

A photograph of the Seattle skyline at dusk, featuring the Space Needle and various skyscrapers. The image is framed by a large white graphic element on the left side of the slide.

# \$15 Minimum Wage in Seattle

Alaska House State Affairs Committee  
Andrew Beane, Vice President, SEIU 775  
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# Overview of Seattle Minimum Wage

- Coalition of businesses, unions, community organizations reached a compromise
- Minimum Wage Ordinance passed in 2014
- Phase-in through 2021
- Varying wages for large and small businesses

## Seattle's Minimum Wage

	Small Employers (500 or Fewer Employees)		Large Employers (501 or More Employees)	
	Does the employer pay towards the individual employee's medical benefits and/or does the employee earn tips?		Does the employer pay towards the employee's medical benefits?	
	YES	NO	YES	NO
2015	\$10.00	\$11.00	\$11.00	\$11.00
2016	\$10.50	\$12.00	\$12.50	\$13.00
2017	\$11.00	\$13.00	\$13.50	\$15.00
2018	\$11.50	\$14.00	<b>\$15.00</b>	<b>\$15.45</b>
2019	<b>\$12.00</b>	<b>\$15.00</b>	<b>*\$16.00</b>	
2020	\$13.50	\$15.75		
2021	\$15.00	See minimum wage for large employers		

# Dire Predictions about the Minimum Wage

- Tom Douglas, operator of 15 high-end restaurants in Seattle, predicted that the proposed minimum wage would cause the city to “lose maybe a quarter of the restaurants in town.”
  - North American Association of Subway Franchises said, “This ordinance means that franchises cannot compete in the Seattle marketplace and many franchise small businesses will cease to exist.”
  - Andrew Friedman, proprietor of Liberty Bar, said, “Local independent businesses will close, many of your neighbors will be out of work.”
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The Reality:

# Seattle's Booming Economy

- Forbes ranked Seattle #1 “Best Place for Business” in 2018
- Unemployment in Seattle going down
  - In 2019, Seattle unemployment 3.3%, compared to 3.8% nationally
- Economy in Seattle growing
  - From 2014-2019, average annual job growth of 2.7% and income growth of 4.7%
- In 2019, Seattle 3rd in the nation for small business growth

Seattle Unemployment Rate



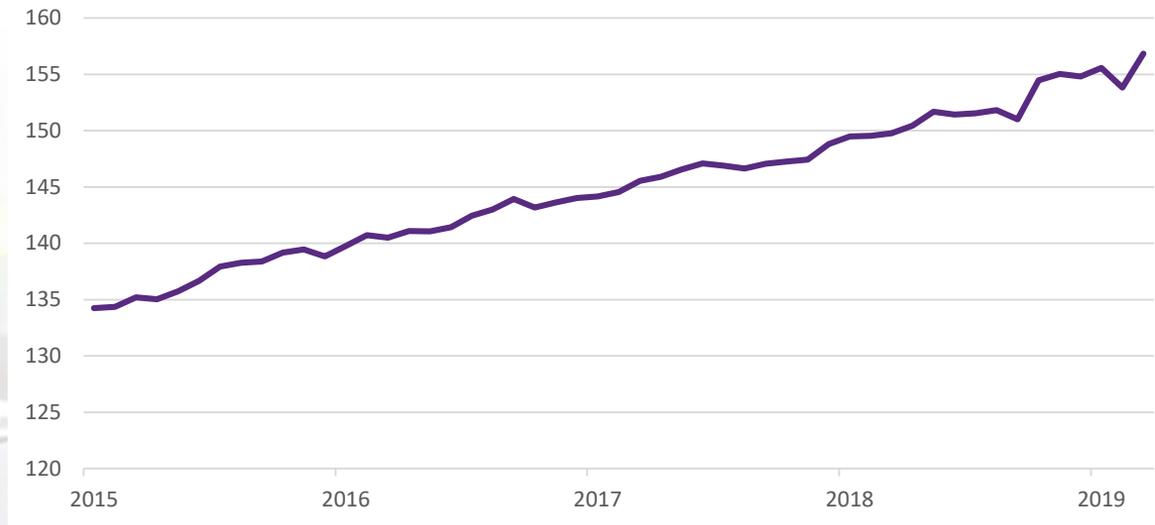
# Restaurant Industry Growing; Prices Stable

- Seattle Times study of restaurants in 2017-2018
    - 652 restaurants opened, 156 closed
    - Net gain of 496 restaurants
  - University of Washington longitudinal study of food prices in local supermarkets
    - No significant evidence of price increases associated with the minimum wage ordinance
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- Food prep and service make up 66% of low-wage work in Seattle
- Steady increase in Seattle food service employment: 27,300 new food service jobs created in 2018

## Job Growth in Food Service

Number of Seattle Employees in Food Service  
(In Thousands)



What the Studies Say:

## Study #1:

# Workers Earn More and Keep their Jobs

- University of Washington study of low-wage workers in Seattle
  - Workers take home more money
    - Earnings increases were higher among more experienced workers
  - Workers are not losing their jobs
    - Workers experienced no significant decline in their likelihood of being employed
  - Workers are less likely to job hop
    - Minimum wage increase was associated with an 8% reduction in turnover rates

## Study #2:

# Food Service Workers Paid More

## Berkeley study of Seattle food service and restaurant workers

- Wages increased, especially in businesses without tips
  - Biggest wage gains were in limited-service/fast food restaurants
- Workers are not losing their jobs
  - Employment remained stable, even in fast food franchises that predicted disemployment

# Higher Minimum Wages Improve Race and Gender Equity

- Before the minimum wage ordinance in Seattle:
  - 40% of Black, API and Latino workers made < \$15, compared to 25% of white workers
  - 34% of women made < \$15, compared to 27% of men
- In states with low minimum wages, the gender pay gap is 25% wider
  - For example:

	State Minimum Wage	Pay a woman makes for every \$1 a man makes
Wyoming	\$7.25	\$0.64
New York	\$15.00	\$0.89

# Higher Minimum Wages Improve Economic Equality and Prosperity

## Higher minimum wages:

- Increase consumer spending and spur investment in the economy
  - Low-wage workers are more likely than others to spend extra earnings immediately on previously unaffordable goods and services
  - A \$2.55 increase in federal minimum wage would:
    - Increase earnings of low-wage workers by \$40 billion
    - Increase economic activity by \$25 billion
    - Generate 100,000 new jobs
- Reduce income inequality
  - For each \$1 increase in minimum wages, 0.3% of income redistributed from top to bottom quartiles

# Cities and States Adopting \$15 Minimum Wage

## **CITIES**

- Flagstaff, AZ
- California cities: Belmont, Cupertino, El Cerrito, Los Angeles, Mountain View, Palo Alto, Redwood, Richmond, San Francisco, San Jose, San Mateo, Santa Clara, Sunnyvale
- Minnesota cities: Minneapolis, St. Paul
- New York cities: Greensboro, New York City, Syracuse
- Greensboro, NC
- Portland, OR
- Pittsburgh, PA
- SeaTac, WA

## **STATES**

- California
- Massachusetts
- New Jersey
- New York
- Washington, D.C.

## **PROPOSED FEDERAL LEGISLATION**

- Raise the Wage Act



# Companies Adopting \$15/Hour Minimum Wage

- Ben & Jerry's: \$16.92
- J.P. Morgan Chase & Co: \$16.40
- Aetna: \$16
- Amazon: \$15 for 350,000 full-time, part-time, temporary and seasonal employees
- Charter Communications: \$15
- Costco: \$15 for 245,000 employees in U.S. and Canada
- Facebook: \$15 for contractors
- Nationwide Mutual Insurance: \$15
- University of California: \$15
- Walt Disney theme parks: \$15



### Erin, barista for Compass Group:

Erin lives 30 minutes outside Seattle to afford rent and struggled to pay bills. Since the minimum wage increase, she can pay bills and afford occasional date nights.

### Anthony, print shop attendant at Starbucks HQ:

Before the minimum wage ordinance, he moved in with a friend to avoid homelessness. Now he can afford his own place.

### Darryl, home care worker:

“Now I have more food at the end of the month, and I’m not trying to stretch those groceries for a week and a half. I’m feeding myself better.”

-Darryl

**Andrew Beane**  
Vice President  
[Andrew.Beane@seiu775.org](mailto:Andrew.Beane@seiu775.org)

