

MOTION BY SUPERVISOR KATHRYN BARGER

LOS ANGELES COUNTY MINIMUM WAGE ORDINANCE

The Los Angeles County Minimum Wage Ordinance, Chapter 8.100.010 of the county code, became effective on October 29, 2015, and the first wage increase for businesses with *26 or more* employees in the unincorporated areas of the County began on July 1, 2016 at \$10.50 per hour, and increases each fiscal year thereafter culminating in an hourly wage of \$15.00 per hour to take effect on July 1, 2020. The current minimum wage for these businesses is \$14.25 per hour.

For employers with *25 or fewer* employees in the unincorporated areas of the County of Los Angeles, the \$10.50 per hour minimum wage became effective July 1, 2017, and increases each fiscal year thereafter culminating in an hourly wage of \$15.00 per hour to take effect on July 1, 2021. Currently, the minimum wage is \$13.25 per hour which will be raised to \$14.25 per hour on July 1, 2020.

Effective July 1, 2022, the minimum wage for all workers in the unincorporated areas of the County of Los Angeles will increase annually based on the Consumer Price Index for Urban Earners and Clerical Workers, under County ordinance 8.100.040 (3).

-M O R E-

MOTION

SOLIS _____

RIDLEY-THOMAS _____

KUEHL _____

HAHN _____

BARGER _____

Page 2
May 26, 2020

The state’s minimum wage increase took effect on January 1, 2017. From January 1, 2017 to January 1, 2022, the minimum wage will increase for employers with 26 or more employees while employers with 25 or fewer employees were able to begin increases one year later, thus the last increase will take effect on January 1, 2023. The scheduled increases may be suspended temporarily by the Governor based on certain determinations. Under state law, the current minimum wage is \$12.00 per hour for employers with 25 or fewer employees and \$13.00 per hour for employers with 26 or more employees.

The County of Los Angeles took bold action to move our timetable ahead of the state and is one and a half years ahead of the state in reaching the \$15.00 per hour minimum wage. The County’s minimum wage increase is on a fiscal year cycle while the state’s increase is on a calendar year cycle. The below chart reflects the increases by the county and the state.

County			State		
Timeline	25 or fewer employees	26 or more employees	Timeline	25 or fewer employees	26 or more employees
7/1/2016		\$10.50	1/1/2017	\$10.00	\$10.50
7/1/2017	\$10.50	\$12.00	1/1/2018	\$10.50	\$11.00
7/1/2018	\$12.00	\$13.25	1/1/2019	\$11.00	\$12.00
7/1/2019	\$13.25	\$14.25	1/1/2020	\$12.00	\$13.00
7/1/2020	\$14.25	\$15.00	1/1/2021	\$13.00	\$14.00
7/1/2021	\$15.00		1/1/2022	\$14.00	\$15.00
			1/1/2023	\$15.00	

-M O R E-

Page 3
May 26, 2020

According to the Los Angeles Economic Development Corporation, over 92 percent of businesses in Los Angeles County have *20 or fewer* employees. These businesses are being severely challenged due to COVID-19 closures. About 86.9 percent of small businesses have zero to nine employees in Los Angeles County. There were 91,962 people who filed unemployment claims in Los Angeles County. Current estimates are that one in four county residents will be unemployed within the next few months. Those claiming unemployment are more likely to be young, minority, female, with a high school education or less. Businesses that originally filed for Paycheck Protection Plan loans that helped pay for eight weeks of employee paychecks will run out by mid-June. In California, over four million initial unemployment claims have been filed from the week of March 7, 2020 to the week ending May 9, 2020.

On April 28, 2020 this Board established the Economic Resiliency Task Force (ERTF) in recognition of the impacts of the pandemic on our local economy. The ERTF consists of the five members of this Board as well as industry leaders from 13 sectors, including small businesses, Healthcare/Bioscience, restaurants, infrastructure/construction, and foundations/non-profits. Among the objectives of the ERTF are:

- Identifying financial incentives, if any, the County can provide to existing or new businesses to spur economic recovery as the Safer at Home order is relaxed;
- Finding options for deferrals, waivers, or reduced permitting and licensing fees or flexible payment structures for qualifying businesses; and,
- Formulating policy considerations to spur small business growth and create jobs, including but not limited to tax credits, public infrastructure investment, and unsecured/business personal property tax rebate, deferral, and/or abatement.

-M O R E-

Given the extreme challenges facing businesses, the existing restrictions under the Safer at Home order and the continued uncertainties of when we will have all businesses fully operational, it is imperative that we consider ways to support employers and employees in every way possible, including avoiding the imposition of additional costs that may result in fewer jobs and more unemployment claims. To that end, it is appropriate for our Board to re-assess the timeline of the County's minimum wage ordinance and the impact on a vulnerable employee population.

I, THEREFORE MOVE, that the Board of Supervisors direct the Chief Executive Office (CEO), County Counsel, and the Department of Consumer and Business Affairs (DCBA) to provide a report in one week with:

1. An analysis of the pros and cons of postponing the next increase of the minimum wage by businesses in the unincorporated areas of the County by one year (from July 1, 2020 to July 1, 2021);
2. An analysis of the pros and cons of postponing the next increase of the minimum wage by businesses in the unincorporated areas of the County by one and a half years, to align with the state implementation calendar of minimum wage increases; and,
3. Considerations and next steps necessary should the Board of Supervisors decide to implement either option described above.

#

KB:mbj