

April 29, 2016

David P. Mortimer, M.Div.
Supervisor, District 16
Eau Claire County Board
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David:

Thank you for your correspondence, and for reaching out to LSS to determine the potential impact that the proposed Living Wage legislation would have on our organization.

Generally, I am concerned that the legislation, as proposed, could result in considerable economic hardship for LSS. I do understand the need to update the minimum wage, and agree that every individual deserves a fair living wage. That is why LSS already took steps and set an internal minimum wage of \$10.00 / hour last year, and increased that amount to \$10.15/ hour this year. However, rapidly increasing the minimum wage, in addition to annually updating it, will have a significant impact on the labor costs for my organization; for those directly impacted by the increased minimum wage and the upward compression that would be created. I am specifically concerned because LSS is a non-profit employer.

The non-profit (and specifically human services) sector has historically not been a wage leader. Not because of a lack of a desire to do so, but because of the reality of funding and revenue streams. The rates that we pay our employees are directly tied to the funding that we receive – mostly from government entities, and many times contractually outlined. These contracts are often locked into place for multiple years. Such a rapid change to the minimum wage without a corresponding change to funding will be a significant strain for our organization.

LSS provides vital services to communities across Wisconsin and Upper Michigan, and specifically in Eau Claire County. We serve babies and children with special needs, persons with disabilities, families in crisis, the frail elderly, the homeless and countless others. Such a rapid change to the minimum wage may impact our ability to retain staff, leaving a void in services for these populations.

If this legislation were to pass as proposed, we would estimate the financial impact in Eau Claire County alone to be about \$30,000. With several Counties considering similar moves, the losses for LSS could mount quickly. As an organization that struggles to break even every year, this could be potentially devastating to our organization.

While I certainly appreciate the need to update a minimum wage that has been overlooked for far too long, I would implore the County to consider the unique environment that non-profits operate in when establishing new regulations / timelines.

Regards,

Dave

David J. Gromacki
Chief Operating Officer
Lutheran Social Services of WI & Upper MI, Inc.