



**REQUEST TO MAKE A PRESENTATION TO THE CITIES ASSOCIATION  
BOARD OF DIRECTORS**

**NAME OF ORGANIZATION:**

City of San Jose

**BACKGROUND INFORMATION:**

See attached Memo

**REQUEST (WHAT WILL BE PRESENTED?):**

Asking for 5 to 10 minutes to present the reasons why the Cities Association should support a regional approach to adjusting the minimum wage.

**RELEVANCE TO THE CITIES ASSOCIATION:**

Most of the cities in Santa Clara County are in the process of evaluating their minimum wage. As part of San Jose's evaluation process, we are proposing to hire an independent consultant to conduct a regional study of the impact of adjusting the minimum wage. We are also requesting a financial contribution from the Cities Association for the study.

**WHAT ACTION IS REQUESTED OF THE CITIES ASSOCIATION?**

Vote to support San Jose's minimum wage effort and provide funding for a regional minimum wage study.

**MATERIALS TO BE SENT TO SUPPORT PRESENTATION**

None



# Memorandum

**TO:** RULES COMMITTEE

**FROM:** Mayor Sam Liccardo  
Councilmember Chappie Jones  
Councilmember Manh Nguyen

**SUBJECT:** MINIMUM WAGE STUDY

**DATE:** August 13, 2015

Approved:

Date: August 13, 2015

*Sam Liccardo* <sup>FB</sup>

*[Signature]*

## RECOMMENDATION

1. Hire an independent, widely-regarded economist/economics firm to:
  - (a) Assess the net economic benefit of an increase of the minimum wage to current wage earners at or near the minimum wage;
  - (b) Assess the net economic impact of a minimum wage increase on San Jose residents with the highest unemployment and underemployment rates, such as residents under 24, residents lacking a college degree, residents having prior criminal convictions, and others with significant barriers to employment, incorporating the experience of local agencies like Work2Future;
  - (c) Assess the net economic impact on small businesses;
  - (d) Estimate likely aggregate job loss/creation as a result of the increase; and
  - (e) Assist the City Council and the region to assess the net benefit of including:
    - 1) A lower "training wage" for youth under the age of 18, to ensure a pathway to careers for young people needing to get their "foot in the door";
    - 2) An exemption for organizations employing persons in the "hard-to-employ" such as parolees, homeless, and emancipated foster youth, and providing unique training to those members of our community;
    - 3) A "ramp-up" period for small businesses, e.g., those employers with fewer than 15 employees, and/or earning below a predetermined threshold of gross revenue, or for all businesses;
    - 4) An exemption for the employment of verifiable immediate or extended family members; and
    - 5) Other exemptions that might be appropriate.

2. Pending Council determination of prioritization, and prior to spending resources on this effort, return to Council with a report on the status of a statewide initiative is being circulated for signatures now by the SEIU to increase the state of California's minimum wage to \$15 by 2021. Where polling suggests likely passage of a statewide measure, assess whether any local ordinance would be unnecessary or duplicative in effort.
3. As part of this effort, enlist the Mayor and Council in active engagement with neighboring cities in Santa Clara County to determine how the Valley can "move together" to raise the minimum wage for the benefit of struggling residents. Work through Councilmember Jones, Councilmember Manh Nguyen, and the Cities Association of Santa Clara County to obtain concurrence of mayors and councils throughout the County, and include the County to ensure consistency in unincorporated areas.

## **DISCUSSION**

In this period of affluence, the San Jose metropolitan area leads the nation in job growth, yet ample evidence demonstrates a growing gap between rich and poor. Beyond the gap lies the growing intensity of struggle of our poorest residents, as apartment rents in San Jose climbed 13.4% last year to January, after successive years of double-digit growth.

Other large cities on the West Coast, including Seattle, San Francisco, and Los Angeles, have passed minimum wage hikes that would achieve \$15/hour within a few years.

The oft-identified flaw in such efforts is a lack of understanding of regional impacts. Progressive large cities impose additional costs on their local businesses, while more affluent suburbs—whose consumers and business owners can better absorb the impacts of minimum wage increases—offer business owners vastly favorable labor cost structures. Such wage increases also tend to ignore the critical efforts of non-profits who seek to provide a path to self-sufficiency through job training and entry-level employment for the hardest-to-employ, such as teens, and ex-convicts in reentry programs. We aspire to avoid those common mistakes with a thoughtful approach that lifts the tide for all residents, without leaving any underwater.

We also seek to avoid unnecessary battles. If a statewide minimum wage increase looks imminent, we should defer in light of the preemptive impact of a state law on local ordinances.