



SCHOOL BOARD ACTION REPORT

DATE: November 18, 2016
FROM: Dr. Larry Nyland, Superintendent
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1. TITLE

Approval of Minimum Wage Adjustments

For Introduction: December 7, 2016

For Action: January 4, 2017

2. PURPOSE

Implement minimum wage adjustments for compliance with the City of Seattle Ordinance No. 124490/Council Bill No. 118098, referred to as the “Minimum Wage Ordinance.” The changes to district pay rates have an *annual* cost impact estimated at \$695,000 (or \$850,000 with 22.06% benefit costs) and affect approximately 1,130 non-represented hourly workers employed with Seattle Public Schools working over 350,000 hours in any given year.

3. RECOMMENDED MOTION

I move that the Board approve the 2016-17 Hourly Rates, attached to the School Board Action Report, and authorize the Superintendent to take the associated actions necessary to implement the rates to be retroactively effective January 1, 2017.

4. BACKGROUND INFORMATION

a. Background

The Minimum Wage Ordinance, signed into law on June 3, 2014, established Seattle Municipal Code Section 14.19.030 “Hourly Minimum Wage – Schedule 1 Employers.” Section 14.19.030 states effective April 1, 2015, Schedule 1 employers shall pay each employee an hourly wage of at least \$11.00. Pursuant to the following schedule, effective January 1 of each year thereafter, Schedule 1 employers shall pay any employee an hourly minimum wage as follows:

Year	Hourly Minimum Wage
2016	\$13.00
2017	\$15.00

In 2016, the impact of minimum wage increases (not including represented titles) was approximately \$205,000. Therefore, the matter was brought forward to the Audit and Finance Committee only.

More job titles were above \$13 last year than those above \$15 this year.

b. Alternatives:

Since this is a legislative action requiring compliance, there are no other recommended alternatives.

c. Research:

The methodology used to project costs associated with minimum wage changes entailed using the number of hourly employees and hours worked during 2015-16, and assume those same employees work the same number of hours in 2016-17. If the rates change to comply with the minimum wage ordinance, based on the hours in 2015-16, the costs were then projected for the 2016-17 school year at the aforementioned rates. The Nutrition Services workers impacted by minimum wage were removed from the analysis as they were included in the Nutrition Services Salary Schedule changes specifically designed for compliance with the minimum wage ordinance, and therefore costed separately.

5. FISCAL IMPACT/REVENUE SOURCE

The costs for the remainder of the 2016-17 budget year are estimated at \$450,000 or \$550,000 with benefits, if the number of hourly workers and the hours worked are similar to 2015-16 levels. The Budget Office has included these projections in budget planning for 2016-17.

The changes to rates have an *annual* cost impact estimated at \$695,000 (or \$850,000 with 22.06% benefit costs) and affect approximately 1,130 hourly workers employed with Seattle Public Schools working over 350,000 hours in any given year

Expenditure: One-time Annual Multi-Year N/A

Revenue: One-time Annual Multi-Year N/A

6. COMMUNITY ENGAGEMENT

With guidance from the District's Community Engagement tool, this action was determined to merit the following tier of community engagement:

Not applicable

Tier 1: Inform

Tier 2: Consult/Involve

Tier 3: Collaborate

Will inform employees via the *NewsBrief* communication method.

7. EQUITY ANALYSIS

As stated in Section 1 of the Minimum Wage Ordinance, over 100,000 Seattle workers earn wages insufficient to support themselves and their families. In Seattle, the weight of income inequality falls disproportionately on people of color and on women. More than 34% of all women and over 40% of African Americans and Asian and Pacific Islander Americans rank among low wage workers in Seattle. For Latinos, that number is nearly 50%, and it is 70% for Native Americans. Over 24% of Seattle residents earn hourly wages of \$15.00 per hour or less and approximately 13.6% of the Seattle community lives below the poverty level.

Seattle Public Schools Hourly Workers with hours worked in 2015/16, earning less than \$15.00 per hour, were comprised of 61% female and 40% people of color to include 24% African Americans, 8% Asian, and 5% Hispanic/Latino.

In implementing the changes to comply with the Minimum Wage Ordinance, Seattle Public Schools creates more racially equitable outcomes.

8. STUDENT BENEFIT

Seattle Public Schools Hourly Workers will earn wages at a more sustainable level leading to a greater ability to support themselves and their families. The Hourly Workers at SPS are found in the Department of Technology, the Athletic Department, tutoring programs, after school program activities, special education, and many other roles that have a direct impact and benefit on students.

9. WHY BOARD ACTION IS NECESSARY

- Amount of contract initial value or contract amendment exceeds \$250,000 (Policy No. 6220)
- Amount of grant exceeds \$250,000 in a single fiscal year (Policy No. 6114)
- Adopting, amending, or repealing a Board policy
- Formally accepting the completion of a public works project and closing out the contract
- Legal requirement for the School Board to take action on this matter
- Board Policy No. _____, [TITLE], provides the Board shall approve this item
- Other: _____

10. POLICY IMPLICATION

RCW 28A.400.200 requires ““Every school district board of directors shall fix, alter, allow, and order paid salaries and compensation for all district employees in conformance with this section.” Board Policy No. 5310, Compensation, corresponds to this legal requirement.

11. BOARD COMMITTEE RECOMMENDATION

This motion was discussed at the Executive Committee meeting on December 1, 2016. The Committee moved this item forward to the full Board with a recommendation for approval.

12. TIMELINE FOR IMPLEMENTATION

Upon approval of this motion, the new rates will be implemented in SAP, including employee rate changes, effective January 1, 2017. Implementation will be coordinated with the Department of Technology Services, Human Resources Information System, Payroll, and Communications for changes to occur on the February pay warrant.

13. ATTACHMENTS

- Hourly Rates with Job Codes (Salary Schedule of Hourly Rates) – for approval