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Minimum Wage Increases Advance From California to Seattle.

Unions and other advocates of higher minimum wages saw advances in California and Seattle as President Barack Obama's call to raise the federal minimum languishes in Congress.

California would increase the state's minimum to \$13 an hour by 2017, the highest state rate in the nation, under a bill passed yesterday by the Democratic-controlled state Senate. Seattle's city council signaled approval of a \$15 minimum yesterday, the highest of any big U.S. city and more than double the federal standard of \$7.25.

The campaign for higher minimum wages, originally a rallying cry of fast-food workers who staged strikes last year, has gained momentum in states and cities as Obama's proposal for a \$10.10 wage has stalled. Thirty-four states are considering increases, according to the National Conference of State Legislatures. Chicago lawmakers introduced a bill this week to adopt a \$15 minimum wage.

"It's not even paycheck-to-paycheck anymore, it's paycheck to pawnshop," Kshama Sawant, a socialist elected to the Seattle council last year, said at a meeting where members of a committee on wage inequality approved the bill.

The measure had the support of all seven members present, making a full vote of the nine-member council next week a formality.

The California bill must still pass the Assembly, also controlled by Democrats. It's not clear whether Democratic Governor Jerry Brown would sign the bill since he enacted an increase last year to \$10 an hour by 2016.

Home to Starbucks

The Seattle increase would take effect starting next year. The required hourly minimum jumps to \$11 for Starbucks Corp. (SBUX) and other large employers, then escalates to \$15 for all businesses by 2021.

Cities including San Francisco, at \$10.74, and Washington, D.C., where the wage will reach \$11.50 by 2016, have also required higher pay, according to the National Employment Law Project.

Supporters point to evidence of stagnant family wages and academic studies showing the gap between rich and poor at the highest since the 1920s.

The opening passage of Seattle's legislation cites Thomas Piketty, the economist whose bestselling book, "Capital in the 21st Century," has stoked debate about inequality this year. Adjusted for inflation, wages for most U.S. workers have been mostly unchanged since the 1970s, while those of the top 1 percent of earners rose 165 percent, according to Piketty.

Restaurants Oppose

Seattle restaurants, hotels and other employers have objected to higher wages, saying they could raise prices, lead to job losses and force smaller shops operating on low profit-margins to close.

Pay for day-care and home health workers will also rise, potentially leading to “tens of millions of dollars” in higher costs for government agencies, according to the Washington state treasurer, Jim McIntire.

“The cost to the state of a number of social services would actually go up,” McIntire said in an interview March 25. “The question is, is that something we’re ready to step up to and deal with?”

Academic studies commissioned by Seattle Mayor Ed Murray showed a small effect on restaurant prices: about 0.7 percent for every 10 percent increase in the minimum wage.

Fastest Growing

The Seattle legislation contained several measures intended to soften the blow on smaller businesses, including allowing them to include tips and health care benefits in the wage calculation for several years.

Seattle’s economy has been growing briskly, with cranes erecting new skyscrapers for Amazon.com Inc. and other large employers changing the skyline. The population growth of 2.8 percent from July 2012 to July 2013 was the fastest among the biggest 50 U.S. cities, the Census Bureau says.

Growth is so strong that wages may have risen even without the measure, said Kurt Dammeier, owner of Beecher’s Handmade Cheese, a seller of artisan cheese in Pike Place Market.

“It isn’t as high a drama as it sounds on paper,” he said. “It is getting increasingly hard to hire people with any skills below \$15 an hour.”

The Seattle area is home to several companies known for paying above-average wages and benefits, such as Starbucks and Costco Wholesale (COST) Corp., where hourly workers get an average of \$20.89 an hour, not including overtime.

Job Killer

“While we have not taken a position on this proposal, we support efforts to increase the minimum wage,” Starbucks spokesman Jim Olson said by e-mail. “Starbucks already pays above the minimum wage in every market we serve and we are committed to doing more going forward.”

Washington state has the country’s highest minimum wage, at \$9.32, due to an initiative passed in 1998 that linked the state minimum to the cost of living. Opponents including restaurants and bars warned it would be a job-killer.

In the 15 years following its passage, the state’s job growth continued at an average 0.8 percent annual pace, 0.3 percentage point above the national rate. Poverty has trailed the U.S. level for at least seven years. Payrolls at state restaurants and bars expanded 21 percent.

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