## STAFF REPORT

|  |  |  |  |
| --- | --- | --- | --- |
| **Agenda Item:** | 11 | **Name:** | Tillery Williams  |
| **Proposed No**.: |  2019-0055 | **Date:** | March 5, 2019  |

**SUBJECT**

Proposed Ordinance 2019-0055 would make technical amendments to the King County Code regarding living wage requirements with the intent to mirror the City of Seattle’s Municipal Code.

**SUMMARY**

This Proposed Ordinance would change the existing definition of “rate of inflation” in Chapter 3.18 of the King County Code and remove language which exempts work-study students from the County’s current minimum wage pay schedules. In 2014, the King County Council adopted Motion 14131[[1]](#footnote-1) which established that “it is the policy of King County that a living wage should be paid to county employees.” The Executive has identified a difference in the City of Seattle’s definition and the County definition. As a result of this discrepancy, the County’s minimum wage has always been slightly less than the City’s. This ordinance would correct the County’s definition to mirror the City of Seattle’s. In addition, this ordinance would also correct language in code related to the pay of work-study students. At the Committee’s February 19, 2019, the Committee held this item due to executive staff’s absence from the meeting. This staff report adds additional information that was requested by Committee members at the meeting.

**BACKGROUND**

In 2014, the King County Council unanimously adopted Motion 14131[[2]](#footnote-2) which established that “it is the policy of King County that a living wage should be paid to county employees and to the employees of persons, businesses, organizations and other entities that receive procurement contracts, tax exemptions or credits, or other financial benefits from the county.” To explore the implications of implementing the living wage policy set forth in Motion 14131, the Council asked the Executive to make written recommendations to the Council suggesting provisions that should or should not be included in an ordinance implementing the living wage policy. In response to Motion 14131, the Executive submitted recommendations and information to the Council, and the Council determined that a living wage ordinance[[3]](#footnote-3) would advance the adopted policy set forth in Motion 14131.

The intent of the County’s living wage ordinance[[4]](#footnote-4), with regard to minimum wage, was to mirror the City of Seattle’s Municipal Code in order to:

1. Avoid conflicts for County employees who work in Seattle; and
2. Reduce the administrative burden on County contractors by enabling them to focus on a single set of wage standards for both jurisdictions.

**ANALYSIS**

Current King County Code (KCC 3.18.010(Q)), defines that the “Rate of inflation means the Consumer Price Index annual percent change for urban wage earners and clerical workers, termed CPI-W, or a successor index, for the twelve months before each September 1 as calculated by the United States Department of Labor.” The City of Seattle’s Municipal Code defines the “rate of inflation”as, “100 percent of the annual average growth rate of the bi-monthly Seattle-Tacoma-Bremerton Area Consumer Price Index for Urban Wage Earners and Clerical Workers, termed CPI-W, for the 12 month period ending in August, provided that the percentage increase shall not be less than zero.” [[5]](#footnote-5)

According to the Executive, even though the County’s definition is phrased differently from the City’s, the rate of inflation for each jurisdiction would still be the same but for the presence of the word “average” in the City’s language. Given this discrepancy, the County’s minimum wage will always be slightly less than the City’s, as interpreted. Therefore, the Executive has requested that the County’s definition be changed to mirror the City of Seattle’s verbatim.

Additionally, when the City initially implemented its minimum wage ordinance, it included an exemption for work-study students. The County mirrored this action in Ordinance 17909. It has recently come to the Executive’s attention that the City removed its work-study exemption in 2017.  According to the Executive, since the intent of Ordinance 17909 was to mirror Seattle’s Municipal Code language, the County should also remove work-study students from KCC 3.18.030, to reflect the change in the City’s code. Over time, the discrepancy has resulted in the underpaying of some work-study students. The Executive is in the process of increasing those students’ compensation and providing them retro pay for the time they should have received the higher minimum wage rate. Council staff has worked with Executive staff to ensure that the changes made are appropriate.

Finally, there appear to be no new fiscal impacts associated with making these changes since the Executive, despite the language used in County Code, has been following the City of Seattle pay practices during this timeframe. This action does appear to follow the original intent of Ordinance 17909, as stated above.

**FOLLOW-UP FROM PRIOR COMMITTEE MEETING:**

At the February 19th Health, Housing and Human Services Committee meeting, Committee members raised questions and consequently held the ordinance pending responses to these questions. The following shows the Member’s questions and answers provided by the Executive:

1. **What are the past and current differences in the minimum wages of King County and the City of Seattle as determined by each jurisdiction’s current “rate of inflation” definition?**

|  |  |  |
| --- | --- | --- |
|  | **King County**  | **City of Seattle**  |
| **2018** | $15.42/hr. | $15.45/hr. |
| **2019** | $15.91/hr. | $16.00/hr. |

In reference to the other cities in King County, those cities would follow state minimum wage laws, unless they have their own minimum wage ordinance (e.g., the City of SeaTac). This legislation only applies to King County as an employer and not King County as a region.

1. **Will making the proposed changes to the King County Code regarding the “rate of inflation” definition affect the Master Labor Agreement?**

According to executive staff, there is no “rate of inflation” definition or mention of the term in either the County’s master labor or total compensation agreements.

1. **What are the costs associated with providing retro pay to the work study students for the time they should have received the higher minimum wage rate?**

According to executive staff, for the five work study students who have been underpaid due to the discrepancy, the total cost to provide retro pay for 2017 and 2018 was $1,214.54. As stated above, this legislation only applies to King County as an employer and not King County as a region. Other cities throughout King County (excluding Seattle) may pay their work study students more or less, but the original intent of the County’s living wage ordinance was to mirror the City of Seattle’s.

**ATTACHMENTS**

1. Proposed Ordinance 2019-0055

**INVITED**

* Denise Pruitt, Senior Policy Advisor, Department of Human Resources
1. Motion 14131, adopted May 19, 2014. [↑](#footnote-ref-1)
2. Motion 14131, adopted May 19, 2014. [↑](#footnote-ref-2)
3. Ordinance 17909, adopted October 17, 2014. [↑](#footnote-ref-3)
4. As established during the July 15, 2014 meeting of the Transportation, Economy and Environment Committee. [↑](#footnote-ref-4)
5. SMC 14.19.010 [↑](#footnote-ref-5)