REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: September 5, 2024

TO: Honorable Members of the Trade, Travel, and Tourism Committee

FROM: Sharon M. Tso
Chief Legislative Analyst

Assignment No. 23-05-0286
Council File No. 14-1371-S13

Living Wage Ordinance/Hotel Worker Minimum Wage Ordinance Study Findings

SUMMARY

At its meeting on May 30, 2023, the Council adopted the Economic and Community Development Committee Report (C.F. 14-1371-S13, Attachment A), as initiated by Motion (Price—Yaroslavsky et al.), which authorized the Chief Legislative Analyst (CLA) to draft and release a Request for Proposal (RFP) seeking consultant services needed to conduct an economic analysis related to proposed revisions to the Living Wage (LWO) and Hotel Worker Minimum Wage Ordinances (HWMO).

In response to Council instructions, the CLA conducted a competitive bidding process to retain a consultant to prepare the required study. The process resulted in the selection of Berkeley Economic Advising and Research (BEAR), which has utilized internal City data sources alongside publicly available information from the US Census, Bureau of Labor Statistics (BLS), and Quarterly Census of Employment and Wages (QCEW), among others, to conduct the study (Attachment B).

BEAR has performed an economic impact assessment of the following scenarios, per Council instruction:

1. Raise the hourly wage to $25 in 2023, and by $1 every year thereafter, to reach $30 an hour by 2028.

2. Adjust the health care credit to meet the average cost of healthcare coverage, add minimum health benefit requirements including family coverage, and require transparency around health care payments.

3. Add a Public Housekeeping Training requirement to the HWMO, similar to the Ordinances in Santa Monica and West Hollywood.

The study finds that the proposed minimum wage changes will improve equity of both compensation and benefits for workers in the targeted sectors, particularly in the hotel industry. Further, the study indicates that the proposed increases are beneficial to the City, Los Angeles County, and neighboring jurisdictions, with the City seeing strong net economic benefits. The estimated 23,000 workers directly and indirectly impacted by the proposed increases are

expected to spend a large portion of their new earnings stimulating the local economy by purchasing goods and other services.

Our Office received revenue figures and occupancy rates from the Hotel Association of Los Angeles for an unspecified subset of hotels after the completion of the study. Although it is unclear how valuable this information will be in evaluating operational impacts, it has been forwarded to BEAR for review. If the material findings of the study change due to this new information, it will be transmitted separately.

The original Council action sought an increase in the Living Wage and Hotel Worker Minimum Wage to $25 an hour by 2023, but an increase has not gone into effect pending completion of this study. Thus, this study provides an alternative wage rate increase schedule for Council consideration in the Recommendation section below that would allow both the Living Wage and Hotel Worker Minimum wage to reach $30 an hour by 2028, as originally instructed by Council. Since this is a policy matter, the alternative increase schedule could be modified to fit Council priorities.

RECOMMENDATION

That the City Council, if it chooses to revise the Living Wage Ordinance (LWO) and Hotel Worker Minimum Wage Ordinance (HWMO):

1. Request the City Attorney to prepare a revised LWO that:
    a. Raises the LWO hourly wage for Airport workers to $24.40 an hour within sixty days and provides a health care benefit payment in the amount of $7.51 an hour.

    b. Raises the LWO hourly wage for Airport workers to the following amounts:
        i. $25.80 an hour by July 1, 2025
        ii. $27.20 an hour by July 1, 2026
        iii. $28.60 an hour by July 1, 2027
        iv. $30 an hour by July 1, 2028

    c. On July 1, 2029, and annually thereafter, the hourly wage rate for Airport workers will increase based on the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the Los Angeles metropolitan area, which is published by the Bureau of Labor Statistics. The designated administrative agency (DAA) shall announce the adjusted rates on February 1st and publish a bulletin announcing the adjusted rates, which shall take effect on July 1st of each year.

2. Request the City Attorney to prepare a revised HWMO that:
    a. Raises the HWMO hourly wage for Hotel workers to $24.40 an hour within sixty days and provides a health care benefit payment in the amount of $8.35 an hour.

    b. Raises the HWMO hourly wage for Hotel workers to the following amounts:
        i. $25.80 an hour by July 1, 2025
        ii. $27.20 an hour by July 1, 2026
        iii. $28.60 an hour by July 1, 2027
        iv. $30 an hour by July 1, 2028

    c. The health care benefit payment for Hotel workers shall be applied in the same manner as applied to Airport workers under the LWO.

    d. On July 1, 2025, and annually thereafter each July 1, the health care benefit payment provided to Hotel workers shall be adjusted by a percentage equal to the percentage increase, if any, in the United States Bureau of Labor Statistics Consumer Price Index for All Urban Consumers: Medical Care Services, as measured from January to December of the preceding year. The DAA shall announce the adjusted rates on February 1st and publish a bulletin announcing the adjusted rates, which shall take effect on July 1st of each year.

    e. On July 1, 2029, and annually thereafter, the hourly wage rate for Hotel workers will increase based on the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the Los Angeles metropolitan area, which is published by the Bureau of Labor Statistics. The DAA shall announce the adjusted rates on February 1st and publish a bulletin announcing the adjusted rates, which shall take effect on July 1st of each year.

    f. The Office of Wage Standards (OWS) shall be the DAA responsible for the administration and enforcement of the HWMO.

    g. The administrative enforcement scheme, penalties, fines, and available remedies, including a private right of action, shall be consistent with the Minimum Wage Ordinance (MWO).

3. Request the City Attorney prepare a new Public Housekeeping Training Ordinance, similar to the Ordinances in Santa Monica and West Hollywood.
    a. The Office of Wage Standards shall be the DAA responsible for administering the Public Housekeeping Training requirement.

BACKGROUND

Recent years have seen rapid cost of living increases for those living in the City. In response to these new economic conditions, the Council instructed the CLA to draft and release an RFP seeking consultant services to conduct an economic analysis related to incremental increases in the LWO and HWMO.

Specifically, the CLA was instructed to report with an analysis of the following:

1. Raise the hourly wage to $25 in 2023, and by $1 every year thereafter, to reach $30 an hour by 2028;

2. Adjust the health care credit to meet the average cost of healthcare coverage, add minimum health benefit requirements including family coverage, and require transparency around health care payments;

3. Ensure that workers receive all eligible paid time off and sick days under the LWO, HWMO, and the Citywide Minimum Wage;

4. Add a Public Housekeeping Training requirement to the HWMO, similar to the Ordinances in Santa Monica (Attachment C) and West Hollywood (Attachment D); and

5. Clarify that enforcement of the LWO and HWMO Ordinances shall be conducted by the City's Office of Wage Standards.

On August 7, 2023, the CLA released an RFP on the City's Regional Alliance Marketplace for Procurement (RAMP) website seeking proposals from consultants interested in assisting the City evaluate the economic impacts of amending the LWO and HWMO (RAMP ID 209308). The RFP requested qualified candidates to submit a work plan that covered the requested deliverable and service level requirements. The scope of work consisted of a detailed research design that contained the data sources and research methods that would be included in a potential analysis

Proposer bids were due to the CLA on September 21, 2023. The City received three eligible bids, which were sent to three scorers, one each from the CLA, City Administrative Officer (CAO), and Bureau of Contract Administration (BCA). Scorers graded each bid on a 100-point scale evaluating each bidder's qualifications and experience, completeness of proposal, and scope of work. After carefully examining each bid, City evaluators determined that BEAR was the bidder most qualified to perform the study at a cost $178,000. BEAR was determined to be the most qualified bidder due to their substantial educational training, ample experience working with State agencies, and past success conducting economic impacts of various projects across California.

CLA staff met with BEAR shortly after informing them they were selected to perform the analysis. Regular meetings over the ensuing months were conducted to discuss progress, identify relevant data sources, and to direct the analysis to focus on Council priorities. As part of the substantial effort to identify relevant data sources, the CLA contacted the Hotel Association of Los Angeles, Los Angeles Area Chamber of Commerce, and the UNITE HERE Local 11 labor union, along with multiple City departments.

BEAR and the CLA also conducted multiple interviews with industry stakeholders, most notably representatives from the Greater Los Angeles Hospitality Association, Northeast Los Angeles Hotel Owners Association, Airlines for America, and the Airport Minority Advisory Council, among others. Industry stakeholders were generally unsupportive of the proposed wage increases, arguing it would negatively impact operations and could lead to business closures.

After the study was completed, the CLA received data from the Hotel Association of Los Angeles that provided occupancy rates and revenue figures for an unspecified subset of hotels. It is unclear how useful this information will be in assessing operational impacts. Nonetheless, this information has been forwarded to BEAR for review. If there is a material change in the study findings, it will be transmitted separately. The CLA originally sought but did not receive data from business community stakeholders sufficient to incorporate into the study, such as no internal estimates of hotel operating costs, payroll records, or employment figures that could provide insight into its impact on their profitability.

In contrast, multiple data sets were provided by UNITE HERE Local 11 and were incorporated into the analysis, most notably the occupation-specific earnings data at approximately 40 hotel locations across the City.

Los Angeles World Airports (LAWA) provided multiple, highly detailed data sets that were used in the analysis, such as the total number of workers covered under the LWO alongside the occupational type and services provided. These disaggregated occupational categories were then matched with publicly available data sources to estimate which current Airport employees would receive wage increases.

Although the data provided by LAWA were high quality, processing the data for use took substantial time. Reliable existing data sources from the BLS, QCEW, and US Census, were used to supplement the internal estimates gathered by the CLA from LAWA, UNITE HERE Local 11, and the Office of Finance.

Items 3 and 5 above were not incorporated into BEAR's economic analysis because they either involve enforcement of existing law or statutory changes, which are distinct from estimating the economic impacts of training requirements and earnings increases.

The LWO primarily applies to Airport and Airline workers along with City contractors operating in City facilities, whereas the HWMO only covers employees in hotels in the City with 60 or

more rooms. Currently, the LWO provides a healthcare credit for Airport and Airline workers in the amount of $5.95 per hour, which can be transferred into an individual's cash wage instead if they choose. No healthcare credit currently exists in the HWMO.

Report Findings

Figure 1 below shows the projected wage and health benefit increases for employees affected by both Ordinances in the first year. Affected workers live disproportionately in the lower-income areas of the City and surrounding areas, and these areas are projected to experience greater earnings gains than the City as a whole due to higher wages. The projected change in the minimum hourly pay due to the proposed increases for covered Airport and Airline workers is 31 percent (Attachment B, Table 3.1). Covered Hotel workers are projected to receive a 69 percent increase in minimum hourly pay due to the proposal, a much larger comparative hourly increase because the current HWMO does not include a health care benefit and hotel workers are predicted to work fewer hours per week than Airline workers.

Figure 1: Impact of Proposed Changes on Minimum Hourly Total in First Year

	Minimum Cash Wage		Employer Paid Health Benefits: Cash		Total Hourly Pay Rate		Change in Hourly Pay Due to Proposal	
	Current	Proposed	Current	Proposed	Current	Proposed	$	%
Airport Workers	$18.78	$25.00	$5.95	$7.51	$24.73	$32.51	$7.78	31%
Hotel Workers	$19.73	$25.00	$0.00	$8.35	$19.73	$33.35	$13.62	69%

In total, the study estimates that approximately 17,200 Airport workers and over 6,200 Hotel workers will receive indirect and direct wage increases under the proposed revisions in Year 1 (Attachment B, Table 4.1). The average hourly increase for workers covered by the proposed policy would be $3.87 for Airport workers and $6.24 for Hotel workers (Attachment B, Table 4.2). Indirect and direct income increases for covered workers residing in Los Angeles after four years is estimated at $154 million (Attachment B, Table 4.7).

With regard to cost-price effects, the analysis estimates that prices will increase six percent and payroll costs will increase by 32 percent. These increases are projected to reduce consumer spending by $21 million and decrease business revenue by $227 million over four years (Attachment B, Table 4.7). Although the analysis estimates a six percent increase in prices and a $21 million dollar decrease in consumer spending due to the price hikes, the fiscal effect of federal, State and local revenue gained from the wage increases is expected to be $120 million due to the multiplier effects of additional consumption expenditures.

The study also suggests that over 6,300 jobs will be created within the City as part of the proposed wage increases, largely because a significant majority of affected workers live in the City and will spend their new earnings in the services sector. Because more than two-thirds of consumer expenditure goes to services, occupations related to retail trade and real estate are projected to see the greatest employment gains. Indeed, the analysis cites multiple scholarly

articles indicating that higher wages—instead of causing significant job losses—reduce employee turnover and raise performance standards.

BEAR's analysis also includes an alternative increase wage rate schedule that was requested by Councilmember Park in a communication transmitted to Council on May 24, 2023. This alternative wage rate schedule would still see the minimum wage for Airport workers and Hotel workers climb to $30 an hour by 2028 but would rise by $1.40 per year in most years. Figure 2 below shows the alternative increase schedule that starts at $24.40 per hour and includes increases of $1.40 per hour in 2025, 2026, and 2027, a more gradual increase in a shortened time frame than the original instruction. The impacts of the alternative scenario are delineated in Appendix 4 of Attachment B.

Figure 2: Alternative and Main Wage Increase Schedules

	Minimum Wage	
Year	**Main Scenario**	**Alternative Scenario**
2023	$25.00	
2024	$26.00	$24.40
2025	$27.00	$25.80
2026	$28.00	$27.20
2027	$29.00	$28.60
2028	$30.00	$30.00

This alternative wage increase schedule was developed to ensure that wages meet the originally identified 2028 target. Other schedules could be developed with alternative wage and date variables.

POLICY DISCUSSION

Council has historically taken steps to raise wages across the City. Los Angeles' LWO was originally passed in 1997 and was the first "livable wage" law to be passed in the State. The LWO currently only applies to Airport workers and City contractors and requires a different wage be paid to each group (Attachment E). The law also provided health benefits and protected workers from employer retaliation.

In 2007, Council passed a living wage ordinance covering workers employed in hotels near Los Angeles International Airport (LAX). Hotel employees continued to receive targeted wage increases in subsequent years, which lead to the establishment of the HWMO in 2014 that required a minimum wage of $15.37 per hour for hotels with 300 or more rooms (C.F. 14-0223). The number of hotels covered by the HWMO has increased since its initial passage, as current

law applies to all hotels with 60 or more rooms (Attachment F). Unlike the LWO, the HWMO does not currently require employers to provide a health benefit payment.

Council established a Citywide minimum wage in 2016 and granted the newly formed OWS enforcement authority (C.F. 14-1371). Prior to requesting the City Attorney to draft an Ordinance to establish a minimum hourly wage of $15 an hour in the City, Council received feedback from a diverse mixture of stakeholders. After a careful review of three minimum wage studies, and a peer review of these studies, Council adopted the Ordinance that implemented the City's minimum wage standard (Attachment G). Thus, the process outlined above mirrors previous Council actions surrounding wage increases for workers across the City. Subsequent to the passage of the City's minimum wage, the County passed a similar law and the State increased the Statewide minimum wage along with wages for workers in the fast food industry.

Henry Flatt
Analyst

Attachments:

A. Economic and Community Development Committee Report
B. BEAR Economic Assessment
C. Santa Monica Public Housekeeping Training Requirement
D. West Hollywood Public Housekeeping Training Requirement
E. Current and Prior LWO Wage Rates for Airport Employees
F. Current and Prior HWMO Wage Rates
G. Current Citywide Minimum Wage Rate

File No. 14-1371-S13

ECONOMIC AND COMMUNITY DEVELOPMENT COMMITTEE REPORT relative to amending the Los Angeles Living Wage Ordinance (LWO) and the Los Angeles Hotel Worker Minimum (HWMO) Wage Ordinance.

Recommendations for Council action, as initiated by Motion (Price – Yaroslavsky et al.):

1. INSTRUCT the Chief Legislative Analyst (CLA) to report with an analysis, including the economic impacts, of amending the LWO and the HWMO to:

    a. Raise the hourly wage to $25 in 2023, and by $1 every year thereafter, to reach $30 an hour by 2028.

    b. Adjust the health care credit to meet the average cost of healthcare coverage, add minimum health benefit requirements including family coverage, and require transparency around health care payments.

    c. Ensure that workers receive all eligible paid time off and sick days under the LWO, HWMO, and the Citywide Minimum Wage.

    d. Add a Public Housekeeping Training requirement to the HWMO, similar to the ordinances in Santa Monica and West Hollywood.

    e. Clarify that enforcement of the LWO and HWMO Ordinances shall be conducted by the City's Office of Wage Standards.

2. REQUEST the City Attorney to prepare and present an Ordinance based on the above report.

3. AUTHORIZE the CLA, if necessary, to issue a competitive bid process to select, negotiate, and execute a study in connection with the LWO and HWMO as detailed above, with funding to be identified in a future Financial Status Report.

Fiscal Impact Statement: Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted.

Summary:

On May 17, 2023, your Committee considered a Motion (Price – Yaroslavsky et al.) relative amending the LWO and the HWMO Wage Ordinance. According to the Motion, the tourism industry is a major economic engine in Los Angeles, yet many workers at LAX and in hotels are struggling to keep a roof over their heads and support their families. The tourism industry benefited from massive bailouts during the pandemic, including $13 billion in PPP loans to the hotel industry and over $45 billion in total government support

to the top five domestic airline carriers through the CARES Act's Payroll Support Program (PSP), along with an additional $5 billion to contractors and subcontractors. The tourism industry is now rebounding to pre-pandemic levels. In 2022, the US hotel industry reported average daily rate (ADR) and revenue per available room (RevPAR) that were the highest for any year on record.

The City is investing in the industry's future growth as Los Angeles prepares to host the 2026 World Cup and the 2028 Olympics. This investment includes major infrastructure and development projects, with LAX investing $6 billion in an expansion and LA leading the nation in new hotel rooms. Meanwhile, the workers that keep the tourism industry functioning, safe, and profitable- including hotel housekeepers, LAX janitors and security guards, airplane cabin cleaners, airline catering workers, airline passenger service workers, LAX restaurant and retail workers, and others - are facing housing insecurity as Los Angeles grapples with an unprecedented housing and homelessness crisis. While these workers benefit from the LWO and the HWMO, the wage rates have not kept up with the rising tide of inflation and cost of living in Los Angeles. Raising wages for these workers would positively impact over 36,000 people in Los Angeles and their families. After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the Motion, as amended. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

Economic and Community Development Committee

COUNCILMEMBER	VOTE
PRICE:	YES
SOTO-MARTINEZ:	YES
PARK:	YES

ARL
5/17/23

-NOT OFFICIAL UNTIL COUNCIL ACTS-

Amending the Los Angeles Living Wage and Hotel Worker Minimum Wage Ordinances: An Economic Assessment

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BEAR
BERKELEY ECONOMIC ADVISING AND RESEARCH

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Abbreviations

BEAR – Berkeley Economic Advising and Research
CGE – Computable General Equilibrium
CLA - Chief Legislative Analyst, City of Los Angeles
CO – Los Angeles County
FTE – Full-Time Equivalent (worker unit)
FY – Fiscal Year
GSP – Gross State Product
HWMO - Hotel Worker Minimum Wage Ordinance
LAWA - Los Angeles World Airports
LA – Los Angeles City
LAX – Los Angeles International Airport
LWO – Minimum Wage Ordinance
IMPLAN – Impact

Executive Summary

Recognizing the importance of promoting economic inclusion and equity for its working population and their dependents, the Los Angeles City Council is considering amending the City's Living Wage Ordinance (LWO) and Hotel Worker Minimum Wage Ordinance (HWMO). In support of its deliberations, the Office of the Chief Legislative Analyst has commissioned Berkeley Economic Advising and Research LLC to conduct an economic impact assessment of the means, options, and broader socio-economic implications of an increase of the ordinance minimum wages and required benefits. The analysis examines how the wage increases mandated by the LWO and the HWMO impact workers, small businesses, and the broader local economy. Further, the analysis also assesses how other potential provisions, such as the addition of health benefits for workers and their families, impact workers, businesses, and the broader economy.

Although the economic assessment contains an extensive list of details, a few salient features should be emphasized, listed in order of importance:

1. The proposed minimum wage policies will significantly improve equity of both compensation and benefits for workers in the targeted sectors, particularly the hotel industry.

2. The Living Wage policies are strongly beneficial to all three local economies: LA City, LA County, and its neighboring jurisdictions.

3. LA City net benefits are partial, but strongly positive and significant because cost/price impacts are modest and City-resident shares of the worker population in these sectors are higher than the average for the covered occupations.

Essential Features of the Policy

The City Council of Los Angeles has considered amending these two policies to increase wages and benefits for jobs associated with the tourism sector. In April 2023, the city council instructed the Chief Legislative Analyst (CLA) evaluate the economic impacts of amending the LWO and HWMO to:

- Raise the hourly wage to $25 in 2023, and by $1 every year thereafter to reach $30 an hour by 2028.
- Adjust the health care credit to meet the average cost of healthcare coverage reflecting the higher cost of family coverage, extend minimum health benefit requirements to hotel workers, and require transparency around health care payments.
- Ensure that workers receive all eligible paid time off and sick days under LWO, HWMO, and Citywide Minimum Wage.
- Add a Public Housekeeping Training requirement to the HWMO, similar to the ordinances in Santa Monica and West Hollywood.
- Clarify that enforcement of the LWO and HWMO ordinances shall be conducted by the City's Office of Wage Standards.

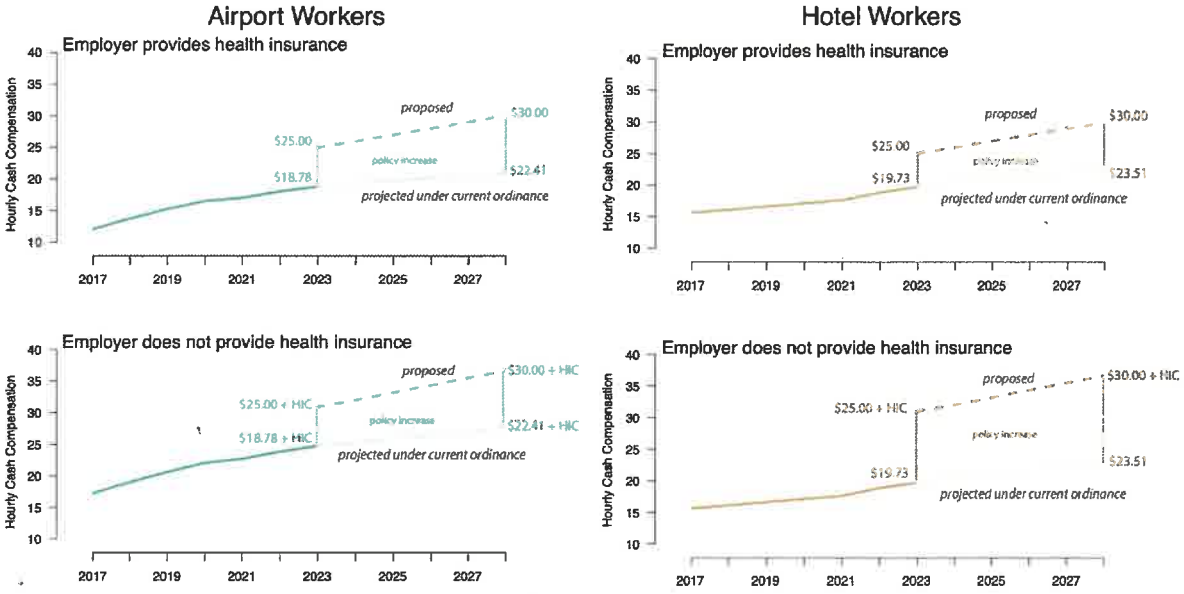
Changes in compensation are more complicated for workers that do not receive employer sponsored health insurance. For airport employees, changes in compensation take the form of higher minimum cash wages and marginal increases in the minimum value of the health insurance credit (HIC) that is already required. However, because previously there were no minimum health benefit requirements for hotel workers, increases in compensation for hotel workers will include both higher minimum cash wages and newly required provision of minimum health benefits (Figures ES1-ES2).

The cash value of healthcare coverage paid by employers who don't provide health benefits is intended to reflect the annual cost of providing health insurance for the average employee. Based on the average annual cost to employers of covering employee health benefit premiums and deductibles, and taking into account the cost of providing family coverage to employees with spouses, children, or other dependents is higher, and the average hours worked, we estimate the average cost of coverage to be $7.51 per hour worked for covered airport workers and $8.35 per hour worked for covered hotel workers (see Methods).

The breakdown of proposed changes is presented in Figure ES1. This figure illustrates the proposed changes in minimum compensation in the first year for workers with and without employer provided healthcare coverage. While the cash wage is the same across groups, the proposed policy requires expanding health coverage to all hotel workers and increasing the value of the healthcare credit to reflect the average cost of healthcare. Because of this dynamic, the smallest changes in minimum required compensation from

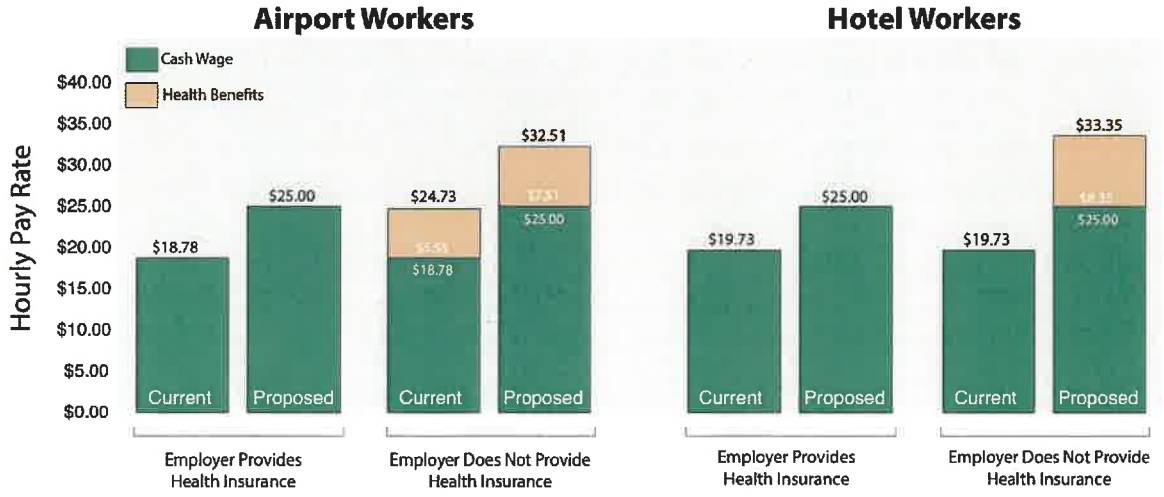
the proposed policy are likely to accrue to airport workers and the largest changes in minimum required compensation are likely to accrue to hotel workers without employer provided healthcare coverage.

Figure ES1: Proposed Changes in Minimum Pay Schedule



Note: HIC = Health Insurance Credit

Figure ES2: Proposed Changes in Minimum Hourly Pay Rates for Workers without Employer Provided Healthcare



Estimating impacts of proposed changes

The proposed changes would alter two components of the minimum wage. First, the minimum cash wage would be raised to $25 and subsequently increased annually by $1 through 2028. Second, the LWO requirement for employers to cover the cost of worker healthcare coverage would be expanded to include hotel workers covered by the HWMO and increased to reflect the average cost of coverage across all workers.

Wages

We use projected wage distributions by detailed occupation to calculate in each year the share of workers with wages less than the proposed minimum (those directly impacted) and those with wages < 115% the proposed minimum (those indirectly impacted). For both directly and indirectly impacted workers, we also calculate the difference between wages in the baseline scenario and wages under the proposed policy. Shares of workers impacted and wage increases are then aggregated across occupations to estimate annual impacts.

Health Insurance Premium

We first use survey data to identify current employer provided healthcare coverage rates by occupation and category of dependents eligible for coverage (individual only, individual plus spouse/domestic partner, individual plus spouse and children). We use this information to identify the share of workers that receive less healthcare coverage than the proposed minimum requirement either because they presently do not receive healthcare coverage through their employer or the value of current employer provided coverage is below the proposed new minimum requirement. To assess the impact of these changes we calculate the difference in value between current and proposed coverage levels and aggregate across groups by occupation and year.

Economic Analysis

Direct Impacts

Table ES1 summarizes the proposed changes in minimum compensation in the first year of implementation.

Because individual health insurance (coverage provision or premium paid out in cash) is already required by the LWO, airport workers would receive a smaller change in minimum required total compensation (wage plus value of individual healthcare coverage) from $24.73 to $32.51, an increase of 31%. Because the HWMO does not currently guarantee any level of health insurance coverage, hotel workers without employer provided healthcare coverage would receive the largest change in minimum required total compensation with hourly compensation increasing from $19.73 (wage only) to $33.35 (wage plus the value per hour worked of health coverage), an increase of 69%.

Table ES1: Impact of Proposed Changes on Minimum Hourly Total Compensation for Workers without Employer Provided Health Insurance Coverage (Year 1)

	Minimum Cash Wage		Employer Paid Health Benefits: Cash		Total Hourly Pay Rate		Change in Hourly Pay Due to Proposal	
	Current	Proposed	Current	Proposed	Current	Proposed	$	%
Airport Workers	$18.78	$25.00	$5.95	$7.51	$24.73	$32.51	$7.78	31%
Hotel Workers	$19.73	$25.00	$0.00	$8.35	$19.73	$33.35	$13.62	69%

We estimate more than 40% of airport workers and more than 60% of hotel workers would receive wage increases under the proposed changes to the LWO and HWMO. In addition, 15% of airport workers and 35% of hotel workers would receive expanded employer provided healthcare coverage (again through either provision of employer sponsored healthcare or through increased cash compensation to cover the cost of healthcare procured elsewhere).

Table ES2: Number and Share of Workers Receiving Increased Compensation Under Proposed Changes

	Cash Wage Raises						Health Insurance Cost Coverage Increase	
	Total		Direct*		Indirect**			
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Airport Workers								
2023	17,180	43.5%	13,933	35.3%	3,247	8.2%	6,122	15.5%
2024	17,617	43.7%	14,335	35.6%	3,283	8.1%	6,246	15.5%
2025	18,035	43.8%	14,708	35.8%	3,327	8.1%	6,374	15.5%
2026	18,436	43.9%	15,054	35.9%	3,382	8.1%	6,504	15.5%
2027	18,820	43.9%	15,376	35.9%	3,444	8.0%	6,638	15.5%
2028	19,189	43.9%	15,673	35.8%	3,516	8.0%	6,776	15.5%
Hotel Workers								
2023	6,283	61.1%	5,532	53.8%	750	7.3%	3,608	35.1%
2024	6,364	61.3%	5,607	54.0%	757	7.3%	3,643	35.1%
2025	6,437	61.5%	5,672	54.2%	765	7.3%	3,677	35.1%
2026	6,503	61.5%	5,731	54.2%	772	7.3%	3,711	35.1%
2027	6,561	61.5%	5,782	54.2%	779	7.3%	3,746	35.1%
2028	6,613	61.4%	5,827	54.1%	786	7.3%	3,780	35.1%

** Direct = Workers with current hourly wages below proposed minimum.*

*** Indirect = Workers with current hourly wages slightly above proposed minimum and assumed to receive raises.*

The average hourly increase in wages per impacted worker is estimated to be $3.45 for airport workers and $3.77 for hotel workers in the first year of implementation (Table ES3). The analogous increase in the value of healthcare coverage is estimated to be $0.42 and $2.47, respectively. Combined across all impacted workers the annual impact in the first year is estimated to be $115.4M for airport workers and $66.2M for hotel workers, increasing to $156.3 million for airport workers and $87.9M for hotels worker in 2028.

Table ES3: Estimated Compensation Increases for Workers Affected by the Proposed Policy (2023$)

	Cash Wage				Health Insurance				Total
	Ave hourly increase	Ave annual increase	Ave percent increase	Total increase (millions)	Ave hourly increase	Ave annual increase	Ave percent increase	Total increase (millions)	
Airport Workers									
2023	$3.45	$6,014	16.1%	$109.60	$0.42	$950	5.3%	$5.82	$115.42
2024	$3.60	$6,297	16.1%	$117.60	$0.43	$980	5.3%	$6.12	$123.72
2025	$3.77	$6,601	16.3%	$126.10	$0.45	$1,010	5.3%	$6.44	$132.54
2026	$3.94	$6,878	16.5%	$134.30	$0.46	$1,041	5.3%	$6.77	$141.07
2027	$4.08	$7,123	16.5%	$141.80	$0.47	$1,074	5.3%	$7.13	$148.93
2028	$4.21	$7,336	16.4%	$148.80	$0.49	$1,107	5.3%	$7.50	$156.30
Hotel Workers									
2023	$3.77	$5,772	17.7%	$49.20	$2.47	$4,710	42.1%	$16.99	$66.19
2024	$3.99	$6,104	18.1%	$53.30	$2.55	$4,856	42.1%	$17.69	$70.99
2025	$4.19	$6,401	18.3%	$57.10	$2.63	$5,006	42.1%	$18.41	$75.51
2026	$4.37	$6,671	18.5%	$60.70	$2.71	$5,161	42.1%	$19.15	$79.85
2027	$4.53	$6,904	18.5%	$64.10	$2.79	$5,321	42.1%	$19.93	$84.03
2028	$4.67	$7,105	18.4%	$67.20	$2.88	$5,486	42.1%	$20.74	$87.94

The costs to employers of the proposed policy will vary depending on prior commitments to coverage. For employers that currently provide health insurance coverage to their employees, increases in payroll costs will be more limited. For employers covered by these ordinances that do not provide employer sponsored healthcare coverage[1] costs will be more substantial because the proposed changes require payroll increases both coming from higher cash wages and from covering the cost of employee healthcare.

An additional source of heterogeneity in employer costs is how many union workers they employ. The largest union of hotel workers, Unite Here! Local 11, recently announced they have reached tentative agreements with 34 Los Angeles hotels, many of them covered by the HWMO, to provide levels of compensation that exceed the levels proposed in the HWMO. For those hotels employing high levels of union workers under

[1] Individual coverage is already required by the LWO so only employers covered by the HWMO are not presently required to provide any form of healthcare coverage (though many do provide coverage already).

those terms, costs attributable to the proposed changes to the HWMO will be substantially smaller.

Overall Impacts on Los Angeles City and Neighboring Economies

The direct impacts estimated above will materially increase compensation for both groups of workers and will increase operating costs for impacted businesses. Direct impacts will also generate spillovers across the economies where impacted workers live and work. To better understand these community-wide impacts, we follow Reich et al. 2015 and a long list of others by disentangling cost, price, and linkage effects across local markets. Our basic tools are econometric estimates of adjustment parameters and the IMPLAN regional planning model, and we measure five sets of indicators:

1. Average enterprise level cost effects from wage increases, followed by induced price effects on their products and services.
2. Average consumer responses to the above price increases, as these affect local demand, employment, and income.
3. Demand stimulus to the local economy from minimum wage increases.
4. Net change in income and employment for local economies
5. Fiscal impacts of all these adjustments

Table ES4 presents the overall estimates, and discussion following the table explains how the results were obtained. Generally speaking, LA City, LA County, and other neighboring economies benefit from these minimum wage policies. It is not possible to trace every additional net dollar or new job, but the increase in worker purchasing power significantly outweighs the cost of this policy to private and public stakeholders.

Table ES4: Estimated Annual Economywide Costs and Benefits of the Minimum Wage Policies after Four Years (2028)

	LA City	Other LA County	Other Local	Total
1. Cost-Price Effects				
Percentage direct increase in payroll costs	32%			
Percentage increase in prices	6%			
Cost to LA City Enterprise	-$227			
Change in consumer spending due to price increases	-$21			
2. Income Effects				
Increase in worker wage income	$154	$102	$28	$284
Indirect and induced income increase for local residents	$541	$356	$99	$996
Net change in local GDP	$694	$458	$127	$1,279
3. Employment Effects (FTE jobs created)				
Net jobs created by direct wage income increases	1,399	1,021	256	2,676
Net jobs from indirect and induced income increases	4,920	3,556	891	9,367
Net change in local Jobs	6,319	4,577	1,147	12,043
3. Fiscal Effects				
Local Revenue	$15	$10	$3	$28
State Revenue	$22	$14	$4	$40
Federal Revenue	$83	$55	$15	$153
Total Net Fiscal Impact	$120	$79	$22	$221
Total Net Private and Public Benefit	$814	$536	$149	$1,499

Notes: Author estimates. All dollar amounts in 2022 millions.

Here we see that, by 2028, the increases would confer net income gains of about $700 million, extending to over $1.2 billion for the region as a whole. Over 6,000 new FTE jobs would be created in LA City, relative to baseline growth, and over 12,000 for the region. The majority of these occupations are also local residents, meaning more LA City

"capture" of indirect and induced income and job creation from the wage increases. These may be financed by higher net costs for the two sectors considered, but to the extent that these policies remediate historical wage inequality.

Wage cost increases are significant, but in these capital-intensive sectors, effects on local demand, employment, and income are estimated to be negligible, mainly because price changes are estimated at six percent over four years. Applying the generally accepted aggregate demand elasticity of -.72 to this makes the demand change an even smaller percentage of the aggregate LA City income benefit.[2] Estimated direct demand impacts of -$21 million include the rest of LA County or its neighbors.

Even though LA City firms have an incentive to increase prices, local mobility of consumers would limit their ability to do this. More importantly, airports, airlines, other air travel service providers, as well as large hotels, are more likely to be setting prices for regional, national, and even international markets, meaning local cost changes will have a limited pass through. Indeed, the nature of air transport and hotel services is that they compete in national and global markets more than local ones. Finally, most LAX and large hotel patrons are non-residents with limited options for substitution. If firms completely offset higher labor costs with price increases, our results indicate that the adverse demand effect would be smaller than the growth dividend of higher wages and benefits.

It should be emphasized that, although direct effects impact only the airport and hotel sectors, indirect and induced or "multiplier" effects of higher wages are distributed across most of the sectors and occupation groups in Greater Los Angeles. In other words, workers who received higher wages, and by extension their employers, are responsible for higher income and employment across their communities. The next two tables present more detailed estimates of these beneficial spillovers across the economies of LA City and its neighbors. These estimates represent the full "general equilibrium" impact of the proposed LWO, including direct (policy), indirect (supply chain), and induced (expenditure multiplier) effects on local incomes (Table ES5) and jobs (Table ES6).

It is noteworthy that the impacts are net positive in all cases, more than offsetting the initial cost impact on targeted LA City employers. Because a significant majority of this

[2] In a large supporting literature, the definitive reference is Taylor and Houthakker (2010), based on regressions of U.S. panel data across over 300 cities and pooled over 1996-99.

policy's covered workers actually live in the City, about two-thirds of the wage gain is captured in local resident expenditures, and the multiplier effects of this more than offset higher wage costs and price-induced adverse demand impacts. This contrasts somewhat with the more general LA minimum wage policies implemented a few years ago, where both "leakage" to non-resident worker expenditures and demand reductions were larger. Simply put, for these two categories of workers, LA City gets a greater share of the net benefit from living wage guarantees.

Table ES5 summarizes the distribution of about $700 Million in added private income for Los Angeles City and about $600 Million for its neighboring jurisdictions. These benefits are distributed across all 23 sectors, depending mainly on household consumer expenditures from higher income. Meanwhile, table ES6 shows how over 6,000 additional FTE jobs are distributed across 22 occupations in Los Angeles City and over 5,500 added in the rest of the local economy (Table ES6).

Because local households are the primary beneficiaries of the wage increases, and more than two-thirds of household consumer expenditure goes to services, these sectors and occupations capture the greatest gains. Of special significance are the real estate and health sectors. Real Estate, comprising both residential and commercial rentals and leasing services, represents the largest share of household expenditure in Table ES7. This sector will be strongly stimulated by the rise in earnings, and can be expected to generate a supply response that will offset price increases.[3]

[3] We do not evaluate housing market feedback directly in this analysis, but affordability remains a perennial issue for the region.

Table ES5: Composition of Direct, Indirect and Induced Demand and Sector Income, by Sector, from the Proposed Minimum Wage Policies Difference from Baseline in 2028

Income Growth by Sector		$ Millions		
NAICS	Industry	LA City	Other LA Co	Total
11	AgForFish	4	11	15
21	MiningOilGas	1	11	12
22	Utilities	11	10	20
23	Construction	28	6	34
31-33	Manufactures	14	6	20
42	WholeSaleTrd	28	48	76
44-45	RetailTrd	63	7	70
48-49	Transport	21	7	28
51	Information	40	18	58
52	FinInsurance	71	47	118
53	REstate,Rent,Leasing	148	84	232
54	ProfSciTechServ	45	11	56
55	MgmtEnterprises	9	87	96
56	AdmSupp,WasteMgmt	28	40	68
61	EdServices	9	57	66
62	HealthSocAssist	88	58	146
71	ArtsEntRec	14	41	55
72	AccomFoodSrv	40	3	43
81	OthPrivSrv	33	3	36
92	PubAdmin	-	32	32
	Total	695	587	1,281

Source: Author Estimates

Table ES6: Composition of Direct, Indirect and Induced Job Creation, by Occupation, from the Proposed Minimum Wage Policies Difference from Baseline in 2028

Job Creation by Occupation		FTE Jobs Added		
SOC-22	Occupation	LA City	Other LA Co	Total
11	Management	102	92	194
13	Business & Financial Operations	106	96	202
15	Computer and Mathematical	95	86	181
17	Architecture and Engineering	54	48	102
19	Life, Physical, and Social Science	58	52	110
21	Community and Social Service	464	420	884
23	Legal	66	60	126
25	Educational Instruction & Library	69	62	131
27	Arts, Entertainment, Sports, Media	174	158	332
29	Healthcare Practice and Technical	458	415	873
31	Healthcare Support Occupations	823	745	1,568
33	Protective Service Occupations	108	98	206
35	Food Preparation and Serving Related	846	767	1,613
37	Building Grounds, Cleaning, Maint.	389	353	742
39	Personal Care and Service	553	500	1,053
41	Sales and Related	565	512	1,077
43	Office and Admin Support	400	363	763
45	Farming, Fishing, and Forestry	25	22	47
47	Construction and Extraction	31	29	60
49	Installation, Maintenance, and Repair	314	284	598
51	Production	217	197	414
53	Transportation and Material Moving	403	365	768
	Total	6,319	5,724	12,043

Source: Author Estimates

Table ES7: Expenditure Shares for Households with Incomes below $100,000

	Commodity/Service	Less than $15k	$15-30k	$30-40k	$40-50k	$50-70k	$70-100k
11	AgForFish	0.03%	0.02%	0.02%	0.02%	0.02%	0.02%
21	MiningOilGas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
22	Utilities	1.38%	1.17%	1.04%	0.94%	0.94%	0.83%
23	Construction	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
31-33	Manufactures	2.24%	1.91%	1.89%	1.79%	1.74%	1.59%
42	WholeSaleTrd	3.94%	3.53%	3.46%	3.28%	3.24%	2.84%
44-45	RetailTrd	10.70%	9.07%	9.01%	8.54%	8.72%	7.77%
48-49	Transport	1.76%	1.62%	1.47%	1.27%	1.85%	1.55%
51	Information	4.43%	4.04%	4.44%	3.12%	3.76%	3.67%
52	FinInsurance	6.82%	6.88%	5.00%	5.07%	5.25%	4.43%
53	REstate,Rent,Leasing	22.44%	18.53%	15.97%	15.71%	15.21%	13.68%
54	ProfSciTechServ	1.11%	1.20%	1.83%	1.15%	1.01%	1.65%
55	MgmtEnterprises	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
56	AdmSupp,WasteMgmt	0.50%	0.67%	0.60%	0.55%	0.63%	0.73%
61	EdServices	2.20%	0.77%	0.83%	0.65%	1.10%	1.47%
62	HealthSocAssist	8.30%	18.32%	11.52%	12.75%	14.76%	15.33%
71	ArtsEntRec	1.79%	2.26%	2.45%	1.36%	1.97%	1.64%
72	AccomFoodSrv	5.51%	4.22%	4.93%	4.88%	4.81%	4.84%
81	OthPrivSrv	3.67%	3.64%	4.66%	3.56%	4.06%	4.68%
92	PubAdmin	0.51%	0.56%	0.58%	0.35%	0.46%	0.36%

Source: Authors estimates from 2022 IMPLAN and BEA.

1 Introduction

The Los Angeles City Council is considering amending the city's Living Wage Ordinance (LWO) and Hotel Worker Minimum Wage Ordinance (HWMO) in an effort to raise living standards for its working population and their dependents. In support of its deliberations, the Office of the Chief Legislative Analyst has commissioned Berkeley Economic Advising and Research LLC to conduct an economic impact assessment of the means, options, and broader socio-economic implications of an increase of the ordinance minimum wages and required benefits.

This study focuses on how the proposed increase to raise minimum hourly compensation could impact LA City and the broader Los Angeles economy and related industries. The analysis examines how the wage increases mandated by the LWO and the HWMO impact workers, enterprises, and the broader local economy. Further, the analysis assesses how other potential provisions, such as the addition of health benefits for workers and their families, impact workers, businesses, and the broader economy.

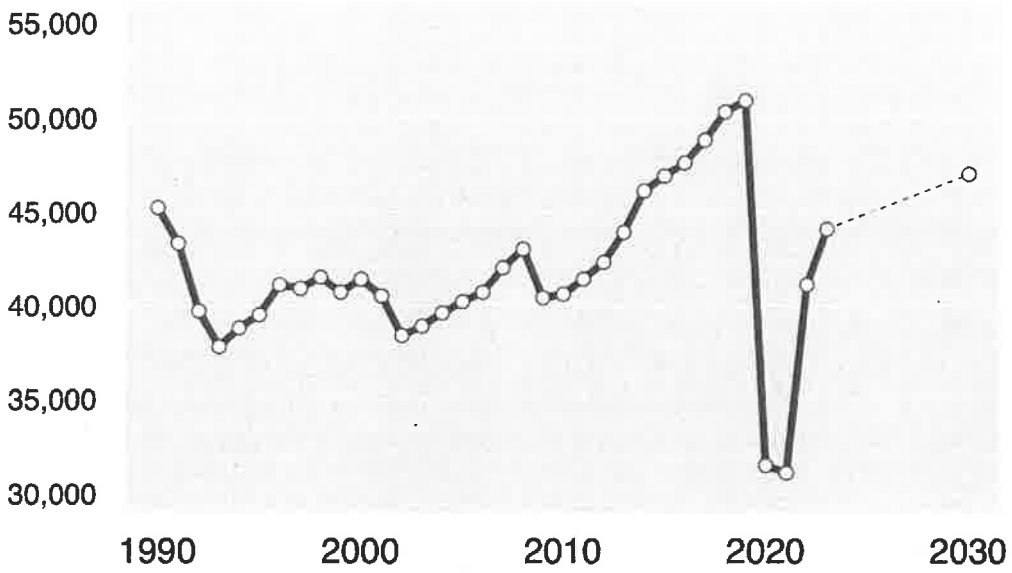
1.1 Background

The tourism and travel industries in Los Angeles are rebounding rapidly from the COVID-19 pandemic (see e.g., Figure 1.1). In 2022, 46.2 million people traveled to Los Angeles reaching 91% of the historic high volume from pre-pandemic levels. These visitors spent $21.9 billion resulting in a total economic contribution of $34.5 billion in economic activity.[4] Tourism is a major driver of economic growth in Los Angeles, and major events such as the 2026 World Cup and 2028 Olympics will likely see new records set. Annual visitors are projected to rise to more than 70 million by 2030 creating more than 400,000 jobs and generating an additional billion dollars a year in tax revenue in the City of Los Angeles.[5]

[4] https://www.discoverlosangeles.com/business

[5] https://tourism.lacity.gov/sites/g/files/wph1946/files/2021-08/Tourism_Master_Plan.pdf

Figure 1.1: Number of Hotel Workers in Los Angeles County



Sources: EDD (1990-2023 data). DOF projections (2030 estimate).

Despite these promising economic indicators, the economic benefits from the tourism industry are not evenly distributed. Many workers in the tourism industry are minimum wage workers, who have not seen wages or health benefits increase in line with the growth of the industry or living expenses. In the City of Los Angeles, two industries with predominately tourism facing roles have wages regulated by unique city policies. The HWMO governs the wages of hotel workers in hotels with 60 or more guest rooms. Additionally, the LWO governs the wages of employees at Los Angeles World Airports (LAWA), which includes LAX and Van Nuys Airports. Together, the ordinances regulate minimum wages for many of the workers who support the tourism industry including hotel housekeepers, LAX janitors and security guards, airplane cabin cleaners, airline catering workers, airline passenger service workers, LAX restaurant and retail workers, and others.

The city council of Los Angeles has therefore considered amending these two policies to increase wages and benefits for those in the tourism sector. In April 2023, the city council instructed the Chief Legislative Analyst (CLA) to evaluate the economic impacts of amending the LWO and HWMO to:

- Raise the hourly wage to $25 in 2023, and by $1 every year thereafter to reach $30 an hour by 2028.[6]
- Adjust the health care credit to meet the average cost of healthcare coverage reflecting the higher cost of family coverage, extend minimum health benefit requirements to hotel workers, and require transparency around health care payments.
- Ensure that workers receive all eligible paid time off and sick days under LWO, HWMO, and Citywide Minimum Wage.
- Add a Public Housekeeping Training requirement to the HWMO, similar to the ordinances in Santa Monica and West Hollywood.
- Clarify that enforcement of the LWO and HWMO ordinances shall be conducted by the City's Office of Wage Standards.

1.2 Who is Affected by the LWO and HWMO?

The LWO applies to City Contractors and ensures that employees working on City contracts are paid the City's Living Wage (which consists of a cash wage rate and an employer's health benefits contribution) and are provided with time off as required by the LWO (at least 96 compensated hours off and 80 uncompensated hours off).

1.2.1 Employees at Los Angeles World Airports

The LWO covers all employees at LAWA. As city contractors, employees at LAWA are covered and various occupational groups have been gradually phased in over time as they were determined to be eligible under the LWO. The wage rate for airport workers is higher than the general living wage rate, which in turn is higher than the Los Angeles general minimum wage.

As shown in Table 1.1, there are two separate wage rates depending on whether or not the employer offers health benefits. For employers who do offer health benefits, the minimum cash wage is currently $18.78, assuming the value of benefits meets or exceeds $5.95/hour. For employers who do not offer health benefits, the minimum full

[6] As 2023 is now passed, this assessment assumes the HWMO goes into force at $25 in 2024 and continues in $1 increments to $30 in 2028.

cash wage is increased to $24.73, reflecting that employees must find health coverage on their own.

Table 1.1: Current and Prior Living Wage Rates for LAWA Employees

EFFECTIVE DATES	CASH WAGE + HEALTH BENEFITS (HB)	FULL CASH WAGE*
July 1, 2023 - June 30, 2024	$18.78 + $5.95 per hour in HB	$24.73 per hour
July 1, 2022 - June 30, 2023	$18.04 + $5.77 per hour in HB	$23.81per hour
July 1, 2021 - June 30, 2022	$17.00 + $5.67 per hour in HB	$22.67 per hour
July 1, 2020 - June 30, 2021	$16.50 + $5.55 per hour in HB	$22.05 per hour
July 1, 2019 - June 30, 2020	$15.25 + $5.34 per hour in HB	$20.59 per hour
July 1, 2018 - June 30, 2019	$13.75 + $5.24 per hour in HB	$18.99 per hour
July 1, 2017 - June 30, 2018	$12.08 + $5.18 per hour in HB	$17.26 per hour
Oct 5, 2016 - June 30, 2017	$11.68 + $5.05 per hour in HB	$16.73 per hour
July 1, 2016 - Oct 4, 2016	$11.27 + $4.91 per hour in HB	$16.18 per hour
July 1, 2015 - June 30, 2016	$11.17 + $4,87 per hour in HB	$16,04 per hour
July 1, 2014 - June 30, 2015	$11.03 + $4.81per hour in HB	$15.84 per hour
July 1, 2013 - June 30, 2014	$10.91 + $4.76 per hour in HB	$15.67 per hour
July 1, 2012 - June 30, 2013	$10.70 + $4.67 per hour in HB	$15.37 per hour

Note: For "Full cash Wage" the wage rate that employees must receive if their employer does not provide them with health benefits.

1.2.2 Employees at Los Angeles City Hotels

The HWMO requires hotels with 60 or more guest rooms to pay their employees a minimum wage and provide 96 compensated hours of time off and at least 80 additional hours of uncompensated time off per year. The HWMO wage level is set above the standard minimum wage for Los Angeles. The current and historical wage rate schedule is shown below. Note that there are currently no health benefit coverage requirements under the HWMO.

Table 1.2: Citywide Hotel Worker Minimum Wage Rate

EFFECTIVE DATE	APPLICABILITY	CASH WAGE
July 1, 2024 - June 30, 2025	**Hotels with 60 or more rooms**	**$20.32 per hour**
July 1, 2023 - June 30, 2024	Hotels with 60 or more rooms	$19.73 per hour
August 12, 2022 - June 30, 2023	Hotels with 60 or more rooms	$18.86 per hour
July 1, 2022 - August 11, 2022	Hotels with 150 or more rooms	$18.86 per hour*
July 1, 2021 - June 30, 2022	Hotels with 150 or more rooms	$17.64 per hour
July 1, 2020 - June 30, 2021	Hotels with 150 or more rooms	$17.13 per hour
July 1, 2019 - June 30, 2020	Hotels with 150 or more rooms	$16.63 per hour
July 1, 2018 - June 30, 2019	Hotels with 150 or more rooms	$16.10 per hour
July 1, 2017 - June 30, 2018	Hotels with 150 or more rooms	$15.66 per hour
July 1, 2016 - June 30, 2017	Hotels with 150 or more rooms	$15.37 per hour
July 1, 2015 - June 30, 2016	Hotels with 300 or more rooms or all hotels located in the Gateway to LA PBID	$15.37 per hour

Note: Updated as of July 6, 2022. As of August 12, 2022, the Hotel Worker Protection Ordinance is in effect and applies to Hotels with 60 or more rooms.

1.3 Assessments of LA Wage Ordinances

Three separate impact assessments and one peer review of those studies were conducted in support of the initial Los Angeles minimum wage ordinance. The peer review strongly affirmed the results of the Berkeley Labor Center analysis,[7] which used a balanced, state-of-the-art approach to evaluate supply and demand impacts and

[7] The four studies are: (1) Beacon Economics, Cost-Benefit Analysis: Los Angeles Minimum Wage Proposal, March 2015. (2) Berkeley Institute for Research on Labor and Employment, The Proposed Minimum Wage for Los Angeles: Economic Impacts and Policy Options, March 2015. (3) UCLA Labor Center, Los Angeles Rising: A City that Works for Everyone, March 2015. (4) von Wachter and Wenger, Technical Review of Studies Related to the Citywide Minimum Wage Proposal in the City of Los Angeles, April 2015.

found net positive benefits of the initial minimum wage ordinance for the city and regional economy. No retrospective analysis of the first ordinance has appeared and, for the new ordinance, only the present study and one last year by Oxford Economics have been prepared. We have reviewed the Oxford study and find it to misrepresent supply side responses and assume away the demand side stimulus that would result from the primary objective of the ordinance, improving real incomes and benefits for low income working households. Instead, the study typifies supply side (and industry commissioned) "job killer" assessments that address only the direct costs of wage increases, which our study shows are a fraction of the indirect and induced economic benefits from improved local purchasing power. In place of that, the Oxford study makes unrealistic assumptions about price impacts and reductions of external demand (tourism, travel, and hospitality demand), while adding misleading references to recessionary "tipping points" and fiscal backlash. These unrealistic assumptions are needed to support their finding that workers are actually worse off under the ordinance, with lower wages and employment levels driven by contraction of the hospitality and transport sectors. Our findings, and the conclusion of the last peer review, directly contradict these assumptions and their implications.

1.4 Proposed Changes to LWO and HWMO

Of the proposed changes to the LWO and HWMO that the council is considering, the most impactful will be the changes to the base wage rate and the adjustment of the health care credit. In order to model the impact of these changes we first describe in detail how the wage rate and health care credit will be adjusted.

For employees with employer sponsored health insurance, the changes are straightforward. For this group of workers, the base wage rate is proposed to increase from existing levels to $25/hour in 2023, and by $1 every year thereafter to reach $30/hour by 2028. We summarize the changes below:

- Changes to hourly wage rate for workers with employer sponsored health insurance in year one:
    - Airport workers: $18.78 to $25.00
    - Hotel workers: $19.73 to $25.00

Changes to compensation are more complicated for workers that do not currently receive employer sponsored health insurance. Healthcare coverage is currently required for airport but not hotel employees, but the requirement extends only to the individual employee. Proposed changes to the LWO would increase minimum required coverage to reflect the average cost of healthcare is higher for families. For airport employees,

there will be no change in the number of employees receiving healthcare benefits, but for many the value of their healthcare benefits will increase. On the other hand, hotel worker coverage will expand and for many the value will increase.

The size of the healthcare credits is not defined in the Motion but the intent is to provide coverage of the average employee's healthcare costs. Costs of coverage vary greatly based on the number of household members covered. Our estimates of the average value of health credits reflect the share of employees that are individuals, individuals with a spouse or domestic partner, and individuals with children and the differential cost of providing coverage for each group. While the health insurance credit is designed to be an hourly addition to wages, the total cost of health insurance coverage is fixed and does not depend on the number of hours the employee works. To calculate the size of the healthcare credit that would result in the average employee having their annual costs of health insurance[8] covered through receipt of the health credit, we use available data (Methods) to estimate the average hours worked. We then divide annual estimated costs for the average employee by average hours worked. This value reflects the healthcare credit that would cover the healthcare costs for an average employee that worked an average number of hours.

Note that because the healthcare credit reflects average costs per hour worked, not all workers that receive the hourly health benefit cash equivalent will have their annual healthcare costs completely covered. For example, part-time workers will not work enough hours for the hourly credit to cover annual costs. Similarly, because the healthcare credit reflects average costs across all workers (including single, married, and workers with families), it will not cover the entire cost of family coverage for a worker that works the average number of hours.

Based on our estimates of the average costs to private businesses of providing healthcare and average hours worked by covered workers, we estimate the value of the healthcare credit to be $7.51 per hour for airport workers and $8.35 for hotel workers.[9] Healthcare credits in future years are tied to inflation.

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[8] This study uses cost estimates compiled from the Agency for Health Research and Quality (AHRQ), a federal agency within the Department of Health and Human Services (HHS).

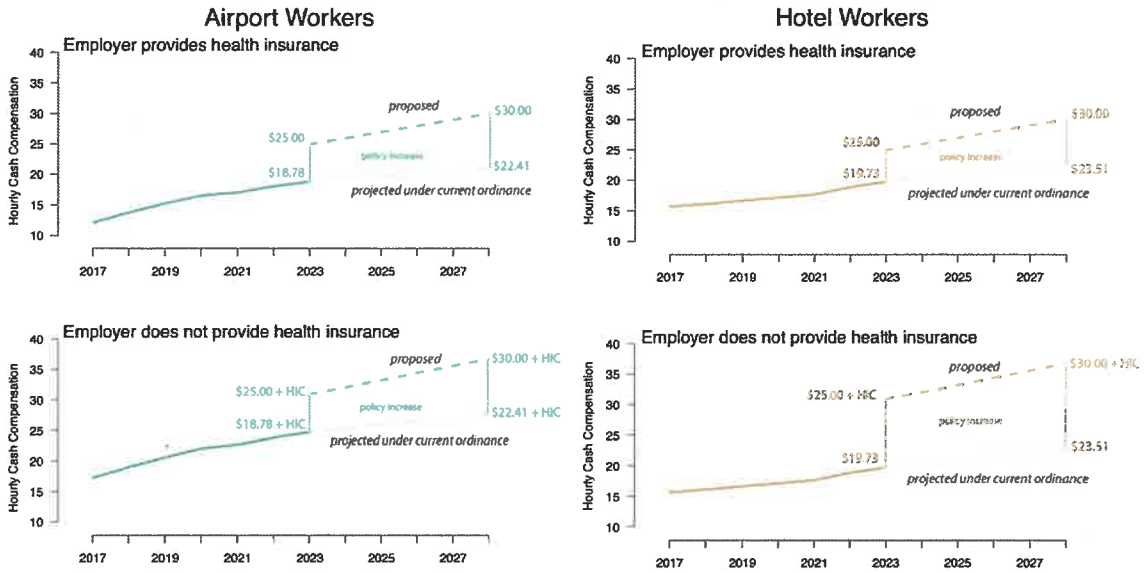
[9] The difference in cost per hour across the two groups is driven by differences in average hours worked. On average, covered airport workers work more hours than covered hotel workers so the annual cost per hour worked is lower for airport workers.

We present the breakdown of proposed changes in several formats. Figure 1.2 highlights the evolution of the policy over time, Figure 1.3 illustrates the changes in year 1 for employees with and without employee provided healthcare coverage, and Table 1.3 shows the value of changes for workers.

Table 1.3: Impact of Proposed Changes on Minimum Hourly Total Compensation for Workers without Employer Provided Health Insurance Coverage in First Year

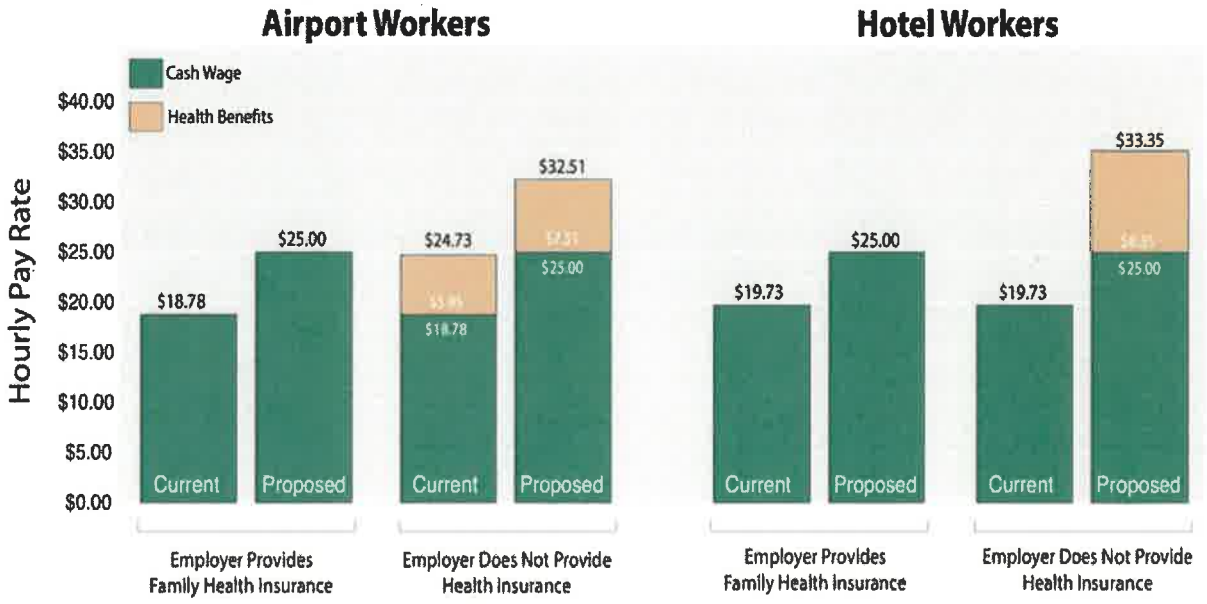
	Minimum Cash Wage		Employer Paid Health Benefits: Cash		Total Hourly Pay Rate		Change in Hourly Pay Due to Proposal	
	Current	Proposed	Current	Proposed	Current	Proposed	$	%
Airport Workers	$18.78	$25.00	$5.95	$7.51	$24.73	$32.51	$7.78	31%
Hotel Workers	$19.73	$25.00	$0.00	$8.35	$19.73	$33.35	$13.62	69%

Figure 1.2: Proposed Changes in Minimum Pay Schedule



Note: HIC = Health Insurance Credit

Figure 1.3: Proposed Changes in Total Hourly Pay Rates For Workers without Employer Provided Healthcare



2 Data Overview

This study relies on a combination of official city, county, state, and national data, all of which are fully documented below and in linked sources. Local data sources include the CLA, LAWA, and related City and County offices. State data sources include the Employment Development Department, Department of Finance, and the California Environmental Protection Agency. Federal data sources include the United States Census, Bureau of Labor Statistics, Bureau of Economic Analysis, and the Federal Reserve Bank system, among others. Additional data are obtained from authoritative third-party sources, all of which are cited here for reference. A complete list of data sources is provided in Appendix 1 of this report.

3 Methods Overview

Estimation methods for this impact assessment proceeded in three basic steps: consolidation and reconciliation of local data resources; detailed estimation of targeted labor force characteristics; assessment of direct, indirect, and induced effects of the ordinances.

3.1 Local data consolidation and reconciliation

This study combines detailed employer and occupational data with Census tract level data to capture important heterogeneity in direct and more complex policy impacts, including spillovers between jurisdictions arising from commuting patterns.

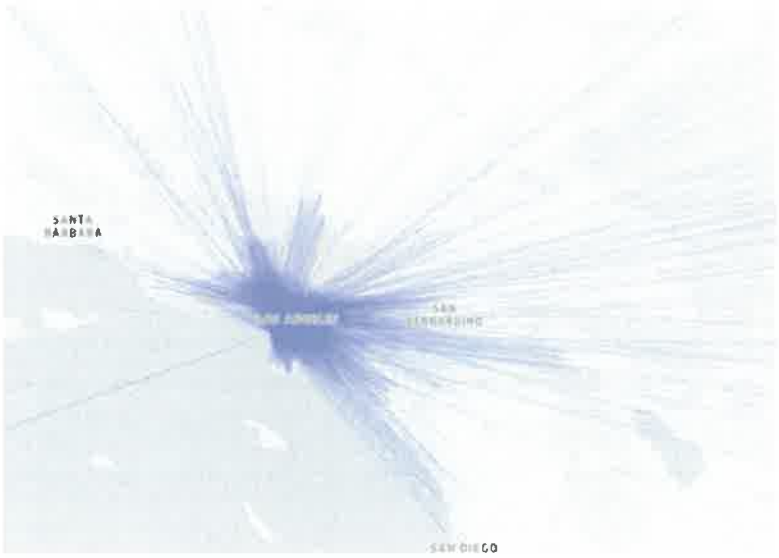
Worker mobility is a defining characteristic of Southern California generally and Los Angeles in particular. Using data from a study that estimated census tract to census tract commuting flows across the United States (Nelson et al. 2016), we mapped commuting in- and out-flows for all census tracts in the city of LA (Figure 3.1). These maps suggest that LA City residents and workers are highly disjoint populations. The City is a large net importer of workers, with inbound workers making much longer average transits than outbound ones. The reasons for all this are equally complex, but they have a few salient implications for the present study.

For example, about 45% of LA City airport workers live outside the City itself (Figure 3.1), meaning that some of the income benefits of LWO will be conferred on neighboring economies as workers spend the majority of their earnings in their residential

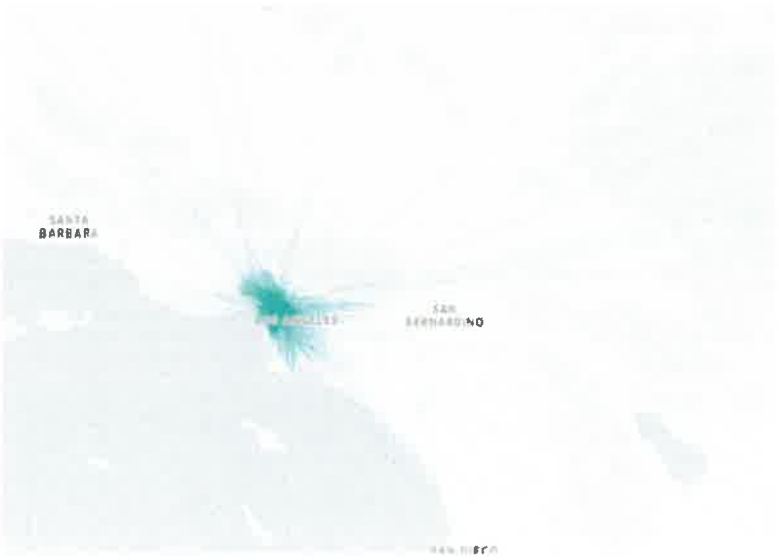
economies. Often referred to as the "leakage effect", these expenditure benefits constitute a transfer from LA City employers to neighboring communities.

Figure 3.1: Inbound and Outbound Commuting to and from LA City

Inbound Commuters



Outbound Commuters

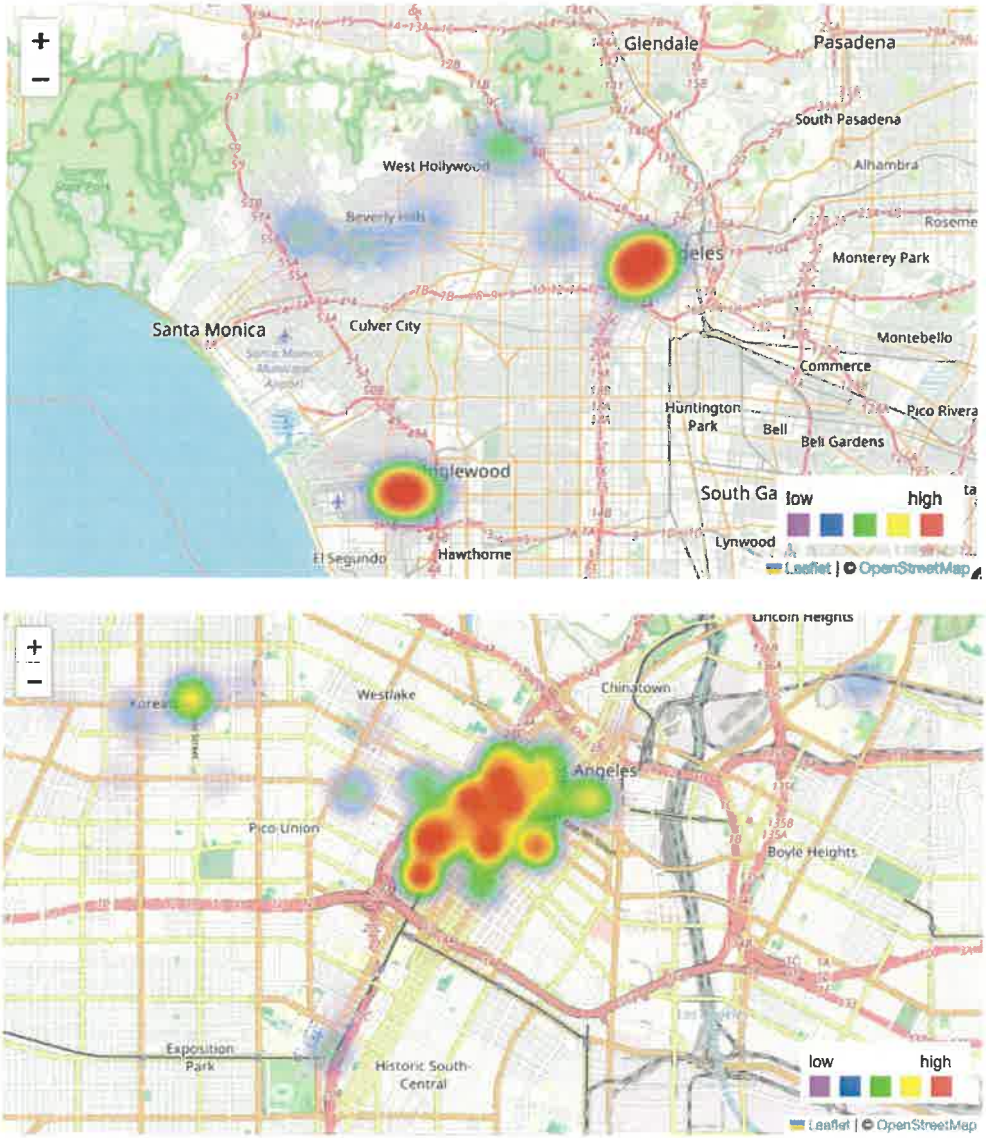


In terms of physical job location, airport jobs are naturally limited to only a few locations (primarily LAX). Hotel jobs are more geographically dispersed throughout the City, but evaluation of covered hotels (>60 guest rooms) reveals significant spatial concentration, with hospitality workers more likely to live in proximity to work because of job conditions, the cost of commuting, or both.

We have developed a visualization tool to offer insight on general spatial effects, two screenshots of which are presented in Figure 3.2. This tool is a separate project deliverable with documentation for use by CLA and designated partners.[10]

[10] The current version of the tool can be found here: https://bearecon.com/Tools/hotel_heatmap.html

Figure 3.2: Density of Hotels Covered by HWMO, Adjusted for Size



Source: Author calculations from CLA and industry data sources.

3.2 Targeted Labor Force Characteristics

This section details the steps taken to identify the number of workers by occupation covered by the minimum wage ordinances and to estimate their current wages and healthcare coverage which we use to construct the baseline scenario.

3.2.1 Estimating the number of covered workers

To estimate the number of workers covered by each ordinance we rely on a combination of data sources and assumptions.

Airports

LAWA provided data detailing the number of airport workers by type of permit or agreement that LAWA maintains with employers. Information provided by LAWA is shown in full in Table 3.1 and summarized here. Employers operate under one of five categories of permits/agreements with LAWA:

1. Certified Service Provider License Agreement (covers 17,387 workers) covering services such as aircraft cabin cleaning, aircraft food services, ground handling, cargo screening, etc.
2. Air Carrier Operating Permits (covers 11,987 workers) covering scheduled flight operations.
3. Concessions and Lounges (covers 6,831 workers) covering concessions and lounge operations.
4. Fuel Delivery Permit (covers 6 workers) delivering aviation gas.
5. Non-Exclusive License Agreement (covers 3,301 workers) covering delivery services, communications, maintenance, and professional services.

Because wage information is available by occupation, we used the information provided by LAWA to assign detailed occupation to each category of worker. For air carrier operation permits, certified service providers, and other license agreements, the provided categories cover numerous occupations. For example, the 11,987 workers under air carrier operating permits covers airline employees including pilots, flight attendants, and ground staff. To estimate the number of workers in each occupation within these categories we utilized data on industry by detailed occupation (6-digit SOC) from BLS.[11] This information is only available at the national level so this approach assumes the occupational composition of airport employment in Los Angeles is similar to the occupational composition at other US airports. Using the BLS data on the number of airport workers by detailed occupation nationally, we assigned each occupation to the most relevant LAWA category then estimated the share of total workers within each

[11] https://www.bls.gov/opub/mlr/2022/home.htm

occupation for the assigned category. For example, we estimate about 35% of workers employed in occupations that fall into LAWA's category "scheduled flight operations" are flight attendants. We then applied this share to the 11,987 workers in flight operations to estimate that approximately 4,200 flight attendants are covered by the LWO.

Table 3.1: Number of Airport Workers Covered by Living Wage Ordinance

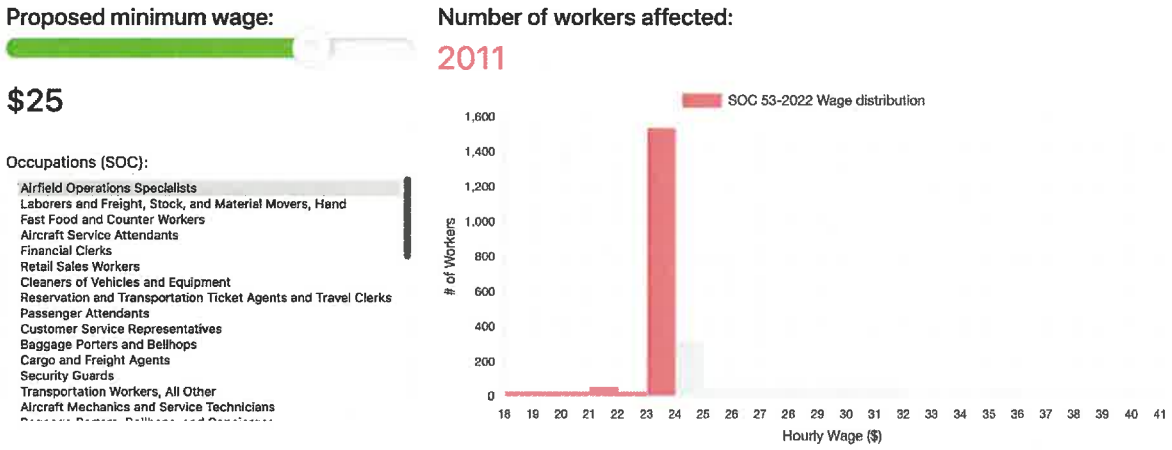
Operational Category	Example Services Provided	Number of Workers	Share Airport Workforce
Certified Service Providers	Aircraft cabin cleaning, aircraft food services, aircraft line maintenance, airfield transport, baggage/cargo handling, cargo screening, plane fueling, ground handling, security, wheelchair services	17,387	44%
Air Carrier Operating Permit	Scheduled flight operations including staff of commercial air carriers, passenger, or cargo operations	11,987	30%
Concessions and Lounges	Restaurant staff, retail staff, lounge staff	6,831	17%
Fuel delivery permits	Delivery of aviation gas	6	<1%
Other license agreements	Delivery, IT, communications, airport maintenance, professional services	3,301	8%
Total		39,512	100%

Source: Data provided by LAWA upon request from the Office of the Chief Legislative Analyst

We used this approach to estimate the number of workers in occupations covered by all categories except concessions and lounge workers. For concessions and lounge workers, additional data was provided by LAWA on the businesses operating each concession and lounge, and the number of workers they employ. We used this to directly assign occupations. We also identified which of the concessions employers are subject to California's fast-food minimum wage so we could simulate the impact of California's fast-food minimum wage policy in the baseline scenario.

The output from this step generated estimates for the number of workers by occupation covered by LWO. Estimates are shown in Figure 3.3 for the most common occupations. This information has also been incorporated into a visualization tool that enables users to see the impacts of alternative LWO thresholds across detailed occupational classifications. The tool can be accessed via browser on any internet connected device (e.g. laptop, table, mobile) and operates with a slider for the wage threshold and a drop-down menu for detailed occupation, as illustrated in Figure 3.3.[12]

Figure 3.3: Number of LAWA Workers Affected by the Proposed Minimum Wage



Source: Author estimates from city, county, state, and national data.

[12] The tool can be accessed here: https://bearecon.com/Tools/LAC_airport_scenarios.html

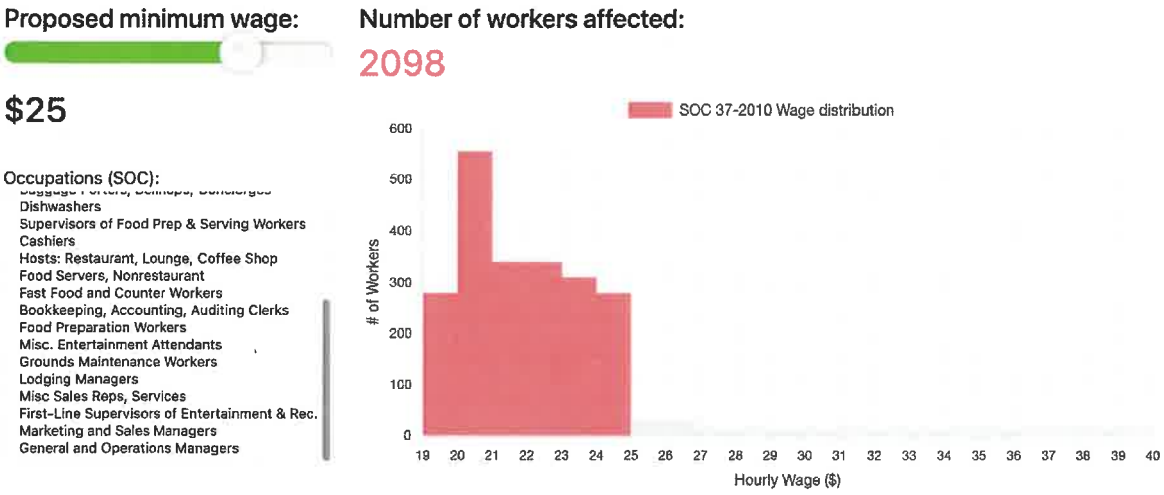
Hotels

The HWMO covers employees at hotels located in the City of Los Angeles that have 60 or more hotel rooms. Employment data is not available for this specific subset of hotels. We therefore rely on county level EDD employment data to first estimate countywide hotel employment and then we scale it to covered hotels based on the share of total hotel rooms in the county that are in covered hotels. This approach assumes that the number of employees per hotel room is similar across Los Angeles County hotels.

To estimate the number of hotel rooms in hotels covered by the HWMO we first used a variety of publicly available data sources including Open Street Maps, industry news and booking websites,[13] and business databases[14] to construct a comprehensive list of hotels with addresses in the City of Los Angeles that have at least 60 guest rooms. In total we identified 111 hotels that collectively have 28,526 guest rooms. Data from the LA Tourism Board indicates there are 113,411 hotel rooms in Los Angeles County suggesting that a quarter of all LA County hotel rooms are in hotels covered by the HWMO. We then apply this share to the total number of workers in traveller accommodations (NAICS 721100) in Los Angeles County from EDD. Using this approach, we estimate a total of 10,300 workers employed at hotels covered by the HWMO (Table 3.2).

[13] Including news sites like Travel Weekly as well as booking sites like Expedia, Hotels.com, etc.
[14] https://www.careeronestop.org/Toolkit/Jobs/find-businesses.aspx

Figure 3.4: Number of Hotel Workers Affected by the Proposed Minimum Wage



Source: Author estimates from city, county, state, and national data.

Like the LAWA visualization, we have developed an interactive tool to study the HWMO, illustrated in Figure 3.4 (accessible here: https://bearecon.com/Tools/LAC_hotel_scenarios.html).

Table 3.2: Estimated Number of Hotel Workers Covered by HWMO

Category	Number of Workers	Share Hospital Workforce
Housekeeping , Landscaping, and Janitors	3,400	34%
Food Services	2,800	27%
Office and Administrative Support	1,900	18%
Maintenance Workers	700	6%
Managers	500	5%
Personal Care Services	400	4%
Sales and Marketing	300	3%
Laundry and Dry Cleaning	300	3%
Total	**10,300**	**100%**

Source: Author estimates using data collected on number of hotel rooms covered by ordinance, employment data from BLS, EDD (see Appendix for details).

To assign specific occupations to hotel workers we follow the same approach used for airports and rely on detailed BLS industry occupation estimates to calculate the share of hotel workers nationally that work in each occupational group. We then apply those shares to workers in covered Los Angeles hotels to estimate the number of covered workers in each detailed occupation (Table 3.3).

Table 3.3: Most Common Occupations Among Workers Covered by Ordinances

Category	Number of Workers	Median Hourly Wage (2023$)	Average hours worked per week
Aircraft Mechanics & Service Techs	5,400	$38.91	40.8
Flight Attendants	4,200	--*	--
Airfield Operations Specialists	2,900	$23.65	42.6
Baggage and Cargo Handlers	2,400	$21.47	39.6
Fast-food Counter Workers	2,300	$18.78	40.0
Aircraft Service Attendants	1,900	$19.91	39.0
Housekeeping	3,100	$20.94	36.9
Desk Clerks	1,700	$21.91	36.7
Waiters and Waitresses	800	$27.86	32.9
Maintenance Workers	700	$26.50	39.8
Cooks	500	$20.76	38.3

Table only shows detailed occupations that comprise 5% or more of their respective group.
Source: Author estimates from LAWA, BLS data (number, share workers), OES, PUMS level ACS microdata data (wages and hours worked). See Appendix for details.
**Only annual wages are reported for flight attendants. The same is true of pilots, but they are not in the table as they represent less than 5% of the airport workforce.*

3.2.2 Estimating the distribution of current wages across covered workers

To assess the impact of the proposal we must first estimate the distribution of current wages for workers covered by the ordinances. We rely on wage distributions by detailed occupation from the Quarterly Census of Employment and Wages (QCEW) from 2022 adjusted to 2023 dollars. However, before applying the wage distributions we must

implement adjustments to account for two main issues. First, data on wage distribution by detailed occupation is only available at the county level, not the city level.[15] Second, wage distribution data is typically available by industry or occupation but not all workers within each group are covered by the ordinance. For example, someone who works in retail in the City could be covered by the HWMO if they work at a large hotel gift shop, or by the LWO if they work at an airport duty free shop, or by neither if they work elsewhere. In each case that worker would be covered by a different minimum wage: $19.73 per hour if they work at a hotel with >60 rooms, $18.78 per hour if they work at the airport, or $16.78 per hour if they work elsewhere in the city.

To jointly address the issues highlighted above we censor the county level wage distributions by detailed occupation from QCEW at the current ordinance minimum wages. Continuing the above example, to model wages for retail workers at covered hotels we take only the portion of the retail worker wage distribution that is at or above $19.73. For airport retail workers we take only the portion of the retail worker wage distribution that is at or above $18.78. We do this because any wages below these cutoffs cannot legally be paid to the covered workers in these categories. For occupations where the left tail of the wage distribution is above the ordinance minimum wage, no censoring is required.

For most occupations this approach provides us with reasonably shaped wage distributions. However, for a limited number of occupations the current ordinance minimum wages are above the 90th percentile of the countywide distribution leaving only the extreme right tail of the wage distribution after censoring. This results in skewed wage distributions that do not appear to be realistic. To address this concern we limit left-censoring to at or below the 75th percentile of the countywide wage distribution. Any part of the remaining wage distribution that is below the current ordinance minimum wage is then set to the ordinance minimum wage. The output of this step produces an ordinance-specific wage distribution for each covered occupation.

[15] QCEW provides data by county of residence, not county of place of work. While other sources (e.g. ACS microdata) provide data by county of workplace, using data on commuting patterns from Nelson et al 2016 we estimate more than 90% of workers covered by the two LA minimum wage ordinances reside in LA County so using data based on county residence is reasonable.

3.2.3 Estimating future wages of covered workers

To assess the impact of the proposed changes we must first model future wage distributions in the baseline scenario that the ordinances remain unchanged. We use CPI-W projections from the Congressional Budget Office (CBO) (3.6% per year) to project annual growth in wages.

We also model the impact of another relevant minimum wage policy – the statewide fast-food worker policy – which affects the wages of fast-food workers at the airport in the baseline scenario. While the proposed ordinances' minimum wage is greater than the fast-food minimum wage, failing to account for the statewide fast-food policy would lead to an overestimation of the magnitude of the wage increase attributable to the proposed policy since this group of workers will have their wages raised to $20 per hour in 2024 (and increasing thereafter) regardless of whether the proposed changes to the LWO are implemented. We simulate the impact of the fast-food minimum wage by first identifying the number of airport workers that are covered by that policy and then simulating their wage increases by setting the wage of any workers below $20 to be $20. We also model an indirect effect and assume any workers with wages <115% of the fast-food minimum wage will have their wages increased by 25% of the maximum raise attributable to the policy.[16]

The output of this collective exercise is annual wage distributions for all airport and hotel occupations from 2023 to 2028 absent proposed changes to the living wage ordinance and hotel workers ordinance.

3.2.4 Estimating current health insurance coverage

While the proposed changes would expand the requirements around employer provided health benefits, some employers already provide health benefits even without this requirement. To model the impact of the proposed changes we must first estimate current health benefit coverage levels for the baseline scenario.

[16] The fast food minimum wage can raise hourly wages for covered airport workers by at most $1.22 per hour in the first year ($20 – current airport minimum wage of $18.78). We assume workers making up to 115% of the new minimum wage ($20-$23) also get a $0.31 raise which corresponds to 25% of the maximum $1.22 raise.

We observe current employer provided health insurance coverage data from the ACS and CPS. ACS has more observations but less detailed information. For example, from the ACS we observe whether respondents have health insurance through their employer, but we don't observe if family members are covered through their policy. CPS has fewer observations but more detailed information on both which family members are covered, and which family members are eligible to be covered. We also use information from both surveys that identify whether employees are married and have children (which contributes to eligibility of family members to be covered by the employee's health insurance).

From the 2017-2022 ACS PUMS data (excluding 2020 because ACS recommends not comparing 2020 1-year estimates to other years due to the COVID-19 Pandemic) we determine the average share of workers at airports and the share of workers at hotels that work in LA County that have health insurance through their employer. Using the same data we also determine the average share of workers that have health insurance through their employer by occupation. For this calculation we expand our sample from those that work in LA County to those that work in Southern California Association of Governments (SCAG) because we do not have enough observations in LA alone to estimate health insurance coverage by occupation.[17] From CPS 2020-2023 data we estimate the share of workers that work in the airport or hotel industries that are not married and don't have children, the share of workers that are married without children, and the share of workers that are married and have children. We also estimate the share of workers that work in the airport or hotel industries that receive family coverage through their employer. We distinguish between those whose employer provided coverage covers their spouse and those that cover spouse and children. Estimates of baseline coverage rates for all groups are shown in Table 3.4.

[17] It should be noted that SCAG average employer healthcare coverage rates are similar to LA County coverage rates.

Table 3.4: Summary of Employer Provided Healthcare Insurance to Persons Covered Currently

Employee Family Members Eligible for Coverage	Eligibility Category Share	Employer provides some health insurance	Healthcare Coverage Type For Covered Employees			
			Employee only	Employee + spouse	Employee + family	Total
Airport Workers						
Employee Only	39.5%	68.5%	100%	-	-	100%
Employee + Spouse	22.6%	72.7%	72.7%	27.3%	-	100%
Employee + Family	37.9%	75.4%	22.2%	35.6%	42.2%	100%
All Household Types	100%	72.1%	52.5%	23.8%	23.8%	100%
Hotel Workers						
Employee Only	39.3%	64.7%	100%	-	-	100%
Employee + Spouse	15.7%	68.5%	50.1%	49.9%	-	100%
Employee + Family	45.0%	63.8%	26.9%	30.8%	42.3%	100%
All Household Types	100%	64.9%	47.4%	23.7%	28.9%	100%

Source: Author estimates from CPS data

For the main estimates we aggregate data to airport/hotel groupings. For the supplemental analysis of impacts by occupation we also estimate coverage rates by 3-digit occupation (we do not have sufficient data to estimate at the 6-digit occupation level we use for the wage analysis).

These publicly available data do not allow us to subset specifically to covered workers (e.g. we see all hotel workers in LA County not hotel workers in LA City that work at hotels with >60 rooms), so we must assume healthcare coverage for covered and uncovered workers in these industries are similar. For airport workers this is less of a limitation because covered workers are a large share of total airports workers in the County.

For those workers that already have employer sponsored health insurance, we assume that the proposed policy does not change their coverage levels and thus there are no changes to the value of their health benefits.

3.2.5 Estimating future healthcare coverage

For the baseline scenario we assume future rates of employer sponsored health insurance (2024-2028) would be the same as current rates (2023).[18] We similarly assume the share of workers by number and composition of dependents would remain constant over time.

3.2.6 Quantifying cost of proposed health insurance premiums

The proposed change would, among other requirements, mandate employers expand health benefits by requiring employers to pay for coverage or to pay cash valued at the cost of coverage for the average employee, reflecting that employees with families have higher costs.

To estimate the cost of health insurance coverage, we use available data on the cost of private company health insurance coverage to employees. We observe the annual cost of coverage to the employer including paying both the premiums and the deductible. To calculate the hourly value of annual coverage we divide annual cost by hours worked. ACS microdata data for LA County indicate that, on average, airport workers work at least 40 hours per week (2,080 hours per year) and that hotel workers work 36 hours per week (1,872 hours per year). Because annual health insurance costs are the same across groups, the differences in average hours worked drive differences in the hourly health credits estimated (Table 3.5).

[18] Under the proposed changes all covered employers will be required to cover the costs of employee health insurance. We assume the share that provide health insurance rather than the cash equivalent remain fixed at current levels.

Table 3.5: Estimated Hourly Health Insurance Credits

Employee Coverage Level	Employee Only	Employee + Spouse	Employee + Family	Average Across All Employees*
Airport Employees	$7.51	$7.51	$7.51	$7.51
Hotel Employees	$8.35	$8.35	$8.35	$8.35

Source: Author calculations using https://datatools.ahrq.gov.
Notes: Assumes full-time airport employees work 40 hours per week (2,080 hours per year) and full-time hotel employees work 36 hours per week (1,872 hours per year).
**Average weighted by share of employees estimated to fall into each group.*

4 Economic Analysis

4.1 Assumptions

The economic impact assessment for this analysis proceeds in two stages. Firstly, direct impacts are estimated using the detailed LA City labor force data described below for covered workers in LAWA and LA hotels. Secondly, these direct effects are converted to economy-wide multiplier impacts that take into account supply chain and expenditure linkages (Section 4.2).[19]

A few general assumptions regarding the minimum wage policies will facilitate results interpretation, which are explicated below:

4.1.1 How minimum wage policies change wages

For minimum wage workers (wage < minimum wage) we assume they start making the new minimum wage. In other words, we assume all employers comply with the legal minimum wage.

We also assume a wage increase for workers making slightly above the new minimum wage. For workers making between the new minimum wage and 115% of the new minimum wage we assume wages increase by 25% of the increase that new minimum wage is over the old minimum wage. For example, for airport workers the proposal would increase the minimum wage from $18.78 to $25.00, a raise of $6.22. For airport workers making between $25 per hour and $28.75 per hour (115% of $25), we assume the proposed minimum wage would cause their wages to increase by 25% of $6.22 = $1.56 per hour.

4.1.2 Baseline employment growth

To model employment growth, we utilize EDD Long Term (2020-2030) Employment Projections by Industry for Los Angeles County.[20] Growth is reported as 10-year percent changes and so to derive projections for individual years we rescale 10-year growth to annual growth and then apply annual growth for the relevant number of years.

[19] Technical methodology for estimating all these impacts is discussed in greater detail in Section 9.
[20] https://labormarketinfo.edd.ca.gov/data/employment-projections.html

4.2 Direct Impacts

We first estimate the share of receiving increased compensation under the proposed scenario. We estimate that more than 40% of airport workers and more than 60% of hotel workers would receive wage increases due to the proposed policy. In addition, 15% of airport workers and about 35% of hotel workers would receive expanded healthcare coverage (Table 4.1).

Table 4.1: Number and Share of Workers Receiving Increased Compensation Under Proposed Changes

	Cash Wage Raises						Health Insurance Cost Coverage Increase	
	Total		Direct*		Indirect**			
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Airport Workers								
2023	17,180	43.5%	13,933	35.3%	3,247	8.2%	6,122	15.5%
2024	17,617	43.7%	14,335	35.6%	3,283	8.1%	6,246	15.5%
2025	18,035	43.8%	14,708	35.8%	3,327	8.1%	6,374	15.5%
2026	18,436	43.9%	15,054	35.9%	3,382	8.1%	6,504	15.5%
2027	18,820	43.9%	15,376	35.9%	3,444	8.0%	6,638	15.5%
2028	19,189	43.9%	15,673	35.8%	3,516	8.0%	6,776	15.5%
Hotel Workers								
2023	6,283	61.1%	5,532	53.8%	750	7.3%	3,608	35.1%
2024	6,364	61.3%	5,607	54.0%	757	7.3%	3,643	35.1%
2025	6,437	61.5%	5,672	54.2%	765	7.3%	3,677	35.1%
2026	6,503	61.5%	5,731	54.2%	772	7.3%	3,711	35.1%
2027	6,561	61.5%	5,782	54.2%	779	7.3%	3,746	35.1%
2028	6,613	61.4%	5,827	54.1%	786	7.3%	3,780	35.1%

** Direct = Workers with current hourly wages below proposed minimum.*
*** Indirect = Workers with current hourly wages slightly above the proposed minimum.*

We next calculate the magnitude of the increase in wages as well as the value of increased health coverage among impacted workers (Table 4.2).[21] The average hourly

[21] The gain in health insurance could be through higher hourly healthcare credit compensation (if the employer does not provide healthcare coverage) or increased coverage (if the employer offers healthcare coverage). We assume the value is equivalent across these forms of compensation.

increase in wages per impacted worker is estimated to be $3.45 for airport workers and $3.77 for hotel workers in the first year of implementation. The analogous increase in the value of healthcare coverage is estimated to be $0.42 and $2.47, respectively.

Combined wage and health care costs across all impacted workers would result in an estimated annual impact per year (not cumulative) of $115 million for airport workers and $66 million for hotel workers, increasing to $156 million for airport workers and $88 million for hotel workers in 2028 (Table 4.2).

Table 4.2: Estimated Compensation Increases for Workers Affected by the Proposed Policy (2023 $ Millions and Percentages)

	Cash Wage				Health Insurance				Total
	Ave hourly increase	Ave annual increase	Ave percent increase	Total increase (millions)	Ave hourly increase	Ave annual increase	Ave percent increase	Total increase (millions)	
Airport Workers									
2023	$3.45	$6,014	16.1%	$109.60	$0.42	$950	5.3%	$5.82	$115.42
2024	$3.60	$6,297	16.1%	$117.60	$0.43	$980	5.3%	$6.12	$123.72
2025	$3.77	$6,601	16.3%	$126.10	$0.45	$1,010	5.3%	$6.44	$132.54
2026	$3.94	$6,878	16.5%	$134.30	$0.46	$1,041	5.3%	$6.77	$141.07
2027	$4.08	$7,123	16.5%	$141.80	$0.47	$1,074	5.3%	$7.13	$148.93
2028	$4.21	$7,336	16.4%	$148.80	$0.49	$1,107	5.3%	$7.50	$156.30
Hotel Workers									
2023	$3.77	$5,772	17.7%	$49.20	$2.47	$4,710	42.1%	$16.99	$66.19
2024	$3.99	$6,104	18.1%	$53.30	$2.55	$4,856	42.1%	$17.69	$70.99
2025	$4.19	$6,401	18.3%	$57.10	$2.63	$5,006	42.1%	$18.41	$75.51
2026	$4.37	$6,671	18.5%	$60.70	$2.71	$5,161	42.1%	$19.15	$79.85
2027	$4.53	$6,904	18.5%	$64.10	$2.79	$5,321	42.1%	$19.93	$84.03
2028	$4.67	$7,105	18.4%	$67.20	$2.88	$5,486	42.1%	$20.74	$87.94

We next estimate impacts separately by occupation for airport (Table 4.3) and hotel (Table 4.4) workers. For airport workers, more than three-quarters of workers in several occupations are estimated to receive wage increases: airfield operation specialists, freight stock movers, aircraft service attendants, retail workers, and ticket agents. For higher paying occupations like aircraft mechanics, only 1 in 5 workers are estimated to receive wage increases.

Table 4.3: Percent Share of Airport Workers Receiving Increased Compensation Under Proposed Changes, by Occupation

Occupation	Share of Covered Workers	Share of Covered Workers Receiving Increased Compensation					
		Cash Wage Increase (% of workers)			Health Insurance Coverage Increase (% of workers)		
		2023	2025	2027	2023	2025	2027
Airport Workers							
Aircraft Mech & Service Techs	13.60%	19.60%	20.10%	20.20%	52.3%	52.3%	52.3%
Airfield Operations Specialists	6.70%	82.90%	83.30%	83.30%	12.4%	12.4%	12.4%
Freight, Stock, and Mat Movers	6.10%	76.80%	76.90%	76.90%	48.7%	48.7%	48.7%
Fast-food workers	6.00%	70.40%	70.60%	70.60%	57.6%	57.6%	57.6%
Aircraft Service Attendants	4.80%	79.90%	80.00%	80.00%	43.7%	43.7%	43.7%
Retail workers	3.00%	76.20%	76.30%	76.30%	54.5%	54.5%	54.5%
Avionics Technicians	2.60%	14.90%	15.10%	15.10%	49.1%	49.1%	49.1%
Passenger Attendants	2.60%	60.60%	61.10%	61.20%	43.7%	43.7%	43.7%
Cargo and Freight Agents	2.20%	55.40%	56.40%	56.50%	44.1%	44.1%	44.1%
Cleaners of Vehicles & Equipment	2.20%	66.40%	66.50%	66.50%	48.7%	48.7%	48.7%
Ticket Agents	2.10%	78.90%	79.10%	79.10%	35.7%	35.7%	35.7%

The LWO already requires employers cover the cost of individual healthcare. We assume for those with employer provided healthcare coverage that the value of coverage exceeds the minimum proposed by the Motion. Because the Motion proposes increasing the cash equivalent healthcare credit, whether airport workers receive employer provided healthcare or the cash equivalent is the primary determinant of whether health benefits change. Thus, the estimated share of workers impacted by healthcare changes

by occupation is largest in occupations like fast-food workers where workers are less likely to have employer provided healthcare coverage (58% expected to receive expanded health benefits). Coverage increases are lower for occupations with high rates of employer provided healthcare coverage such as airfield operation specialists (12% receive expanded healthcare benefits).

For hotel workers the occupations with the highest share of impacted workers include housekeepers, laundry service workers, line cooks, and bellhops each with more than 60% of workers receiving raises.

Table 4.4: Percent Share of Hotel Workers Receiving Increased Compensation Under Proposed Changes by Occupation

Occupation	Share of Covered Workers in Occ.	Share of Covered Workers Receiving Increased Compensation					
		Cash Wage Increase (% of workers)			Health Insurance Coverage Increase (% of workers)		
		2023	2025	2027	2023	2025	2027
Hotel Workers							
Housekeepers	30.00%	70.10%	70.10%	70.10%	61.10%	61.10%	61.10%
Desk clerks	16.60%	64.90%	64.90%	64.90%	35.70%	35.70%	35.70%
Waiters and waitresses	8.00%	58.80%	58.80%	58.90%	57.60%	57.60%	57.60%
Maintenance workers	6.40%	59.10%	59.10%	59.20%	29.80%	29.80%	29.80%
Line cooks	5.00%	66.40%	66.40%	66.40%	73.00%	73.00%	73.00%
Other restaurant support staff	3.20%	64.10%	64.10%	64.10%	60.20%	60.20%	60.20%
Chefs and head cooks	2.90%	29.00%	29.00%	29.00%	53.10%	53.10%	53.10%
Housekeeping supervisors	2.80%	56.10%	56.10%	56.20%	40.60%	40.60%	40.60%
Bartenders	2.70%	59.80%	59.80%	59.90%	57.60%	57.60%	57.60%
Laundry service workers	2.60%	66.00%	66.00%	66.00%	79.00%	79.00%	79.00%
Hotel managers	2.50%	34.70%	34.70%	34.80%	34.10%	34.10%	34.10%
Bellhops	1.70%	67.40%	67.40%	67.40%	66.70%	66.70%	66.70%

The HWMO does not currently require healthcare be provided by employers. However, many hotels already provide health insurance coverage to at least some of their employees. The occupations with the highest share of workers receiving expanded healthcare benefits depends on what share of the occupation currently have employer health insurance and what do not. We estimate all occupations with workers impacted

by the wage change have at least 55% of workers also receiving expanded healthcare benefits. The occupations with the highest share of workers receiving additional health benefits are laundry service workers, line cooks, and bellhops for whom current health coverage rates are relatively lower.

4.2.1 Other Impacts

In addition to the modeled changes, the Motion also includes a provision to implement a Public Housekeeping Training requirement for covered hotels. This provision would require hotels to provide 6 hours of additional training each year to housekeeping staff. As such, the cost impacts of this element of the Motion are expected to be negligible relative to the costs of raising wages and increasing health benefits.[22]

4.2.2 Alternative Minimum Wage Schedule

In addition to the main policy change under consideration, we also evaluate an alternative minimum wage schedule where the minimum wage for both ordinances is initially raised to $23, rather than $25, but with larger escalations such that by 2028 the minimum wage is the same in both scenarios (Table 4.5). The proposed changes to healthcare coverage are the same in both the main and alternative scenarios.

Table 4.5: Comparison of Alternative Minimum Wage Schedule

Year	Minimum Wage	
	Main Scenario	Alternative Scenario
2023	$25.00	
2024	$26.00	$24.40
2025	$27.00	$25.80
2026	$28.00	$27.20
2027	$29.00	$28.60
2028	$30.00	$30.00

A comparison of estimated impacts under the main and alternative scenarios is shown in Table 4.6. While fewer workers are impacted in the early years under the alternative scenario, impacts escalate quickly and by 2028 annual impacts are equivalent across

[22] An estimated 3,100 covered housekeepers at 6 additional hours of training earning the proposed minimum wage rate equates to an estimated cost of $620,310 (3,100*33.35*6) to employers in year one of the proposed policy, with the cost spread across all covered hotels.

scenarios. A similar pattern is seen in the total additional compensation received by workers under the two scenarios. Because healthcare coverage requirements do not differ across scenarios, we only show differences in wage compensation. Complete results for the Alternative Scenario are shown in Appendix 4.

Table 4.6: Total Number and Share of Workers Receiving Increased Compensation: Comparing Minimum Wage Scenarios

	Main Scenario			Alternative Scenario		
	Number impacted	Percent impacted	Total increase in wage comp.	Number impacted	Percent impacted	Total increase in wage comp.
	Airport Workers					
2023	17,180	43.5%	$109.6	15,326	38.8%	$75.8
2024	17,617	43.7%	$117.6	16,212	40.2%	$83.6
2025	18,035	43.8%	$126.1	17,022	41.4%	$96.0
2026	18,436	43.9%	$134.3	17,790	42.4%	$111.8
2027	18,820	43.9%	$141.8	18,505	43.2%	$130.3
2028	19,189	43.9%	$148.8	19,189	43.9%	$148.8
	Hotel Workers					
2023	6,283	61.1%	$49.2	5,832	56.7%	$29.6
2024	6,364	61.3%	$53.3	6,015	58.0%	$36.8
2025	6,437	61.5%	$57.1	6,184	59.0%	$44.1
2026	6,503	61.5%	$60.7	6,339	60.0%	$51.4
2027	6,561	61.5%	$64.1	6,482	60.8%	$59.0
2028	6,613	61.4%	$67.2	6,613	61.4%	$67.2

4.3 Overall Impacts on the Los Angeles City and Neighboring Economies

The direct impacts estimated above will mean substantially increased operational costs for covered businesses. It will also materially improve compensation for both Airport and Hotel workers and generate spillovers across the economies where they live and work. To better understand these community-wide impacts, we follow Reich et al. (2015) and a long list of others by disentangling cost, price, and linkage effects across

local markets. Our basic tools are econometric estimates of adjustment parameters and the IMPLAN regional planning model,[23] and we measure the following five sets of indicators:

1. Average enterprise level cost effects from wage increases, followed by induced price effects on their products and services.
2. Average consumer responses to the above price increases, as these affect local demand, employment, and income.
3. Demand stimulus to the local economy from minimum wage increases.
4. Net change in income and employment for local economies
5. Fiscal impacts of all these adjustments

Table 4.7 presents the overall estimates, and discussion following the table explains how the results were obtained. Generally speaking, LA City, LA County, and other neighboring economies benefit from these minimum wage policies. It is not possible to trace every additional net dollar or new job, but the increase in worker purchasing power appears to outweigh the cost of this policy to private and public stakeholders.

[23] The IMPLAN approach is extensively documented elsewhere and we summarize our application of it in Appendix 2 below.

Table 4.7: Estimated Annual Economywide Costs and Benefits of the Minimum Wage Policies after Four Years (2028)

		LA City	Other LA County	Other Local	Total
1. Cost-Price Effects					
	Percentage direct increase in payroll costs	32%			
	Percentage increase in prices	6%			
	Cost to LA City Enterprise	-$227			
	Change in consumer spending due to price increases	-$21			
2. Income Effects					
	Increase in worker wage income	$154	$102	$28	$284
	Indirect and induced income increase for local residents	$541	$356	$99	$996
	Net change in local GDP	$694	$458	$127	$1,279
3. Employment Effects (FTE jobs created)					
	Net jobs created by direct wage income increases	1,399	1,021	256	2,676
	Net jobs from indirect and induced income increases	4,920	3,556	891	9,367
	Net change in local Jobs	6,319	4,577	1,147	12,043
3. Fiscal Effects					
	Local Revenue	$15	$10	$3	$28
	State Revenue	$22	$14	$4	$40
	Federal Revenue	$83	$55	$15	$153
	Total Net Fiscal Impact	$120	$79	$22	$221
	Total Net Private and Public Benefit	$814	$536	$149	$1,499

Source: Author Estimates
Notes: All dollar amounts in 2022 millions

A few salient features for these results are immediately apparent, listed in order of importance:

1. By setting a uniform lower bound on hourly compensation and benefits in these two important labor segments, the proposed minimum wage policies will improve livelihood equity for workers in the targeted sectors, particularly the hotel industry.

2. The Living Wage policies are strongly beneficial to all three local economies: LA City, LA County, and its neighboring counties.

3. LA City net benefits are partial, but positive and significant for two reasons:

    a. Cost impacts are modest and are borne largely by tourists at least in terms of the direct costs rising at hotels and airports.

    b. LA City-resident shares of the worker population in these sectors are higher than the average across all occupations, meaning LA captures a large share of the indirect and induced income and expenditure benefits.

More discussion of specific impacts follows below.

4.3.1 Moderate enterprise-level cost effects from wage increases, with limited induced price effects on their products and services

Cost impact estimates begin with the amount of local payroll increases due to the MW policies, but adjustments are needed to translate this into net cost effects on local enterprises. Firstly, we accept the prevailing opinion among labor economists that increasing wages confers savings of about 20% from improved productivity and retention.[24] The former is generally explained with a simple morale argument, the latter an established source of savings on search, recruitment, and training costs. These positive wage/performance linkages are strongly supported by empirical evidence.

[24] A recent microeconomic literature has been addressing this issue with richer data sources. Pollin and Wicks-Lim (2015) estimate that 20 percent of the increased costs from a minimum wage increase are offset by reductions in turnover. Similar estimates can be found in Farris (2005) and Jacobs and Graham-Squire (2010). In a food service sector study, Hirsch et al. (2011) found that employment-neutral operational efficiencies could offset 23 percent of the labor cost increases.

Even though LA City firms have an incentive to increase prices, local mobility of consumers would limit their ability to do this. More importantly, airports, airlines, other air travel service providers, as well as large hotels are more likely to be setting prices for regional, national, and even international markets, meaning local cost changes will have a limited pass through. Indeed, the nature of air transport and hotel services is that they compete in national and global markets more than local ones.

4.3.2 Average consumer responses to price increases is limited

The effects on local demand, employment, and income are estimated to be negligible, mainly because price changes are estimated at six percent over four years. Finally, most LAX and large hotel patrons are non-residents with limited options for substitution. Applying the generally accepted aggregate demand elasticity of -.72 to this makes the demand change an even smaller percentage of the aggregate LA City income benefit.[25]

Even if firms completely offset higher labor costs with price increases, our results indicate that the adverse demand effect would be significantly smaller than the growth dividend of higher wages and benefits.

4.3.3 Demand stimulus to the local economy from minimum wage increases

The direct impact of wage increases, combined with demand reductions, is thus positive and leads to a significant net stimulus, increasing LA City demand annually by over $150 million and the rest of the region by about $130 million. [26]

4.3.4 Net change in income and employment for local economies

As the LWO direct net income increases are propagated through the local economies, indirect (supply chain) and induced (expenditure chain) impacts combine to increase LA City aggregate income by nearly $800 billion 2022 dollars (Table 4.7) and more than half a billion for neighboring economies. As would be expected by such a strong economic stimulus, the expenditure effect of minimum wage policy is a potent catalyst for net job creation. Even though the covered jobs are in enclave industries, these

[25] In a large supporting literature, the definitive reference is Taylor and Houthakker (2010), based on regressions of U.S. panel data across over 300 cities and pooled over 1996-99.

[26] It should be noted that we assume that incremental health benefit coverage increases income for households by the same amount as their annual benefit. This is an upper bound for the pecuniary benefit to workers, assuming they were self-insuring before at the cost of higher savings and expenditure on other goods and services.

workers distribute their income benefits, particularly across labor-intensive services, where California consumers allocate over two-thirds of their income. More detail on this in section 4.3.7 below.

4.3.5 Fiscal impacts of all these adjustments

Fiscal impacts of these demand and supply adjustments are estimated using marginal tax rates estimated for median households in the covered occupations, reported by Forbes from Local, State, and Federal sources.[27]

4.3.6 Other market adjustment issues

Unlike more universal state, county, and city minimum wage policies, the policies being consider here are considered for two "enclave" industries with relatively specific services to local markets. For this reason, the issue of "leakage" or firm migration is of more limited relevance. The airports are obviously very capital and infrastructure intensive and quite unlikely to relocate in response to wage changes. Even if a few operators decided to relocate, they would be unlikely to take their business with them and thus would probably be replaced by new or enlarging competitors.

4.3.7 Detailed Economywide Benefits

It should be emphasized that, although direct effects impact only the airport and hotel sectors, indirect and induced or "multiplier" effects of higher wages are distributed across most of the sectors and occupation groups in Greater Los Angeles. In other words, workers who received higher wages, and by extension their employers, are responsible for higher income and employment across their communities. The last two tables present more detailed estimates of these beneficial spillovers across the economies of LA City and its neighbors. These tables estimate the full "general equilibrium" impact of the proposed MW), including direct (policy), indirect (supply chain), and induced (expenditure multiplier) effects on local incomes (Table 4.8) and jobs (Table 4.9).

It is noteworthy that the impacts are net positive in all cases, more than offsetting the initial cost impact on targeted LA City employers. Because a significant majority of this policy's covered workers actually live in the City, about two-thirds of the wage gain is captured in local resident expenditures, and the multiplier effects of this more than

[27] See, e.g., https://www.forbes.com/advisor/income-tax-calculator/california/?deductions=0&filing=single&income=30000&ira=0&k401=0

offset higher wage costs and price-induced adverse demand impacts. This contrasts somewhat with the more general LA minimum wage policies implemented a few years ago, where both "leakage" to non-resident worker expenditures and demand reductions were larger. Simply put, for these two categories of workers, LA City gets more value from living wage guarantees.

Table 4.8: Composition of Direct, Indirect and Induced Demand and Sector Income, by Sector, from the Proposed Minimum Wage Policies Difference from Baseline in 2028

Income Growth by Sector		$ Millions		
NAICS	Industry	LA City	Other LA Co	Total
11	AgForFish	4	11	15
21	MiningOilGas	1	11	12
22	Utilities	11	10	20
23	Construction	28	6	34
31-33	Manufactures	14	6	20
42	WholeSaleTrd	28	48	75
44-45	RetailTrd	63	7	71
48-49	Transport	21	7	28
51	Information	40	18	58
52	FinInsurance	71	47	118
53	REstate,Rent,Leasing	148	84	232
54	ProfSciTechServ	45	11	56
55	MgmtEnterprises	9	87	94
56	AdmSupp,WasteMgmt	28	40	67
61	EdServices	9	57	66
62	HealthSocAssist	88	58	146
71	ArtsEntRec	14	41	55
72	AccomFoodSrv	40	3	43
81	OthPrivSrv	33	3	38
92	PubAdmin	-	32	32
	Total	694	585	1,279

Source: Author Estimates
Full-time Equivalent Job Growth

Table 4.9: Composition of Direct, Indirect and Induced Job Creation, by Occupation, from the Proposed Minimum Wage Policies Difference from Baseline in 2028

Job Creation by Occupation		FTE Jobs Added		
SOC-22	Occupation	LA City	Other LA Co	Total
11	Management	102	92	194
13	Business & Financial Operations	106	96	201
15	Computer and Mathematical	95	86	180
17	Architecture and Engineering	54	48	102
19	Life, Physical, and Social Science	58	52	110
21	Community and Social Service	464	420	884
23	Legal	66	60	126
25	Educational Instruction & Library	69	62	131
27	Arts, Entertainment, Sports, Media	174	158	332
29	Healthcare Practice and Technical	458	415	873
31	Healthcare Support Occupations	823	745	1,568
33	Protective Service Occupations	108	98	206
35	Food Preparation and Serving Related	846	767	1,613
37	Building Grounds, Cleaning, Maint.	389	353	742
39	Personal Care and Service	553	500	1,053
41	Sales and Related	565	512	1,076
43	Office and Admin Support	400	363	763
45	Farming, Fishing, and Forestry	25	22	47
47	Construction and Extraction	31	29	59
49	Installation, Maintenance, and Repair	314	284	599
51	Production	217	197	415
53	Transportation and Material Moving	403	365	768
	Total	6,319	5,724	12,042

Source: Author Estimates
Full-time equivalent worker headcount.

Because more than two-thirds of consumer expenditure goes to services, these sectors and occupations capture the greatest gains, especially the real estate and health sectors. The NAICS Real Estate classification comprises both residential and commercial rentals and leasing services. As Table 4.10 illustrates, the cost of housing is quite high by national standards and a greater financial burden for lower income

households. This sector will be strongly stimulated by the HMWO, and one can only hope this will generate a supply response that tempers price increases.[28]

Table 4.10: Expenditure Shares for Households with Incomes below $100,000

	Commodity/Service	Less than $15k	$15-30k	$30-40k	$40-50k	$50-70k	$70-100k
11	AgForFish	0.03%	0.02%	0.02%	0.02%	0.02%	0.02%
21	MiningOilGas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
22	Utilities	1.38%	1.17%	1.04%	0.94%	0.94%	0.83%
23	Construction	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
31-33	Manufactures	2.24%	1.91%	1.89%	1.79%	1.74%	1.59%
42	WholeSaleTrd	3.94%	3.53%	3.46%	3.28%	3.24%	2.84%
44-45	RetailTrd	10.70%	9.07%	9.01%	8.54%	8.72%	7.77%
48-49	Transport	1.76%	1.62%	1.47%	1.27%	1.85%	1.55%
51	Information	4.43%	4.04%	4.44%	3.12%	3.76%	3.67%
52	FinInsurance	6.82%	6.88%	5.00%	5.07%	5.25%	4.43%
53	REstate,Rent,Leasing	22.44%	18.53%	15.97%	15.71%	15.21%	13.68%
54	ProfSciTechServ	1.11%	1.20%	1.83%	1.15%	1.01%	1.65%
55	MgmtEnterprises	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
56	AdmSupp,WasteMgmt	0.50%	0.67%	0.60%	0.55%	0.63%	0.73%
61	EdServices	2.20%	0.77%	0.83%	0.65%	1.10%	1.47%
62	HealthSocAssist	8.30%	18.32%	11.52%	12.75%	14.76%	15.33%
71	ArtsEntRec	1.79%	2.26%	2.45%	1.36%	1.97%	1.64%
72	AccomFoodSrv	5.51%	4.22%	4.93%	4.88%	4.81%	4.84%
81	OthPrivSrv	3.67%	3.64%	4.66%	3.56%	4.06%	4.68%
92	PubAdmin	0.51%	0.56%	0.58%	0.35%	0.46%	0.36%

Source: Authors estimates from 2022 IMPLAN and BEA.

The case of health care is analogous, but not as dramatic. Lower income households generally have relatively high health costs as a percentage of income. Because the Ordinances directly targets these inequities, it is reasonable to assume that this economic burden will be mitigated. The result of this would not substantially change the magnitude of expenditure-driven income benefits for the local economy, however, as households would likely redirect their incremental income from covered health expenses to other services.

[28] We do not evaluate housing market feedback directly in this analysis, but affordability remains a perennial issue for the region.

5 Conclusions

While average incomes in Southern California have historically risen, recent trends indicate a slowdown in growth accompanied by a stark increase in inequality. Both the State of California and Los Angeles County have enacted more inclusive minimum wage laws in efforts to mitigate this gap. Nonetheless, certain occupational groups, specifically in the hotel and airport services sectors, continue to face persistent wage disparities, often worsened by inconsistent benefits. In response, the City of Los Angeles is contemplating revisions to its legal frameworks governing these industries.

Our analysis reveals that modest adjustments in wage distribution can substantially enhance equity in the impacted sectors, especially for businesses that have proactively embraced fairer pay and comprehensive benefits. Furthermore, the economies of LA City and its adjacent areas stand to benefit as higher wages increase local consumption of goods and services.

Key insights from our findings include the following:

- Implementing the proposed minimum wage adjustments would significantly boost both pay and benefits equity for workers within the focused industries, particularly in hospitality.

- While cost increases are primarily absorbed by tourists, the financial implications for local entities are modest relative to the benefits. LA City has a higher proportion of its residents working in these sectors compared to the regional average, conferring significant local benefits from increased wages through indirect and induced economic impacts.

- Our findings indicate that Living Wage initiatives offer substantial net benefits for LA City, LA County, and neighboring areas.

By 2028, these policies are projected to generate nearly $700 million in additional income for LA City and nearly $1.2 billion regionally, while also creating approximately 6,000 new full-time equivalent jobs in LA City and over 12,000 across the region. Although these benefits come at increased costs for the affected sectors, they are being sought to address long-standing wage disparities. Importantly, the burden of these cost increases will not predominantly fall on LA city residents.

Given the observed differences in compensation practices within certain sectors, ensuring compliance will be key to achieving the intended benefits for individuals and the community at large.

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7 Appendix 1: Detailed Data Resources for this Analysis

American Community Survey (ACS): Used for various estimations related to wage distribution, firm size, and other demographic information.

Current Population Survey (CPS): Utilized for estimating impact by firm size, because the ACS does not have information on the size of workers' employers.

California Employment Development Department (EDD): allowed the shifting of the industry distribution of private sector workers in the county to match the city, and allowed to match the city and enabled matching the city's overall distribution of private and public sector workers.

Quarterly Census of Employment and Wages (QCEW) for L.A. County: Estimates were calculated using the mid-range wage growth and inflation scenario and include both directly and indirectly affected workers.

Quarterly Workforce Indicators (QWI): The QWI data was used to calculate the distribution of workers by firm size and industry in Los Angeles County, and then to adjust the CPS data to match this distribution.

Bureau of Economic Analysis (BEA) Input-Output Account Data: Provided industry data on gross operating surplus, particularly for the food services industry.

U.S. Census Annual Retail Trade: Used for determining the labor share of operating costs in retail trade and grocery stores.

U.S. Census Annual Wholesale Trade Reports: Provided data for determining the labor share of operating costs in the wholesale trade industry.

2012 Economic Census: Used for manufacturing industries to determine operating expenses and labor costs.

U.S. Census Annual Services Report: Used for various service industries, including administrative and waste management services, health care and social assistance, and other services.

Finally, IMPLAN version 2022 was utilized to support economic analyses, modeling, and simulations.

8 Appendix 2 – Estimating Indirect, and induced impacts of the LWO

One of the fundamental insights of economics the so-called "multiplier", a simple idea that encapsulates the myriad interactions of supply and demand across the modern economy. The complexity of today's economy is such that policies relying on intuition or rules-of-thumb alone are unlikely to achieve any close to optimality. Direct policy-economy linkages (a public expenditure, a policy raising a worker's wage, etc.) are easy to measure because they entail one transfer of value between two actors. The economic impact only begins here, however, and linkages from the two direct actors will propagate through indirect (supply chain) and induced (expenditure) effects across the rest of the economy. The multiplier concept aggregates these, and we often see that indirect and induced impacts outweigh direct ones, making them particularly important for policy makers to consider.

The generally accepted methodology for multiplier analysis is so-called input-output modeling, which divides the economy into a tabular system of interactions between production activities, demand, and resource use. The IMpact Analysis for PLANning (IMPLAN) model is a non-survey Social Accounting Matrix (SAM) calibrated to detailed transactions data. IMPLAN is perhaps the most widely used assessment tool for modeling the economic impacts of economic events. IMPLAN was originally developed in the late 1970's and early 1980's to support economic impact analysis for the United States Forest Service. The first version of the IMPLAN Pro, IMPLAN's modeling platform, was released in 1996. The current version of IMPLAN, version 3, was released in 2023. The data behind the regional accounts are updated annually, with the most current version (used in this study) is based on 2022 data.

The IMPLAN model is designed to generate multipliers, which are used to estimate direct, indirect, and induced effects of an exogenous change in household or industry demand for various activities. Moreover, the IMPLAN model is regionalized using regional purchase coefficients (RPCs) that attempt to estimate the percentage of industry purchases coming from within the region and the percentage that are imported. Purchases of imports, which can come from other states or countries, are considered a leakage from a regional economy. The regional level for the IMPLAN model we are using the Los Angeles Country, further calibrated to US Census tract data on income and demographic data.

In particular, we followed Reich et al: 2015 in their application of IMPLAN to LA City's last Minimum wage ordinance. We applied more recent (2022) ZIPCODE level IMLAN data on Los Angeles County. This approach aggregates data from 105 ZIPCODEs in which 50% of population lives within the city of Los Angeles, according to Census data. The zip codes included are the following:

90002, 90003, 90004, 90005, 90006, 90007, 90008, 90010, 90011, 90012, 90013, 90014, 90015, 90016, 90017, 90018, 90019, 90020, 90021, 90023, 90024, 90025, 90026, 90027, 90028, 90029, 90031, 90032, 90033, 90034, 90035, 90036, 90037, 90038, 90039, 90041, 90042, 90043, 90044, 90045, 90046, 90047, 90048, 90049, 90057, 90058, 90059, 90061, 90062, 90064, 90065, 90066, 90067, 90068, 90071, 90077, 90089, 90094, 90095, 90248, 90272, 90291, 90292, 90293, 90710, 90731, 90732, 90744, 91040, 91042, 91303, 91304, 91306, 91307, 91311, 91316, 91324, 91325, 91326, 91330, 91331, 91335, 91342, 91343, 91344, 91345, 91352, 91356, 91364, 91367, 91371, 91401, 91402, 91403, 91405, 91406, 91411, 91423, 91436, 91601, 91602, 91604, 91605, 91606, 91607

The same approach has been used for minimum wage assessments around the country, see e.g., (see e.g. Holland et al:2006 and a federal minimum wage by the Congressional Budget Office in 2014 ("The Effects of a Minimum-Wage Increase on Employment and Family Income").

9 Appendix 3 - Minimum Wage Policies in Other Jurisdictions

9.1 Los Angeles County Minimum Wage

The current MWO for Los Angeles county applies only to unincorporated areas and sets forth a schedule of annual targets to be implement on May 1 of each year in Table 9.1. The county's minimum wage will increase each year on July 1. Employers must pay their employees no less than the following hourly rates.

Table 9.1: Los Angeles County Minimum Wage Schedule, 2016-2024

	Employers with	
Year	>25 employees	<26 employees
2016	$10.50	$10.00
2017	$12.00	$10.50
2018	$13.25	$12.00
2019	$14.25	$13.25
2020	$15.00	$14.25
2021	$15.00	$15.00
2022	$15.96	$15.96
2023	$16.90	$16.90
2024	$17.27	$17.27

9.2 California State Minimum Wage Regulation

Beginning on the first day of this year, California has implemented a state minimum wage of $16.00/hour for all employers. Fast-food Restaurant employers, effective April 1, 2024, and Healthcare Facility employers, effective June 1, 2024, will have a higher minimum wage.

9.3 Other Relevant Minimum Wage Policies

In addition to the state and Los Angeles, a variety of other cities and counties in California and neighboring states have enacted MWOs. UC Berkley's Labor Center maintains a compendium of California local minimum wage initiatives, reproduced with official page links in the table below.

Table 9.3: California Local Minimum Wage Initiatives
(Locality names are linked to official pages)

Locality	Date	Rate	Small Employer*
Alameda	7/1/23	$16.52	
Belmont	1/1/24	$17.35	
Berkeley	7/1/23	$18.07	
Burlingame	1/1/24	$17.03	
Cupertino	1/1/24	$17.75	
Daly City	1/1/24	$16.62	
East Palo Alto	1/1/24	$17.00	
El Cerrito	1/1/24	$17.92	
Emeryville	7/1/23	$18.67	
Foster City	1/1/24	$17.00	
Fremont	7/1/23	$16.80	
Half Moon Bay	1/1/24	$17.01	
Hayward	1/1/24	$16.90	$16.00
Los Altos	1/1/24	$17.75	
Los Angeles	7/1/23	$16.78	
Los Angeles County (unincorporated)	7/1/23	$16.90	
Malibu	7/1/23	$16.90	
Menlo Park	1/1/24	$16.70	
Milpitas	7/1/23	$17.20	
Mountain View	1/1/24	$18.75	
Novato	1/1/24	$16.60	$16.04
Oakland	1/1/24	$16.50	
Palo Alto	1/1/24	$17.80	
Pasadena	7/1/23	$16.93	
Petaluma	1/1/24	$17.45	
Redwood City	1/1/24	$17.70	
Richmond	1/1/23	$17.20	
San Carlos	1/1/24	$16.87	
San Diego	1/1/24	$16.85	
San Francisco	7/1/23	$18.07	
San Jose	1/1/24	$17.55	
San Mateo	1/1/24	$17.35	
San Mateo County (unincorporated)	1/1/24	$17.06	
Santa Clara	1/1/24	$17.75	
Santa Monica	7/1/23	$16.90	
Santa Rosa	1/1/24	$17.45	
Sonoma	1/1/24	$17.60	$16.56
South San Francisco	1/1/24	$17.25	
Sunnyvale	1/1/24	$18.55	
West Hollywood	7/1/23	$19.08	

10 Appendix 4 – Alternative Minimum Wage Schedule

The following section shows complete results for the alternative minimum wage schedule that would raise minimum wages to $23 and in the first year and subsequently increase by $1.40 per year.

Table 10.1: Number and Share of Workers Receiving Increased Compensation Under Alternative Minimum Wage Schedule

	Cash Wage Raises						Health Insurance Cost Coverage Increase	
	Total		Direct*		Indirect**			
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Airport Workers								
2023	15,326	38.80%	9,776	31.00%	5,549	17.60%	6,122	15.50%
2024	16,212	40.20%	11,757	36.50%	4,455	13.90%	6,246	15.50%
2025	17,022	41.40%	13,235	40.30%	3,786	11.50%	6,374	15.50%
2026	17,790	42.40%	14,274	42.60%	3,516	10.50%	6,504	15.50%
2027	18,505	43.20%	14,990	43.80%	3,515	10.30%	6,638	15.50%
2028	19,189	43.9%	15,673	43.80%	3,516	10.30%	6,776	15.50%
Hotel Workers								
2023	5,832	56.70%	4,523	44.00%	1,309	12.70%	3,608	35.10%
2024	6,015	58.00%	4,874	47.00%	1,142	11.00%	3,643	35.10%
2025	6,184	59.00%	5,181	49.50%	1,003	9.60%	3,677	35.10%
2026	6,339	60.00%	5,458	51.60%	880	8.30%	3,711	35.10%
2027	6,482	60.80%	5,688	53.30%	794	7.40%	3,746	35.10%
2028	6,613	61.40%	5,827	54.10%	786	7.30%	3,780	35.10%

** Direct = Workers with current hourly wages below proposed minimum.*

*** Indirect = Workers with current hourly wages slightly above the proposed minimum.*

Table 10.2: Estimated Compensation Increases for Workers Affected Under the Alternative Minimum Wage Schedule (2023$)

	Cash Wage				Health Insurance				Total
	Ave hourly increase	Ave annual increase	Ave percent increase	Total increase (millions)	Ave hourly increase	Ave annual increase	Ave percent increase	Total increase (millions)	
Airport Workers									
2023	$2.62	$4,678.00	12.4	$75.80	$0.42	$950	5.3%	$5.82	$81.62
2024	$2.78	$4,878.00	12.6	$83.60	$0.43	$980	5.3%	$6.12	$89.72
2025	$3.07	$5,333.00	13.5	$96.00	$0.45	$1,010	5.3%	$6.44	$102.44
2026	$3.43	$5,943.00	14.5	$111.80	$0.46	$1,041	5.3%	$6.77	$118.57
2027	$3.83	$6,657.00	15.5	$130.30	$0.47	$1,074	5.3%	$7.13	$137.43
2028	$4.21	$7,336.00	16.4	$148.80	$0.49	$1,107	5.3%	$7.50	$156.30
Hotel Workers									
2023	$2.44	$3,730.00	11.6	$29.60	$2.47	$4,710	42.1%	$16.99	$46.59
2024	$2.91	$4,446.00	13.3	$36.80	$2.55	$4,856	42.1%	$17.69	$54.49
2025	$3.37	$5,137.00	14.9	$44.10	$2.63	$5,006	42.1%	$18.41	$62.51
2026	$3.80	$5,795.00	16.2	$51.40	$2.71	$5,161	42.1%	$19.15	$70.55
2027	$4.23	$6,438.00	17.3	$59.00	$2.79	$5,321	42.1%	$19.93	$78.93
2028	$4.67	$7,105.00	18.4	$67.20	$2.88	$5,486	42.1%	$20.74	$87.94

While this alternative policy would reduce the adjustment costs for both sectors, it would significantly reduce the macroeconomic benefits of the recommended policy. Impacts in the 2028 would be similar, as are the reference LWO levels by that year. Reaching this goal more slowly, however, would reduce the cumulative wage gains and their attendant benefits in all the years 2024-2027. While not as precise as the 2028 estimates, we calculated the all-inclusive impact of lower total wage levels in these years and present the results in Table 10.3.

The salient estimates here are deferred cost for enterprises ($119M over 4 years), foregone cumulative regional income ($723 Million) and jobs (about 6,800 FTE).

Table 10.3: Estimated Annual Economywide Costs and Benefits of the Minimum Wage Policies over Four Years (2024-2028), Difference between the Recommended and Alternative Policies

		LA City	Other LA County	Other Local	Total
1. Cost-Price Effects					
	Percentage direct increase in payroll costs	0%			
	Percentage increase in prices	0%			
	Cost to LA City Enterprise	($119)			
	Change in consumer spending due to price increases	$0			
2. Income Effects					
	Direct increase in wage income for covered workers	$79	$56	$15	$150
	Indirect and induced income increase for local residents	$302	$214	$56	$573
	Net change in local GDP	$380	$271	$72	$723
3. Employment Effects (FTE jobs created)					
	Net jobs created by direct wage income increases	713	566	135	1,414
	Net jobs from indirect and induced income increases	2,752	2,136	509	5,397
	Net change in local Jobs	3,465	2,703	645	6,813
3. Fiscal Effects					
	Local Revenue	$7	$6	$2	$14
	State Revenue	$12	$9	$2	$23
	Federal Revenue	$45	$32	$8	$85
	Total Net Fiscal Impact	$65	$46	$12	$122
	Total Net Private and Public Benefit	$446	$317	$84	$847

Source: Author Estimates
Notes: All dollar amounts in 2022 millions

Table 10.4: Share of Airport Workers Receiving Increased Compensation Under the Alternative Minimum Wage Schedule, by Occupation[29]

Occupation	Share of Covered Workers	Share of Covered Workers Receiving Increased Compensation					
		Cash Wage Increase (% workers)			Health Insurance Coverage Increase (% workers)		
		2023	2025	2027	2023	2025	2027
Airport Workers							
Aircraft Mech & Service Techs	13.6%	12.7%	16.3%	19.0%	52.3%	52.3%	52.3%
Airfield Operations Specialists	6.7%	78.3%	80.7%	82.5%	12.4%	12.4%	12.4%
Freight, Stock, and Mat Movers	6.1%	75.8%	76.4%	76.8%	48.7%	48.7%	48.7%
Fast-food workers	6.0%	68.2%	69.4%	70.2%	57.6%	57.6%	57.6%
Aircraft Service Attendants	4.8%	79.0%	79.5%	79.9%	43.7%	43.7%	43.7%
Retail workers	3.0%	72.1%	75.6%	76.1%	54.5%	54.5%	54.5%
Avionics Technicians	2.6%	12.1%	13.6%	14.7%	49.1%	49.1%	49.1%
Passenger Attendants	2.6%	53.8%	57.3%	60.0%	43.7%	43.7%	43.7%
Cargo and Freight Agents	2.2%	43.2%	49.5%	54.3%	44.1%	44.1%	44.1%
Cleaners of Vehicles & Equipment	2.2%	64.5%	65.5%	66.2%	48.7%	48.7%	48.7%
Ticket Agents	2.1%	65.8%	72.6%	77.8%	35.7%	35.7%	35.7%

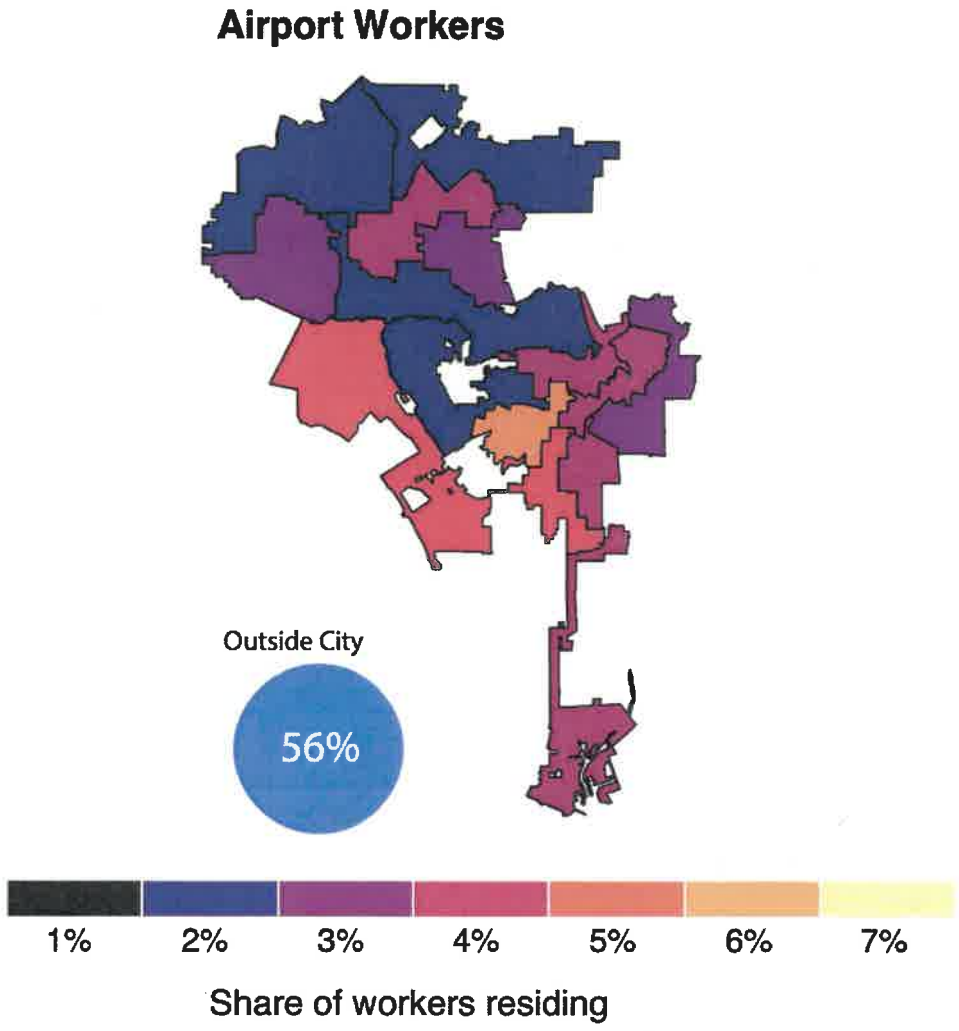
[29] For airport workers individual coverage was already guaranteed so these numbers reflect higher minimum value of healthcare credits.

Table 10.5: Share of Hotel Workers Receiving Increased Compensation Under the Alternative Minimum Wage Schedule by Occupation

Occupation	Share of Covered Workers in Occ.	Cash Wage Increase (% workers)			Health Insurance Coverage Increase (% workers)		
		2023	2025	2027	2023	2025	2027
Hotel Workers							
Housekeepers	30.00%	68.80%	69.40%	69.90%	61.10%	61.10%	61.10%
Desk clerks	16.60%	63.10%	64.00%	64.70%	35.70%	35.70%	35.70%
Waiters and waitresses	8.00%	46.00%	52.20%	56.80%	57.60%	57.60%	57.60%
Maintenance workers	6.40%	45.50%	52.10%	57.10%	29.80%	29.80%	29.80%
Line cooks	5.00%	64.40%	65.30%	66.10%	73.00%	73.00%	73.00%
Other restaurant support staff	3.20%	62.30%	63.20%	63.80%	60.20%	60.20%	60.20%
Chefs and head cooks	2.90%	19.80%	24.20%	27.60%	53.10%	53.10%	53.10%
Housekeeping supervisors	2.80%	45.20%	50.50%	54.50%	40.60%	40.60%	40.60%
Bartenders	2.70%	46.00%	52.60%	57.70%	57.60%	57.60%	57.60%
Laundry service workers	2.60%	64.10%	65.00%	65.70%	79.00%	79.00%	79.00%
Hotel managers	2.50%	26.30%	30.30%	33.40%	34.10%	34.10%	34.10%
Bellhops	1.70%	65.30%	66.30%	67.10%	66.70%	66.70%	66.70%

11Appendix 5 - Additional Figures and Tables

Figure 11.1: Covered airport worker residence location by Council District



Source: Author estimates using census tract to census tract commuting volume estimates from Nelson et al 2016. LAX is its own census tract and we thus assume all workers commuting to that census tract are airport workers. However, because hotels are only a subset of employment in the census tracts they are in, we cannot isolate the residential locations of hotel workers.

ATTACHMENT C

Santa Monica, California Municipal Code

Article 4 PUBLIC WELFARE, MORALS AND POLICY

Chapter 4.67 HOTEL WORKER PROTECTION

4.67.060 Public housekeeping training.

(a) The City Manager, or designee, shall establish a process whereby the City will certify and designate a "Public Housekeeping Training Organization." The certification and designation of the Public Housekeeping Training Organization shall be carried out by the City Manager, or designee, subject to ratification by the City Council.

(b) In order to become certified as the designated Public Housekeeping Training Organization, the organization shall meet requirements set forth by the City Manager, or designee, that shall include, but not be limited to, the following:

(1) The Public Housekeeping Training Organization must have experience providing training to hotel workers or immigrant low-wage workers, utilize interactive teaching strategies that engage across multiple literacy levels, and provide trainers and educators who are culturally competent and fluent in the language or languages that hotel workers understand.

(2) The Public Housekeeping Training Organization shall offer a "Public Housekeeping Training Program" that includes no less than six hours of training, including live and interactive instruction, on the following elements, except that the City Manager, or designee, may determine that any element below is separately and sufficiently required by State or local law, in which case the element may be eliminated and the total training time reduced accordingly:

(A) Hotel worker rights and hotel employer responsibilities under this Chapter and Chapter 4.63 of this Code;

(B) Best practices for identifying and responding to suspected instances of human trafficking, domestic violence, or violent or threatening conduct;

(C) Best practices for effective cleaning techniques to prevent the spread of disease;

(D)) Best practices for identifying and avoiding insect or vermin infestations; and

(E) Best practices for identifying and responding to the presence of other potential criminal activity.

(3) The Public Housekeeping Training Organization may coordinate with a hotel employer to ensure that training content aligns where appropriate with the hotel employer's policies and procedures. Ultimate discretion regarding training content shall remain with the Public Housekeeping Training Organization, subject to requirements set forth by the City Manager, or designee.

(4) The Public Housekeeping Training Organization shall administer a "Public Housekeeping Examination" to hotel workers who complete its training program. The Public Housekeeping Examination shall test basic proficiency in the required training elements.

(5) The Public Housekeeping Training Organization shall promptly issue a "Public Housekeeping Certificate" to any person who successfully completes its Public Housekeeping Training Program and Public Housekeeping Examination. A Public Housekeeping Certificate shall be valid for a period of five years.

(6) The Public Housekeeping Training Organization shall offer a right of review to an individual who completes the Public Housekeeping Training Program but does not successfully complete the Public Housekeeping Examination.

(c) A hotel employer shall contract with the certified Public Housekeeping Training Organization to, no less than annually, conduct a Public Housekeeping Training Program, administer a Public Housekeeping Examination, and issue a Public Housekeeping Certificate to each person who has successfully completed the Public Housekeeping Training Program and Public Housekeeping Examination. A hotel employer shall document compliance with the training requirement set forth in this Section by completing and signing a form as required by the City to certify that the training was conducted. The Public Housekeeping Training Organization that provides such a training shall submit a report to the City within five days of the training to document the date on which the training was held and the names of all hotel workers who received Public Housekeeping Certificates.

(d) No hotel employer shall employ a hotel worker to work as a room attendant for more than one hundred twenty days unless the hotel worker presents the hotel employer with a valid Public Housekeeping Certificate. This subsection shall become effective as of June 30, 2022.

(e) Each hotel employer shall retain records sufficient to demonstrate compliance with this Section, including a copy of a valid Public Housekeeping Certificate for each hotel worker then assigned to work as a room attendant. (Added by Ord. No. 2614CCS § 1, adopted 9/10/19; amended by Ord. No. 2660CCS § 1, adopted 12/15/20)

Contact:

City Hall: 310-458-8301, email: clerk@santamonica.gov

ATTACHMENT D

West Hollywood, California Municipal Code

Title 5 Business Licenses, Regulations and Permits

Article 3 – Consumer Protection

Chapter 5.127 Hotel Worker Protection

5.127.060 Public Housekeeping Training.

a. *Certification and Designation.* The City Manager shall establish a process whereby the city will certify and designate at least one "Public Housekeeping Training Organization." The certification and designation of the Public Housekeeping Training Organization shall be carried out by the City Manager subject to ratification by the City Council.

b. *Requirements.* In order to become certified as a designated Public Housekeeping Training Organization, the organization shall meet requirements set forth by the City Manager that shall include, but not be limited to, the following:

1. The Public Housekeeping Training Organization must have experience providing training to hotel workers or immigrant low-wage workers, utilize interactive teaching strategies that engage across multiple literacy levels, and provide trainers and educators who are culturally competent and fluent in the language or languages that hotel workers understand.

2. The Public Housekeeping Training Organization shall offer a "Public Housekeeping Training Program" that includes no less than six hours of training, including live and interactive instruction, on the following elements, except that the City Manager may determine that any element below is separately and sufficiently required by state or local law, in which case the element may be eliminated and the total training time reduced accordingly:

A. Hotel worker rights and hotel employer responsibilities under this chapter;

B. Best practices for identifying and responding to suspected instances of human trafficking, domestic violence, or violent or threatening conduct;

C. Best practices for effective cleaning techniques to prevent the spread of disease;

D. Best practices for identifying and avoiding insect or vermin infestations; and

E. Best practices for identifying and responding to the presence of other potential criminal activity.

3. The Public Housekeeping Training Organization may coordinate with a hotel employer to ensure that training content aligns where appropriate with the hotel employer's policies and procedures. Ultimate discretion regarding training content shall remain with the Public Housekeeping Training Organization, subject to requirements set forth by the City Manager.

4. The Public Housekeeping Training Organization shall administer a "Public Housekeeping Examination" to hotel workers who complete its training program. The Public Housekeeping Examination shall test basic proficiency in the required training elements.

5. The Public Housekeeping Training Organization shall promptly issue a "Public Housekeeping Certificate" to any person who successfully completes its Public Housekeeping Training Program and Public Housekeeping Examination. A Public Housekeeping Certificate shall be valid for a period of five years.

6. The Public Housekeeping Training Organization shall offer a right of review to an individual who completes the Public Housekeeping Training Program but does not successfully complete the Public Housekeeping Examination.

c. *Training Program.* A hotel employer shall contract with a certified Public Housekeeping Training Organization to, no less than annually, conduct a Public Housekeeping Training Program, administer a Public Housekeeping Examination, and issue a Public Housekeeping Certificate to each person who has successfully completed the Public Housekeeping Training Program and Public Housekeeping Examination. A hotel employer shall document compliance with the training requirement set forth in this section by completing and signing a form as required by the city to certify that the training was conducted. The Public Housekeeping Training Organization that provides such a training shall submit a report to the city within five days of the training to document the date on which the training was held and the names of all hotel workers who received Public Housekeeping Certificates.

d. *Certificate.* No hotel employer shall employ a hotel worker to work as a room attendant for more than one hundred twenty days unless the hotel worker presents the hotel employer with a valid Public Housekeeping Certificate.

e. *Records.* Each hotel employer shall retain records sufficient to demonstrate compliance with this section, including a copy of a valid Public Housekeeping Certificate for each hotel worker then assigned to work as a room attendant.

(Ord. 21-1172 § 2, 2021; Ord. 21-1159 § 2, 2021)

Contact:

City Clerk: 323-848-6400

City of Los Angeles

CALIFORNIA

KAREN BASS
MAYOR

CURRENT AND PRIOR LIVING WAGE RATES FOR AIRPORT EMPLOYEES

EFFECTIVE DATES	CASH WAGE + HEALTH BENEFITS (HB)	FULL CASH WAGE*
July 1, 2024 – June 2025	$19.28 + $5.95 per hour in HB	$25.23 per hour
July 1, 2023 - June 30, 2024	$18.78 + $5.95 per hour in HB	$24.73 per hour
July 1, 2022 – June 30, 2023	$18.04 + $5.77 per hour in HB	$23.81 per hour
July 1, 2021 – June 30, 2022	$17.00 + $5.67 per hour in HB	$22.67 per hour
July 1, 2020 – June 30, 2021	$16.50 + $5.55 per hour in HB	$22.05 per hour
July 1, 2019 – June 30, 2020	$15.25 + $5.34 per hour in HB	$20.59 per hour
July 1, 2018 – June 30, 2019	$13.75 + $5.24 per hour in HB	$18.99 per hour
July 1, 2017 - June 30, 2018	$12.08 + $5.18 per hour in HB	$17.26 per hour
Oct 5, 2016 - June 30, 2017	$11.68 + $5.05 per hour in HB	$16.73 per hour
July 1, 2016 – Oct 4, 2016	$11.27 + $4.91 per hour in HB	$16.18 per hour
July 1, 2015 - June 30, 2016	$11.17 + $4.87 per hour in HB	$16.04 per hour

*The "Full Cash Wage" is the wage rate that employees must receive if their employer does not provide them with health benefits.

For additional information or assistance, call:

City of Los Angeles
Department of Public Works
Bureau of Contract Administration
Office of Contract Compliance
1149 S. Broadway Street, Suite 300
Los Angeles, CA 90015
Email: bca.eeoe@lacity.org

Rev: 05/24

CITY OF LOS ANGELES

CALIFORNIA

KAREN BASS

MAYOR

CITYWIDE HOTEL WORKER MINIMUM WAGE RATE

EFFECTIVE DATE	APPLICABILITY	CASH WAGE
July 1, 2024 – June 30, 2025	**Hotels with 60 or more rooms**	**$20.32 per hour**
July 1, 2023 – June 30, 2024	Hotels with 60 or more rooms	$19.73 per hour
August 12, 2022** – June 30, 2023	Hotels with 60 or more rooms	$18.86 per hour
July 1, 2022 – August 11, 2022	Hotels with 150 or more rooms	$18.86 per hour*
July 1, 2021 – June 30, 2022	Hotels with 150 or more rooms	$17.64 per hour
July 1, 2020 – June 30, 2021	Hotels with 150 or more rooms	$17.13 per hour
July 1, 2019 – June 30, 2020	Hotels with 150 or more rooms	$16.63 per hour
July 1, 2018 – June 30, 2019	Hotels with 150 or more rooms	$16.10 per hour
July 1, 2017 - June 30, 2018	Hotels with 150 or more rooms	$15.66 per hour
July 1, 2016 - June 30, 2017	Hotels with 150 or more rooms	$15.37 per hour
July 1, 2015 - June 30, 2016	Hotels with 300 or more rooms or all hotels located in the Gateway to LA PBID	$15.37 per hour

* Updated as of July 6, 2022

** As of August 12, 2022, the Hotel Worker Protection Ordinance is in effect and applies to Hotels with 60 or more rooms.

For additional information or assistance, contact:

City of Los Angeles
Department of Public Works
Bureau of Contract Administration
Office of Wage Standards
Phone: 1-844-WAGESLA (924-3752)
Email: wagesla@lacity.org
Website: http://wagesla.lacity.org/
1149 S. Broadway Street, Suite 300
Los Angeles, CA 90015

Rev 2/2024

CITY OF LOS ANGELES

CALIFORNIA

KAREN BASS
MAYOR

JOHN L. REAMER, JR.
Inspector of Public Works
and
Director

BUREAU OF
CONTRACT ADMINISTRATION

1149 S. BROADWAY, SUITE 300
LOS ANGELES, CA 90015
(213) 847-1922

http://bca.lacity.org

February 1, 2024

To: ALL EMPLOYERS AND EMPLOYEES SUBJECT TO THE CITY OF LOS ANGELES MINIMUM WAGE ORDINANCE

JULY 1, 2024 MINIMUM WAGE ORDINANCE WAGE RATE INCREASE

In accordance with Section 187.02(d) of the Los Angeles Municipal Code, the Office of Wage Standards hereby issues this notice. Section 187.02(d) of the Minimum Wage Ordinance provides that on July 1, 2022, and annually thereafter, the minimum wage will increase based on the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the Los Angeles metropolitan area, which is published by the Bureau of Labor Statistics.

The minimum wage rate, effective July 1, 2024, will increase by $0.50 for a new minimum wage rate of $17.28 per hour. This increase is applicable to Employees covered by the Minimum Wage Ordinance, specifically, those who perform at least two hours of work within the geographic boundaries of the City for an Employer and qualify as an Employee entitled to payment of a minimum wage from any Employer under the California minimum wage law, as provided under Section 1197 of the California Labor Code and wage orders published by the California Industrial Welfare Commission.

Covered Employers are required to post a notice, which includes the current minimum wage rate, in a conspicuous place at any workplace or job site where an Employee works pursuant to LAMC Section 188.03. The notice published by the Office of Wage Standards, which contains the required information, is available in 13 languages on the Wages LA website (wagesla.lacity.org) by clicking on the "Information & Documents" link on the home page. Please print and display the notice in a conspicuous location accessible to all affected employees.

Please be advised that the Los Angeles Municipal Code Section 188.03 states in part:

> Every Employer shall post notices in English, Spanish, Chinese (Cantonese and Mandarin), Hindi, Vietnamese, Tagalog, Korean, Japanese, Thai, Armenian, Russian and Farsi, and any other language spoken by at least five percent of the Employees at the workplace or job site.

If you have any questions regarding the Minimum Wage Ordinance, you may contact the Office of Wage Standards at (213) 847-2670.