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May 27, 2015

The Honorable Curren Price  
Chairman, Economic Development Committee  
Los Angeles City Council  
200 N. Spring St., Rm. 420  
Los Angeles, CA 90012

Re: Citywide Minimum Wage CBA Exemptions

Dear Chairman Price:

The Central City Association (CCA) rejects the attempts to allow exemptions to the Citywide minimum wage mandate for Collective Bargaining Agreements (CBA). In eight months of hearings and studies, this exemption was never discussed or studied. It is being proposed with the sole purpose of making it easier for a union to organize a business and not because it provides benefits to either employers or employees. It only provides a return on the major investments the unions have made in this campaign.

The City Council categorically rejected all exemptions that would have helped businesses, restaurants and non-profits to adjust to this wage increase. Restaurants and businesses could not use total compensation when determining wages – meaning that employees whose take-home earnings are more than \$15 per hour will get an hourly increase and employers who give benefits worth \$5 to \$10 per hour also must face an increase in payroll expenses. But worse, groups such as Chrysalis, the Los Angeles Conservation Corps and Homeboy Industries that provide trainees with additional services including, but not limited to, case management and job readiness services were not given an exemption.

Throughout the Committee and Council hearings, increase proponents said that there should be no exemptions to the \$15 wage. Statements were made by various Councilmembers that there should be no “subminimum wages”, anything below \$15, in this policy. The unions are now insisting that that \$15 an hour should not actually be the minimum wage in workplaces where unions are involved.

The authors of this motion said it is an anti-poverty measure. CCA believes there are better, long-term actions and investments to address poverty that will not have the negative consequences to local businesses and the jobs they create. If it truly is an anti-poverty action, then this law should be applied fairly and equally to everyone, regardless of their union status.

The City Council should not allow this “loophole” for unions unless you allow exemptions for total compensation and for groups that work with transitional individuals. To allow just a CBA exemption is pure hypocrisy and bad policy.

Sincerely,

A handwritten signature in black ink, appearing to read "Carol E. Schatz". The signature is fluid and cursive, with a large loop at the end.

Carol E. Schatz  
President & CEO

cc: Mayor Eric Garcetti  
City Council