



March 30, 2015

The Honorable Curren D. Price, Jr.  
Chair, Economic Development Committee  
Los Angeles City Council  
200 N. Spring Street, Room 420  
Los Angeles, CA 90012

Dear Chairman Price:

As your committee takes public comment on the recently produced studies on increasing the minimum wage for Los Angeles workers, the hotel industry calls upon you to carefully consider the fairness and efficiency of having a separate wage ordinance for the workers of a single industry. The "Hotel Worker Minimum Wage Ordinance" is already proving to have unintended consequences and should be rescinded in favor of a single ordinance for the benefit of all workers in the city.

The hotel industry is proud of the jobs we offer, and we are proud of the role we play in the economy of Los Angeles. Hotel industry jobs have enabled countless individuals to climb the ladder of opportunity and build life-long careers. However, given the unintended consequences of the hotel-only ordinance – such as conflicts with federal labor law and the fact that already well-compensated tipped employees appear to be the biggest beneficiaries of the wage increase – we ask that the Council use the current wage debate to reconsider the justification for singling out our industry for a separate, complex ordinance.

In the University of California, Berkeley study recently produced for the committee, the complexity and unfairness of the "Hotel Worker Minimum Wage Ordinance" is noted: "By setting a higher minimum wage for all workers in the city, the proposed policy would lessen any *competitive disadvantage created by the hotel minimum wage law* [emphasis added]."

We are prepared to work with the committee on an increase that is balanced, fair and across the board, to benefit *all* workers. Simply put: one city, one wage.

As you consider proposals to increase the overall minimum wage for workers in the city, we believe there is an opportunity to develop a balanced policy that provides parity for all employers and employees, including hotels and hotel employees. And we look forward to working with the committee in that process.

Should you have questions or need additional information, please do not hesitate to contact us.

Sincerely,

Katherine Lugar  
President and CEO  
American Hotel & Lodging Association

Lynn Mohrfeld  
President and CEO  
California Hotel & Lodging Association

Bob Amano  
Executive Director  
Hotel Association of Los Angeles

cc: Members of the Economic Development Committee

Date: 3/31/15

Submitted in Econ-Dev. Committee

Council File No: 14-1371, 14-1371-S

Item No.: 1 14-1371-51

~~Report~~: Communication from

the public

### Why Not to Raise the Minimum Wage

Since 1943 the California Minimum Wage has been raised on an average of every 3 years. The largest rise was 44% in 1947 increasing from \$.45 to \$.65/hour. All but 4 out of 24 increases have been greater than the change in CPI and therefore have gone beyond helping workers keep up with general costs.

The number of increases indicates that increasing Minimum Wages has really done nothing to improve the short or long term circumstances of workers.

For workers to improve their economic circumstances they must enhance their value by learning English and acquiring either technical or administrative skills to offer employers.

Living expenses resulting from a worker's assumption of responsibility for a spouse or children is their decision and not the responsibility of employers.

Prepared by: Robert L. Rodine  
The Polaris Group  
March 31, 2015

Minimum Wage History and Analysis

Source: Industrial Welfare Commission (IWC)  
History of California Minimum Wage

Effective Date	Old Minimum Wage	New Minimum Wage	Amount of Increase	Percentage of Increase	Interval in Years	CPI History	Wage Gain Over CPI Increase	Events	Governor	State Senate/ Assembly Majority
01/01/1918	\$0.16	\$0.21	\$0.05	31.25%		18.00%	13.25%			
01/01/1919	\$0.21	\$0.28	\$0.07	33.33%	1.00	14.60%	18.73%			
01/01/1920	\$0.28	\$0.33	\$0.05	17.86%	1.00	15.60%	2.26%			
02/08/1943	\$0.33	\$0.45	\$0.12	36.36%	23.12	6.10%	30.26%	Wartime	Warren - R	R
06/01/1947	\$0.45	\$0.65	\$0.20	44.44%	4.31	14.40%	30.04%	Post War	Warren - R	R
08/01/1952	\$0.65	\$0.75	\$0.10	15.38%	5.17	1.90%	13.48%	Wartime	Warren - R	R
11/15/1957	\$0.75	\$1.00	\$0.25	33.33%	5.29	3.30%	30.03%		Knight - R	R
08/30/1963	\$1.00	\$1.25	\$0.25	25.00%	5.79	1.30%	23.70%		Brown - D	D
08/30/1964	\$1.25	\$1.30	\$0.05	4.00%	1.00	1.30%	2.70%		Brown - D	D
02/01/1968	\$1.30	\$1.65	\$0.35	26.92%	3.42	4.20%	22.72%	Vietnam	Reagan R	D
04/01/1974	\$1.65	\$2.00	\$0.35	21.21%	6.17	11.00%	10.21%	Viet/Recess	Reagan R	D
10/18/1976	\$2.00	\$2.50	\$0.50	25.00%	2.55	5.80%	19.20%		Brown - D	D
04/01/1978	\$2.50	\$2.65	\$0.15	6.00%	1.45	7.60%	-1.60%	Carter Inflat	Brown - D	D
01/01/1979	\$2.65	\$2.90	\$0.25	9.43%	0.75	11.30%	-1.87%	Carter Inflat	Brown - D	D
01/01/1980	\$2.90	\$3.10	\$0.20	6.90%	1.00	13.50%	-6.60%	Carter Inflat	Brown - D	D
01/01/1981	\$3.10	\$3.35	\$0.25	8.06%	1.00	10.30%	-2.24%	Carter Inflat	Brown - D	D
07/01/1988	\$3.35	\$4.25	\$0.90	26.87%	7.50	4.10%	22.77%		Deukmejian - R	D
10/01/1996	\$4.25	\$4.75	\$0.50	11.76%	8.26	3.00%	8.76%		Wilson - R	D
03/01/1997	\$4.75	\$5.00	\$0.25	5.26%	0.41	2.30%	2.96%		Wilson - R	D
09/01/1997	\$5.00	\$5.15	\$0.15	3.00%	0.50	2.30%	0.70%		Wilson - R	D
03/01/1998	\$5.15	\$5.75	\$0.60	11.65%	0.50	1.60%	10.05%		Wilson - R	D
01/01/2001	\$5.75	\$6.25	\$0.50	8.70%	2.84	2.80%	5.90%	Recession	Davis - D	D
01/01/2002	\$6.25	\$6.75	\$0.50	8.00%	1.00	1.60%	6.40%		Davis - D	D
01/01/2007	\$6.75	\$7.50	\$0.75	11.11%	5.00	2.80%	8.31%	Recession	Schwarzeneger - R	D
01/01/2008	\$7.50	\$8.00	\$0.50	6.67%	1.00	3.80%	2.87%	Recession	Brown - D	D
07/01/2014	\$8.00	\$9.00	\$1.00	12.50%	6.50	0.80%	11.70%		Brown - D	D
01/01/2016	\$9.00	\$10.00	\$1.00	11.11%	1.50					

Avg Interval Years 3.17  
Changes since 1943 24  
Avg Change since '43 15.78%

Prepared by: Robert L. Rodine  
The Polaris Group  
March 31, 2015

Minimum Wage Impact Analysis

Family Income / 2.1 Persons/Family = Per Capita Income

Family Income Level	Per Capita Wage	Population @ Wage	Wage Increase
<\$10,000	\$4,762	102748	\$489,285,976
\$10,000	\$7,142	83740	\$598,071,080
\$15,000	\$11,904	212520	\$2,529,838,080
\$25,000	\$16,666	204657	\$3,410,813,562
\$35,000	\$23,809	275561	\$6,560,831,849
	Total @Wage	\$13,588,840,547	
		\$1,888,848,836	2015
		\$1,660,556,315	2016
		\$2,065,503,763	2017
		\$5,614,908,914	

Los Angeles-Long Beach-Anaheim Metropolitan Statistical Area 2012 GCP

\$765,759,000,000

Wage Increase % Impact

Wage Increase % Impact	2015	2016	2017
	0.2467%	0.2169%	0.2697%

Prepared by: Robert L. Rodine  
 The Polaris Group  
 March 13, 2015

# History of California Minimum Wage

<b>effective date</b>	<b>new minimum wage</b>	<b>old minimum wage</b>	<b>amount of increase</b>	<b>percentage of increase over previous wage</b>
<b>January 1, 2016</b>	\$10.00	\$9.00	\$1.00	11.1 percent
<b>July 1, 2014</b>	\$9.00	\$8.00	\$1.00	12.5 percent
January 1, 2008	\$8.00	\$7.50	\$0.50	6.7 percent
January 1, 2007	\$7.50	\$6.75	\$0.75	11.1 percent
January 1, 2002	\$6.75	\$6.25	\$0.50	8.00 percent
January 1, 2001	\$6.25	\$5.75	\$0.50	8.70 percent
March 1, 1998	\$5.75	\$5.15	\$0.60	11.65 percent
September 1, 1997	\$5.15	\$5.00	\$0.15	3.00 percent
March 1, 1997	\$5.00	\$4.75	\$0.25	5.26 percent
October 1, 1996	\$4.75	\$4.25	\$0.50	11.76 percent
July 1, 1988	\$4.25	\$3.35	\$0.90	26.87 percent
January 1, 1981	\$3.35	\$3.10	\$0.25	8.06 percent
January 1, 1980	\$3.10	\$2.90	\$0.20	6.90 percent
January 1, 1979	\$2.90	\$2.65	\$0.25	9.43 percent
April 1, 1978	\$2.65	\$2.50	\$0.15	6.00 percent
October 18, 1976	\$2.50	\$2.00	\$0.50	25.00 percent
March 4, 1974	\$2.00	\$1.65	\$0.35	21.21 percent
February 1, 1968	\$1.65	\$1.30	\$0.35	26.92 percent
August 30, 1964	\$1.30	\$1.25	\$0.05	4.00 percent
August 30, 1963	\$1.25	\$1.00	\$0.25	25.00 percent
November 15, 1957	\$1.00	\$0.75	\$0.25	33.33 percent
August 1, 1952	\$0.75	\$0.65	\$0.10	15.38 percent
June 1, 1947	\$0.65	\$0.45	\$0.20	44.44 percent
February 8, 1943	\$0.45	\$0.33	\$0.12	36.36 percent
1920	\$0.33	\$0.28	\$0.05	17.86 percent
1919	\$0.28	\$0.21	\$0.07	33.33 percent
1918	\$0.21	\$0.16	\$0.05	31.25 percent
1916	\$0.16	-	-	-