

## FACT SHEET

### TO FILE NO. 16-17/006

This ordinance creates Chapter 2.95 of the county code, Living Wage.

Last year, the county board implemented a new salary matrix for county employees, based on equity, adequacy, transparency, and social justice. The purpose of this ordinance is to continue this with contractors of Eau Claire County, to ensure that those entities with which the county does business follow the same principles.

The current federal minimum wage is \$7.25/hr., last adjusted in 2009. Minimum wage, however, is not a living wage, that is, it does not provide for the livelihood of a person or a family; it merely establishes a “floor” of payment. A better measure is a “living wage,” that is, a wage which provides a livelihood for persons and families. Any adjustments in minimum wage over time have been far and quickly outpaced by inflation. Thus, persons at this level of income will always fall below the Federal Poverty Level. Any employer paying minimum wage is relying on the availability of public assistance or some other form of support to ensure adequacy of resources. The current minimum wage is below poverty level. This means that the government effectively subsidizes all of those making minimum wage through various forms of public assistance, and employers paying minimum wage rely on that external support, e.g., Walmart counseling its lowest paid employees how they might apply for and receive Food Stamps, Medicaid, etc.

The Federal Poverty Level (FPL) is established annually by the Department of Health and Human Services in order to determine eligibility for a number of public assistance programs. This means that persons whose income is at or below the FPL (or often within 120% of the FPL) will qualify for a number of assistance programs, such as Food Stamps, Medicaid, subsidized health care coverage under the PPACA, etc. The current Federal Poverty Level for a family of four is \$24,300 (*Federal Register*, 1-25-16). The hourly wage (\$24,300 divided by 2080 hours in the work year) is \$11.68/hr.

This ordinance requires that all contractors with Eau Claire County pay their employees at least 110% of the 2016 FPL (\$12.84/hr.), on an hourly basis, beginning January 1, 2017. The wage requirement increases each year by 5% to a maximum of 130% of FPL by 2021. Thus, the wage requirement is annually indexed to inflation and set at 130% of FPL. The fiscal impact of this ordinance will be reviewed by the respective units in the light of 2017 contracts. It is anticipated that the major impact will be felt in the Department of Human Services because non-profit organizations frequently pay minimum wage or just above that wage. The ordinance may also require some minor adjustments to the recently established salary matrix.

Respectfully Submitted,

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County Board Supervisor, District 15

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