is to provide an overview of the living wage stakeholder review process and transmit to Council a summary of their work and recommendations.

In 2014, the City Council passed Resolution 20141016-035 which directed the City Manager to provide staff support for a stakeholder process to develop recommendations regarding the City's living wage rate and policy. During that process, stakeholders met seven times from January to May 2015, provided their recommendation to Council, and then briefed the Council. After the presentation to Council, the City Manager in conjunction with the annual budget process brought forward a plan to increase the Living Wage rate to \$15.00 per hour by 2020.

Similar to the 2015 process, the Human Resources Department provided staff support by convening meetings with the community organizations who participated in the previous Living Wage Stakeholder Group. Other organizations were invited upon the Groups' recommendation.

The Group met four times: January 26, February 9 and 23, and March 9, 2022. Like the previous process, this memorandum provides the Group's recommendation to Council. The Group will present their recommendation at a future Council work session.

Attached to this memorandum are the summaries of the meeting topics, major data points reviewed, recommendations from the Group, and participating organizations. HRD and the Budget Office have preliminary provided an estimate of costs associated with a \$22.00 per hour living wage rate for FY23. The costs to the City budget is estimated between \$18.2M to \$22.8M. These costs do not include any sworn employees.

City staff will provide more information on the budget impact, costs if sworn employees were included, and potential living wage rates that work within a balanced budget. We will also review our current pay grade structure, specifically the number of pay grades that will be impacted, projected increases, and how this impacts our current employees.

If you have any questions before the presentation by the Group occurs, please contact me.

### Attachments

cc: CMO Executive Team  
Department Directors  
HR Manager's Forum

## Living Wage Working Group

Participants, Meeting Summaries, Data Reviewed, Recommendations

### Living Wage Stakeholder Group Participants

These are the organizations that attended at least one meeting.

Organization	Representative(s)
AFSCME	Carole Guthrie Todd Kulik Christina Ortiz Krissy O'Brien
Central Texas Interfaith	Doug Greco Mother Minerva Camarena-Skeith
Workers Defense Project	David Chincanchion Fabiola Barrento
Laborers' International Union 1095	Jeremy Hendricks
IBEW Local 520	Ben Brennehan Kasey Lansangan
Austin Chapter of General Contractors	Phil Thoden
Plumbers Local 286	Chap Thornton
Greater Austin Hispanic Chamber of Commerce	John Espinosa
Greater Austin Chamber	
Austin LGBT Chamber	Richard Segal Tina Cannon
Equal Justice Center	Chris Willett
Unite Here	Willy Gonzalez Rachel Melendes
Local Progress	Kara Sheehan
Texas Antipoverty Project	Bob Batlan

## Meeting Summaries

During the meetings, the Human Resources Department convened the workgroup and provided staff support.

### Meeting 1 (January 26):

- Goals for the Working Group process were established
  - o Work Group to recommend a new living wage and roadmap for the next 3 – 5 years
  - o Work Group to recommend who the living wage should apply
  - o Work Group to review costing for the budget
- Presented
  - o City of Austin living wage history
  - o Living wage data for other cities
  - o MIT website on the living wage for Austin
  - o Fair market data on rent for the Austin area

### Meeting 2 (February 9):

- Briefing from City Procurement on City contractors and the living wage
- Group discussion
  - o data to review
  - o cost of living – food, childcare, etc.
  - o Previous process from 2015
  - o Living wage using cost of labor to align salaries to Austin
  - o United for Alice Wage Tool, as recommended by the Group
  - o MIT Living Wage to include food, childcare, transportation, etc.
  - o Impacts on the City's pay structure

### Meeting 3 (February 23):

- Briefing on
  - o City Budget and constraints in increasing costs
  - o Chapter 380 incentives
  - o Retention incentives for employees
  - o Policy considerations to maintain the living wage – using the Consumer Price Index (CPI)
- Group Discussion on
  - o Benchmark cities provided by a Group member
  - o Projected rates using Texas CPI
  - o Costs for increasing the living wage
  - o living wage cost impact to City services versus benefit of higher living wage impacting local private sector and decreasing utilization of City services

### Meeting 4 (March 9):

- Presented Citywide turnover and vacancy rates
- Group Discussion on
  - o Costs per hire
  - o Starting rates
  - o Projected payroll costs
  - o Five-year costs to the general fund payroll
  - o Final recommendations to be presented to the City Council

## Data Reviewed

### COA Living Wage History

Date	Living Wage	Minimum Wage
Oct 1998	\$7.40	\$5.15
Apr 1999	\$8.00	\$5.15
Oct 2000	\$8.50	\$5.15
Mar 2001	\$9.00	\$5.15
Jan 2005	\$10.00	\$5.15
Oct 2005	\$10.90	\$5.15
Jul 2007	\$10.90	\$5.85
Jul 2008	\$10.90	\$6.55
Oct 2008	\$11.00	\$6.55
Jul 2009	\$11.00	\$7.25
Oct 2014	\$11.39	\$7.25
Oct 2015	\$13.03	\$7.25
Oct 2016	\$13.50	\$7.25
Oct 2017	\$14.00	\$7.25
Oct 2018	\$15.00	\$7.25
Oct 2021	\$15.00	\$7.25

### Benchmark Data – Other Cities Living Wage Data

Comparison Cities vs. Austin, Texas	Current Living Wage	Cost of Labor Geo Factor	Adjusted to Austin <sup>1</sup>
Corpus Christi, Texas	\$10.01	106.76%	\$10.69
Dallas, Texas	\$15.50	98.33%	\$15.24
Fort Worth, Texas	\$11.34	103.09%	\$11.69
Houston, Texas	\$14.25	96.77%	\$13.79
Las Vegas, Nevada	\$15.10	97.28%	\$14.69
Memphis, Tennessee	\$12.00	106.52%	\$12.78
Oklahoma City, Oklahoma	\$10.37	113.10%	\$11.73
Philadelphia, Pennsylvania	\$14.25	94.10%	\$13.41
Phoenix, Arizona	\$15.00	101.61%	\$15.24
Portland, Oregon	\$14.00	93.20%	\$13.05
San Antonio, Texas	\$15.60	106.40%	\$16.60
San Jose, California	\$24.07	77.10%	\$18.56
Tulsa, Oklahoma	\$14.19	106.04%	\$15.05
Denton, Texas	\$15.00	99.82%	\$14.97

<sup>1</sup> Cost of Labor shows the impact of the living wage in the local labor market, compared to what an employer would need to offer in Austin in order for the offer to have the same level of attractiveness to the candidate. In other words, if a potential employee in Corpus Christi might be attracted to a job at a rate of \$10.01, a similar employee in Austin might not be interested until the offer was increased to \$10.69.

### United for Alice Tool - Projections

- <https://www.unitedforalice.org/wage-tool>
- Asset, Limited, Income, Constrained, Employed
- Estimates the bare minimum cost of household necessities (housing, child care, food, transportation, health care, and a basic smartphone plan), plus taxes and a contingency fund (miscellaneous) equal to 10% of the budget.
- A Family of 3 – 2 workers, 1 child would need \$17/hour to support their family in Travis County
- A Family of 2 – 1 worker, 1 child would need \$25+/hour to support their family in Travis County

### MIT Living Wage Calculation - Projections

<https://livingwage.mit.edu/counties/48453>

Includes annual projection on food, childcare, transportation, etc.

	1 Adult				2 Adults (1 Working)			
	0 Kids	1 Kids	2 Kids	3 Kids	0 Kids	1 Kids	2 Kids	3 Kids
Living Wage	\$15.42	\$31.54	\$38.87	\$49.98	\$24.39	\$29.30	\$32.69	\$35.58
Poverty Wage	\$6.13	\$8.29	\$10.44	\$12.60	\$8.29	\$10.44	\$12.60	\$14.75
Minimum Wage	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25
Food	\$3,177	\$4,670	\$6,990	\$9,294	\$5,825	\$7,238	\$9,305	\$11,345
Child Care	\$0	\$8,694	\$17,387	\$26,081	\$0	\$0	\$0	\$0
Medical	\$2,760	\$8,866	\$8,554	\$8,694	\$6,270	\$8,554	\$8,694	\$8,347
Housing	\$11,856	\$16,272	\$16,272	\$21,156	\$13,608	\$16,272	\$16,272	\$21,156
Transportation	\$5,113	\$9,378	\$11,672	\$13,896	\$9,378	\$11,672	\$13,896	\$12,611
Civic	\$1,811	\$3,889	\$3,554	\$4,127	\$3,889	\$3,554	\$4,127	\$3,889
Other	\$2,875	\$4,687	\$5,144	\$6,216	\$4,687	\$5,144	\$6,216	\$6,235
Required annual income after taxes	\$27,593	\$56,456	\$69,574	\$89,464	\$43,657	\$52,435	\$58,510	\$63,675
Hourly	\$13.27	\$27.14	\$33.45	\$43.01	\$20.99	\$25.21	\$28.13	\$30.61
Annual Taxes	\$4,473	\$9,152	\$11,279	\$14,503	\$7,077	\$8,500	\$9,482	\$10,323
Required annual income before taxes	\$32,066	\$65,608	\$80,853	\$103,968	\$50,735	\$60,935	\$67,996	\$73,998
Hourly	\$15.42	\$31.54	\$38.87	\$49.98	\$24.39	\$29.30	\$32.69	\$35.58

## Living Wage Work Group Recommendations

- The City should acknowledge that it is working toward a living wage and that it will take a financial commitment to provide a living wage that would meet actual living expenses.
- The City should adopt a wage rate of \$22.00 per hour that accounts for compression to take effect at the beginning of Fiscal Year 2023.
- This wage rate should apply to all regular and temporary employees of the City of Austin, excluding employees in the summer youth program, regardless of position or number of hours worked.
- The City should plan to increase the wage rate each year to reach an hourly rate of \$27 per hour by 2027.
- Once the City has reached a living wage, use the average of the annual increases in the CPI-U in Texas to increase the rate each year.

Please note that adjusting the living wage will also apply to any contracts the City issues for City work and require those receiving Chapter 380 incentives to pay the new rate.

It is important to note the Group's expertise and passion throughout this process. The Group wants to acknowledge their recommendations will move the City to a higher wage, but it is not an actual living wage for the City of Austin.