

Toward a Livable Wage: Implications for Business, Community, and Nonprofits

June 12, 2014

Who Attended?

121 community members attended. Most attendees were affiliated with one of three community sectors. (Some businesses or organizations may not be listed due to incomplete information provided at registration.)

Business & Chambers	Nonprofits & Hospital	Government
1st Security Bank AAA Adventure Kids Playcare American Family Insurance AudioControl Chess4Life D. Lark, Inc Evergreen State Mortgage Hal Woosley Properties Hampton Inn and Suites Heathman Hotel Hilton Hyatt Issaquah Chamber of Commerce Marriott Meadow Creek Business Center Microsoft One Redmond Organized Spaces Peace of Mind Home Health Resource Management, Inc. Seonet Sky Mania Trampolines SnoValley Chamber of Commerce VN Graphics WA Restaurant Association	AtWork! Chinese Information and Referral Services Congregations for the Homeless Disability Pride Eastside Cultural Navigator Program Eastside Friends of Seniors EISCC Friends of Youth Hopelink Housing Development Consortium King County Library System Kirkland Interfaith Network Leadership Eastside Mercer Island Youth and Family Services Nourishing Networks Overlake Hospital The Arc of King County The Sophia Way Together Center United Way of King County Youth Eastside Services YWCA	Office of Congressman Adam Smith Office of Congressman Dave Reichert Bellevue City Council Issaquah City Council Kirkland City Council King County Redmond City Council WA State Department of Commerce Office of King County Councilmember Kathy Lambert

Raising the Minimum Wage: Context & Consequences

Lori Pfingst from the WA State Budget and Policy Center presented data on the context for the current focus on increasing the minimum wage. She shared that forty years of “bad policy” have contributed to unprecedented income inequity throughout the country and here in WA. Raising the minimum wage is one solution, but is not the only solution. Others include policies that build opportunity and address high costs of living and tax reform.

From summary of research on the impacts of minimum wage increases (based on 80-100 studies analyzed by the WA State Budget and Policy Center):

- Raising the minimum wage hasn’t had substantial anti-poverty effects, but the magnitude of the increases discussed in WA (\$15/hour in Seattle) would likely have a small, but significant impact.
- No discernible impact on overall employment, but research largely focuses on modest increases.
- When regional employment conditions are controlled for, there is no impact on teen employment.
- It reduces wage inequality but not income inequality; wage inequality is just one component of income inequality. Regressive tax system is the main culprit.

For Ms. Pfingst’s PowerPoint slides, please visit www.eastsideforum.org/resources/event-handouts.

Panel Presentation

- WA State Senator Mark Mullet, 5th District, owner of Zeek’s Pizza and Ben & Jerry’s Ice Cream in Issaquah
- Jasmine Donovan, Dick’s Drive In Restaurants
- Sylvia Fuerstenberg, The Arc of King County
- Debra Lerman, San Francisco Human Services Network

The panel was moderated by James Whitfield, President of Leadership Eastside.

Each panelist addressed the question about what impacts the Seattle minimum wage increase will have.

Senator Mullet spoke about the impact he sees as a small business owner. “A lot of people who work for me live in Seattle. I’m not sure if they will seek Seattle jobs.” He has already made wage adjustments for a delivery driver position in order to reduce turnover. He said it was hard to speculate what the impact would be on his business.

With regards to the State legislature, he said an effort to raise the State minimum wage didn't go anywhere in the last session. And, because of the McCleary decision, "human services won't get the same funding increases as education. We don't expect that to change."

Jasmine Donovan said her biggest concern is how youth and disadvantaged workers will be impacted. There will be higher competition and employers will be more apt to hire the most qualified who bring strong experience and skills.

Sylvia Fuerstenberg said The Arc of King County, a nonprofit that serves disabled people and their families, does not have minimum wage jobs, but she sees compression as an important factor (wages for all will be pushed up higher if the minimum wage is higher). There is no extra funding to cover raises to staff salaries. "We are already extremely underfunded by State contracts... we are funded by the hour." There is no question about the need to raise wages, but "we are between a rock and a hard place unless the State increases funding."

Debbi Lerman gave an overview of the San Francisco Human Services Network which has 80 organizational members. They are deeply engaged in minimum wage issues. SF now has five wage and health mandates. Currently the SF minimum wage is \$10.74 and there is a new ordinance to raise it to \$15 by July, 2018. Debbi shared that nonprofits are uniquely positioned to be leaders in the conversation because "we hold a middle ground based on who we serve and we touch all constituencies." She also spoke about the need to be informed about the transition points for when people lose benefits (as their income increases).

Sylvia and Jasmine were asked to reflect on the Seattle process they were both involved in.

Sylvia said it was rushed and there's a real need to look at the minimum wage issue regionally, not just limited to Seattle. Jasmine agreed and said that "logic went away to get the deal done, but it didn't necessarily result in good policy."

James Whitfield asked, "Is this the right thing to do and what is "this?"

Debbie Lerman: Our group was the only one that has consistently supported all mandates. Yes, we believe that an increase in the minimum wage is the right thing to do. "I can't speak for how much it should be here, but for us, it is \$15/hour with an annual CPI increase."

Jasmine Donovan: "We're completely supportive, but how do we go about it? At Dick's, we're an excellent first employer for those with little to no skills. All of our managers started out as crew members. We offer scholarships and strong benefits. We need to encourage businesses to be good first time employers."

Senator Mullet: "I support an increase in the federal minimum wage, but I don't believe in making the increase like Seattle did for the Eastside." He also mentioned that franchises shouldn't be considered the same as large corporations.

Jasmine Donovan ended with a philosophical question: Should the minimum wage be a higher, livable wage that may keep people there for the long-term, or should we work for the minimum wage jobs to be a first step with lots of support and opportunity to move up?

Small Group Discussions

(Taken verbatim from notes from each table.)

General Comments Related to Event Speakers and Information Presented

- I liked (Lori Pfingst's) presentation showing four decades of data. How can we bring more revenue?
- Where is big business? Who's here today?
- Balanced view. Helped to hear San Francisco's experience and lessons learned, emphasis on moving people up to higher paying jobs; balance of sides, less deserve and polarized by presenter.
- Interested in Jasmine's philosophy of moving entry level positions upward.
- This started conversation
- Emotional reaction to past and current minimum wage doesn't reflect actual worth of dollars.
- Rejection of premise that productivity vs. compensation is the problem because of technology.
- No precedent for such a large increase.
- Didn't think low wage workers were living in Eastside or many parts of Seattle.
- Policy presentation – all focused on STEM: is that correct?
- Local = test. Need that experimentation.
- We are impatient, we want a magic wand to solve this – unrealistic
- Question of expectations vs. reality

Comments Regarding Nonprofits and Clients

- Human Services agencies don't have funds to pay the wage, must force patients to pay higher costs or cut employee benefits. Healthcare benefit piece must be considered as part of conversation.
- Northshore is a Senior Services site; would Senior Services pay Seattle sites more than their sites outside of Seattle?
- Grant funders, knowing that budget will remain the same while employee costs go up, would expect services to decline.
- Impact on vulnerable populations will be significant.
- Concerned about stagnant wages in human services
- We're not concerned about the \$15 wage for our organization but we are concerned about clients, like the homeless trying to get jobs.
- Concern over tangent benefits, complicated with social service laws
- Need to track "benefit cliffs" as client incomes raise. Why transition points to lose benefits?
- Education mandate affecting human services
- Arc will need to move out of Seattle as one impact.
- What do we need to do with human services to allow people to transition?
- Stress on other services: up or down?
- Locally, higher wage standard hurts disabled because of short-term thinking.

Taxes/Revenue

- Personal opinion: need to look at the top 1% and create tax reform at the state level
- Allusions to tax reform ... that was not underscored. Absolutely central. It's so basic. Something less regressive. Non-earned income should be taken into account.
- The revenue pie is only so big and this shifts the resources around only.
- The important issues are more than wages; it's also taxes and other issues.
- Taxes: big issue, can't be done at city level. Lots of suggestions to evaluate.
- Look at disinvestment for 40 years. What is our tax structure? Look at those who have benefited long term.
- Tax structure should be looked at
- Tax reform has to be part of the solution.

Businesses/Economy

- The real question is: if higher minimum wage is put in place in 4 years, how would this affect your business?
- Employers will be competing for the same employees.
- Might lessen number of new jobs.
- Small business will need to be competitive with Seattle.
- Bigger problem being solved on the backs of small businesses.
- Need to look at compensation as total package.
- Tips issue is confusing.
- Lots of employees going to seek Seattle jobs.
- Compression: bring that on for business owner. Where will the pressure have the most positive/negative effect?
- Have to be more productive to survive as a business.
- As a business owner you want to help but that can only extend so far.
- Post recession getting back on our feet, this stretches businesses to move backwards, shrinking employment.
- Need conversation on how businesses will absorb/adopt increased costs.
- Compression issue: effect on cost of living, for all residents.

Regional Issue

- City vs. regional concerns can conflict. It makes sense to start at the city level because there is a smaller piece to work with and discussions can grow city by city and become a regional discussion.
- Federal gov't is at a stalemate, using fixed budget as an excuse, creating frustration at the city-level. Cities then try to find their own solutions.
- Minimum wage is the easy, local initiative. We should at least be county-wide.
- Regional focus needed
- Regional conversation – keep us all in the outcome.

Inequity/Livable Wage/Minimum Wage Earners

- Stagnation of middle class very clarifying
- Top 1% is not looking at scarcity.
- The issue at the federal level is not the minimum wage. The living wage is most important.
- Income inequality is an issue. This conversation is not about closing the right gap.
- Address gap between high income and low income, education gap.
- Failure in public education to help students leave high school to gain more education and get higher paying jobs.
- Definition of a livable wage: how ripple effects influence
- Starting workers at \$15/hr makes it harder to help them climb up.
- Will this drive up unemployment?
- Identify population that is stuck in min wage job
- The term “minimum wage” diminishes employees who have worked hard to get to \$15.
- Minimum wage raise won’t affect the 1%

Systemic Approach (Address Bigger Picture and Multiple Issues)

- System focus: affordable housing, lay groundwork so people can pay the taxes.
- Need conversation about whole system – community health and focus on the disadvantaged/vulnerable being included so costs for care/health/wellness are not continuously going up.
- Needs should not be pitted against each other. Education, services, and infrastructure, jobs are all part of healthy community.
- Need to look at differential impact for ALL the different tiers of business and organizations.
- There is so much nuance to this issue that requires multi-faceted answers. The forum was thought-provoking, for sure. I think people are looking forward to more of these organized conversations in the future, with more “players” at the table.
- Local issue having global/national ripple effect: concerns over overall costs increase in wages and labor; scale of wages for starting jobs.
- Min wage could dampen economic growth. A 50% increase at once will have implications. How do we find the middle ground to help the low end and not stunt economic growth?
- How can we look at the policy from a perspective of how we help people move up?
- Can we continue the conversation with an agreed upon shared purpose which will allow for all perspectives to come to the table thereby unleashing new ideas, innovation and movement?
- Not just a quick fix, not just one arm of government or social community can fix problem.
- Don’t jump into this.
- Wait, learn lessons from Seattle.
- Look at the whole pie: taxes, social security, social services, etc.
- Federal solution is needed
- What are unintended consequences?

Other Comments:

- We at legislature have the power to change policies.
- How can elected officials inspire the conversation at different levels?
- Impact of Eyman initiative?
- Traffic on bridges is result of wages/housing

Future Events: What Specific Topics Would You Like to See Addressed?

- Expect future conversations and on-going discussions with Eastside cities. Perhaps look at inviting all the different “players” to the table, such as the all the corporations, franchises, small businesses, mom/pop shops, non-profits, etc. because this decision will impact everyone in some way. For future conversation, perhaps split organizations into categories/tiers/levels and have these groups talk about possible scenarios then come back together as a larger group to share. For example, define what constitutes big and small business and have those businesses get together and “play out scenarios” and how these different entities would react. Each of these categorized organizations would face different problems and have different concerns that might be in a different league from others.
- Next event: the three things Lori said were needed to resolve problems. What other policy issues should we address? Can we address these next time?
- Who should we have follow-up conversation with? This same group of people. Need to have some sort of power on both sides. Legislature, local officials, a representative group of people.
- Involve policy makers in conversations

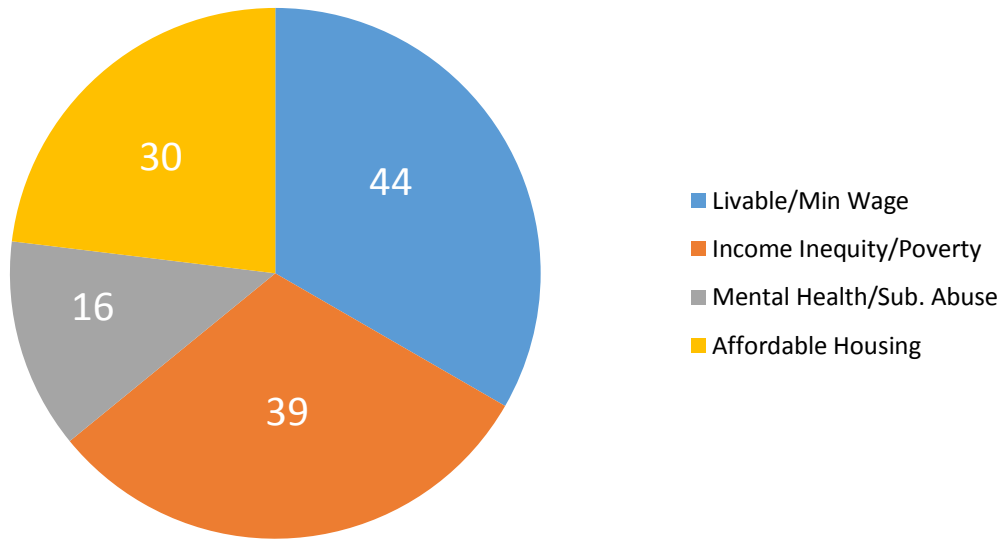
Next Steps

Attendees were asked to fill out sign up sheets at the tables to indicate if they (1) wanted to be invited to future events and if so, which ones: livable wage/minimum wage, income inequity/poverty, mental health & substance abuse; affordable housing, and (2) if they wanted to assist with planning future events.

35 non-EHSF affiliated people signed up.

- They were able to select as many topics as they wanted. See below for results.
- 11 indicated they want to help plan future events.

Please invite me to future events related to:



Event Feedback Survey

Attendees were sent an online survey. 38% (N=46) responded.

Affiliation	%	#
Business	28.26	13
Nonprofit	41.30	19
Faith Community	4.35	2
Government	26.09	12
Total		46

How satisfied were you with the content of Lori Pfingst's presentation, "Raising the Minimum Wage: Context and Consequences"?

Not Satisfied At All	Somewhat Satisfied	Very Satisfied
6.52% (3)	32.61% (15)	60.87% (28)

Comments:

Bold and persuasive. –*Nonprofit respondent*

Good data but without handouts or access to the ppt it was hard to follow –*Government respondent*.

I think the data could have been more balanced. –*Business respondent*

Needed another point of view on the impact of raising the minimum wage - the benefit to workers and economic growth will be offset as prices will increase accordingly that will nullify much of the benefits of higher wages. –*Business respondent*

Disagree with the premise of the slide regarding disparity between productivity and compensation...since 1970s with technology increasing, we should expect to see productivity outstrip compensation...secondly, as taxes increase and business climate gets worse for small business, companies HAVE to achieve greater productivity vs. compensation just to stay afloat. I would recommend overlaying small business % of profit on top of the graph, and I would expect to see that small businesses have NOT grown their profit margins while productivity has increased... –*Business respondent*

Great presentation - compiling such broad subject into brief focused research based analysis. –*Nonprofit respondent*

Conveyed a great picture of disparity in our society. –*Business respondent*

Great prelude. Data is always a good place to start. –*Government respondent.*

One sided. –*Business respondent*

She didn't present a particularly balanced presentation in my opinion. –*Business respondent*

It was completely slanted and manipulated data to support her organization's very politically slanted mission. There should have been a reciprocal presentation with facts and data to support the business implications of a dramatic hike to the minimum wage. Nowhere was it discussed how this will affect ACTUAL bottom lines of small businesses and non-profits. –*Nonprofit respondent*

While the presentation had some great data, it clearly an advocacy piece for raising the minimum wage. There was some confusion with audience members. One person thought she was employed by the state of Washington. I think it would have been good to make it more clear that she was from a policy advocacy organization. –*Government respondent*

Very smart and knowledgeable. Too obviously one-sided and argumentative/pro one position. Detracted from her value as a result. –*Business respondent*

The slides were used to make a specific political point consistent with the political leanings of the Washington Budget and Policy Center. Indeed Ms. Pfingst said that the minimum wage changes would not affect poverty rates or teenage employment. The thrust of the presentation was to support an income tax in Washington. I think EHSF was ill-used by Ms. Pfingst to promote a personal agenda rather than the topic at hand. In particular the slide on productivity showed that there has been a sizable investment in capital goods to lever labor. Whether it is a nail gun instead of a hammer, or a robot on a car assembly line, the increasing price of unskilled or low skilled labor has reduced the amount of labor needed to create products. Phrases like the "great divide" are simply propagandist. –*Government respondent*

Best ever. Really great speakers. –*Nonprofit respondent*

Kind of biased. –*Government respondent*

Want more and longer at some point –*Nonprofit respondent*

(4 people requested that the PowerPoint slides be posted online.)

How would you rate the panel on the whole?

Poor	Fair	Good	Excellent
2.17% (1)	6.52% (3)	45.65% (21)	45.65% (21)

Comments:

Too much time for them to answer prepared questions not enough time for others to ask questions. –*Business respondent*

Would have liked to see more representation from east king county business. – *Government respondent*

Why have a represent from the city that is listed as the most expensive city to visit in the whole US be on the panel? Do we want to become like that?? –*Business respondent*

The panel was overwhelmingly leaning against \$15 min wage - one sided. Only one voice of dissent really. –*Nonprofit respondent*

Appreciated the variety. –*Government respondent*

I thought it was odd that we had a representative from SF here. –*Business respondent*

Interesting to hear California plan as contrast-Other states might be a good idea.... – *Government respondent*

The panel did a great job presenting on the issue. –*Government respondent*

Good balance, although it was interesting that Debbi Lerman's personal unhappy experience as a waitress really colored whether one set of employees should be treated differently than other because of tips. The counterpoint on tips was offered by Mark Mullet. Jasmine demonstrated what Dick's has practiced for years. If you offer a good workplace and benefits that meet your intended employee pool you will attract more productive employees. Sylvia provided factual information but did not address the primary market issues or who would benefit. –*Government respondent*

To what extent did the event meet your expectations?

Far Below	Did Not Meet	Nearly Met	Met	Exceeded
2.17% (1)	2.17% (1)	15.22% (7)	54.35% (25)	26.09% (12)

Comments:

The panelists were very good - a good mix. –*Business respondent*

I wasn't expecting to have discussion time & valued that. –*Business respondent*

Have a better mix of business, nonprofit and government at the tables –*Nonprofit respondent*

EHSF may want to survey their membership to determine the percentage of impact on non-profit agencies if there was an adoption of \$15 minimum wage requirement. –*Government respondent*

Not enough representation from small business owners who can describe to you the actual steps they would take should a \$15 minimum wage be enacted. All of the theorhetical (sic) discussion and hyperbole about how we need to fight income inequality by giving minimum wage workers a raise is irrelevant if you aren't hearing from the people that will have to pay those wages. This forum was completely one-sided and was trying to build consensus for support rather than evaluate all of the factors. –*Nonprofit respondent*

Wish there were more time for q/a. –*Government respondent*

I was very happy to see business organizations present (sic) such as Kirkland Chamber and One Redmond. –*Government respondent*

The content was fairly shallow and reactive. Afterwards I was talking with a friend and compared it to going to an Industrial Arts convention where the topic was "Bigger Hammers, Good or Bad" and then actually deciding beforehand, for political comfort, that Bigger Hammers were good, it is just a matter of how soon. Nobody asked why there should be a higher minimum wage, or who would benefit or what the other consequences would be. –*Government respondent*

How likely are you to attend a future event sponsored by the Eastside Human Services Forum?

Not likely	Somewhat	Very
0	15.22% (7)	84.78% (39)