


REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: December 16, 2014

TO: Honorable Members of the Economic Development Committee

FROM: Sharon M. Tso 
Chief Legislative Analyst

Council File no: 14-0002-S109

Assignment No: 14-12-0859

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

CLA RECOMMENDATION: Adopt revised Resolution to include in the City's 2015-2016 State Legislative Program SUPPORT for SB 3 (Leno-Leyva) to increase the State minimum wage to \$13 an hour by 2017 and SEEK AMENDMENTS to accommodate the unique needs of small businesses and non-profits.

SUMMARY

Resolution (Blumenfield-Bonin), introduced December 3, 2014, recognizes that the City of Los Angeles is considering proposals to establish a minimum wage in the City, as other cities in the State have recently done. Resolution states that the current State minimum wage of \$9.00 an hour provides a family of four with an annual salary of approximately 75% of the national poverty line. Resolution recognizes that SB 3 (Leno-Leyva) would establish a higher State minimum wage and help create a more even wage environment across the State and create a "level playing field" for local jurisdictions. Resolution recommends that the City support SB 3 to establish a higher State minimum wage. Resolution also recommends that the City seek amendments to ensure that SB 3 address the unique needs of small businesses and non-profits.

BACKGROUND


The federal government has established a minimum wage of \$7.25 an hour, though many states have established higher rates. California has established a minimum wage of \$9.00 an hour, with an increase to \$10 an hour on January 1, 2016. In the 2014 State of the Union Address, President Obama called for an increase in the federal minimum wage to \$10.10 an hour, and has since encouraged States to increase their minimum wage since the U.S. Congress has not taken action on this matter.

Several cities in California have established a minimum wage that is higher than the State rate. Minimum wage rates in San Francisco, Oakland, Berkeley, San Jose, and San Diego have increased, or will soon increase, due to voter-approved measures or city ordinances. Proposals are under consideration to increase the minimum wage in the City of Los Angeles as well.

SB 3 (Leno-Leyva) proposes to increase the State minimum wage to \$13 on July 1, 2017. The minimum wage would then increase every year according to inflation in the previous year.

Resolution (Blumenfield-Bonin) recommends support for this measure. In addition, the Resolution recommends that SB 3 be amended to include provisions that provide consideration for small businesses and non-profits. It has been suggested that these employers face greater difficulties in meeting the demands of a higher minimum wage.

The attached Resolution provides technical corrections to clarify that the City will seek amendments to SB 3 that will address the unique needs of small businesses and non-profits.



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, a minimum wage of \$9.00 an hour provides a worker with just \$18,000 before taxes, just 75% of the federal poverty line for a family of four; and

WHEREAS, the University of California Institute for Research on Labor and Employment indicates that higher wages reduce turnover and improve work performance and have little or no negative effect on the number of jobs available; and

WHEREAS, California State Senators Mark Leno and Connie M. Leyva have introduced SB 3 to raise the State minimum wage in two steps, to \$11 in 2016 and \$13 in 2017, with indexing to the rate of inflation beginning in 2019; and

WHEREAS, raising the minimum wage statewide generally will have the effect of “leveling the playing field” for all jurisdictions in the State, minimizing the concern that employers will move from locations with higher minimum wages to neighboring locations with lower ones.

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 its 2015-2016 State Legislative Program SUPPORT for SB 3 which would increase the State minimum wage to \$13 an hour by 2017 and seek amendments to accommodate the unique needs of small businesses and non-profits.