


REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: December 22, 2014

TO: Honorable Members of the Rules, Elections, &
Intergovernmental Relations Committee

FROM: Sharon M. Tso 
Chief Legislative Analyst

Council File no: 14-1396
Assignment No: 14-10-0739

SUBJECT: Resolution (Blumenfield-Bonin) to SUPPORT SB 3

CLA RECOMMENDATION: Adopt revised Resolution to include in the City's 2015-2016 State and Federal legislative programs support or sponsorship of legislation or administrative action to require an adjustment of reimbursement formulas for social service and healthcare providers to provide adequate funding to meet the requirements of local wage and benefit programs.


SUMMARY

Resolution (Blumenfield-Bonin) recognizes that many non-profit organizations serve vulnerable populations and that these organizations face certain financial limitations that result from their federal and State funding sources. Resolution recognizes that operational costs in local jurisdictions can be higher as a result of wage and benefit requirements. Resolution, therefore, recommends that the City support legislation or administrative action at both the State and Federal levels to ensure that governmental reimbursement formulas be structured to provide adequate funding to meet the requirements of local wage and benefit programs.

BACKGROUND

Cities across the nation, and particularly in California, have adopted minimum wage requirements that are higher than those required by federal and state laws. Certain non-profit organizations may have difficulty meeting these local wage and benefit requirements due to their originating source of funds. Many social services and health care services are provided through non-profit organizations that receive reimbursements from federal or state governments. These reimbursements may be set according to state and federal wage and benefit requirements, without adjustments to recognize local laws. Without adjustments to meet local requirements, these non-profit organizations may need to reduce their payroll and services in order to continue to operate.

Resolution (Blumenfield-Bonin) seeks federal and state action to ensure that reimbursement rates reflect local wage and benefit requirements. Such an adjustment would ensure that services could continue to be provided in these jurisdictions.



John Wickham
Analyst

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations, or policies proposed to or pending before a local, state, or federal governmental body or agency must first have been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, Mayor Garcetti and members of the Los Angeles City Council have stated a strong interest in establishing a minimum wage in the City of Los Angeles that would exceed the federal minimum wage of \$7.25 an hour and the State minimum wage of \$9.00; and

WHEREAS, other municipalities and jurisdictions in California, including San Francisco, San Jose, Oakland, and San Diego, have established a minimum wage exceeding the federal and State levels; and

WHEREAS, some non-profit organizations serve our vulnerable population cannot pass through the additional costs that will be incurred with a Citywide minimum wage because their primary source of income is provided through federal and state reimbursement formulas; and

WHEREAS, non-profit organizations across California will be impacted by wage and benefit requirements passed at the local level; and

WHEREAS, federal and state reimbursement formulas need to be adjusted to account for these wage and benefit requirements at the local level to ensure that the most vulnerable people are able to receive the social service and healthcare services so urgently needed.

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in the City's 2015-2016 State and Federal legislative programs support or sponsorship of legislation or administrative action to require an adjustment of reimbursement formulas for social service and healthcare providers to provide adequate funding to meet the requirements of local wage and benefit programs.