



# MEMORANDUM

## LEGISLATIVE REFERENCE BUREAU

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**To:** Ald. Ashanti Hamilton  
**From:** Mary E. Turk – Legislative Fiscal Analyst  
**Date:** April 2, 2014  
**Subject:** Costs to Implement a Minimum Wage

The County's living wage ordinance implements wage requirements in 3 primary areas: County employees, development deals receiving County financial support and employees associated with County service contracts. The following is an evaluation of the potential City costs for implementation in these 3 areas. I will discuss these costs in terms of implementing a minimum wage of \$10.10 as in the "Minimum Wage for Contractors" Presidential executive order, and a wage of \$11.47 (100% of poverty for a family of 4) as legislated in the County minimum wage.

**Development Deals.** There would be no cost to the City associated with any wage requirement in potential development deals as costs are borne out by developers.

**City Employees.** Few City positions are paid at a rate low enough to be affected by implementation of a minimum wage with the exception of Library Circulation Aides. Currently, the Library employs 42 such aides. The additional costs to implement the minimum wage for these positions would be \$10,930 annually at \$10.10 and \$19,479 annually at \$11.47.

**Service Contracts.** The best method available for estimating these costs is to use the data the City collects on such contracts under s. 310-13-7 of the Code. Based on this data from 2013, assuming the exact same contracts with the exact same staffing requirements were to be in effect in 2014 and all cost increases were passed on to the City, the additional costs to implement would be \$26,386 at \$10.10 and \$143,350 at \$11.47.

### Estimated Costs for Implementation

Hourly Wage	Library Staff	Service Contracts	Total
\$10.10	\$10,930	\$26,386	\$37,316
\$11.47	\$19,479	\$143,350	\$162,829
\$12.61	\$26,593	\$386,259	\$412,852

**Earn and Learn Program.** You may also be interested in the impact of a minimum wage requirement on the Mayor's Earn and Learn Program. This program is funded through Community Block Grant funding and participants are paid through a contract with Manpower. In 2013, 120 participants were paid at a wage of \$7.25 per hour. This is a per participant cost of \$1,170 totaling \$140,400. If stiffer wage requirements were to be put in place, fewer participants could be funded with the same level of grant funding. With a wage of \$10.10, 31 or 26% fewer participants could be funded for a total of 89 participants and at \$11.47, 42 or 35% fewer could be funded for a total of 78 participants.