



Cheryl Davila  
Councilmember District 2

## **REVISED AGENDA MATERIAL for Supplemental Packet 1**

**Meeting Date:** November 27, 2018

**Item Number:** ##

**Item Description:** Increase YouthWorks program budget and advance increase in youth wages per City Council's August 16, 2016 amendment to Berkeley's Minimum Wage Ordinance: Berkeley Municipal Code Chapter 13.99 removing the exemption for youth ages 14 to 25 participating in job training programs

**Submitted by:** Councilmember Cheryl Davila

Cleaned up initial revision so easier to read and added link rather than attachment.



Cheryl Davila  
City Councilmember  
District 2

ACTION CALENDAR  
November 13, 2018

To: \_\_\_\_\_ Honorable Mayor and Members of the City Council

From: \_\_\_\_\_ ~~Dee Williams-Ridley, City Manager~~ Councilmembers Cheryl Davila, Kate Harrison and Kris Worthington

Submitted by: Kelly Wallace, Interim Director, Health, Housing and Community Services

Subject: Proposed Increase YouthWorks program budget and advance increase in youth wages per City Council's August 16, 2016 Amendment to Berkeley's Minimum Wage Ordinance: Berkeley Municipal Code Chapter 13.99 removing the exemption for youth ages 14 to 25 participating in job training programs

### RECOMMENDATION

~~Adopt first reading of an Ordinance amending Berkeley Municipal Code Chapter 13.99, revising Maintain August 31, 2016 amendment to Berkeley's Minimum Wage Ordinance: Berkeley Municipal Code Chapter 13.99 removing the exemption for youth ages 14 to 25 participating in job training programs and adhere to the wage increase outlined in the attached amendment.~~

~~Section 13.99.040 to reinstate the exemption for youth job training programs, freezing the rate at the current rate of \$13.25 and allowing the programs to adhere to the state of California Minimum Wage schedule thereafter.~~

### FISCAL IMPACTS OF RECOMMENDATION

Berkeley's minimum wage for youth participating in workforce development programs increased to \$13.25 effective October 1, 2018 in accordance with the Berkeley Minimum Wage requirements as amended in 2016. The FY2019 budget for youth wages in the City's YouthWorks program is \$517,834. The total fiscal impact on the YouthWorks program by the Berkeley Minimum Wage Ordinance (MWO) increase for FY2019 is \$86,924. Without additional resources, the YouthWorks program will either reduce the number of hours youth work and/or reduce the number of youth served.

It is anticipated YouthWorks will serve up to 49 fewer youth in FY19 (over winter, summer and Extended Programs) with the current \$13.25 wage rate. Starting July 1, 2019, the wage will increase to \$14.50 per an hour thus requiring an estimated increase in the YouthWorks budget of \$250,000. Then, starting July 1, 2020, the wage will increase to \$15.00 per an hour thus requiring an estimated increase in the YouthWorks budget of \$50,000. The estimated total increase in the YouthWorks budget over the next 2.5 years will be \$387,000. By FY 2021-2022, the annual budget is estimated to include this amount annually. The original Berkeley Minimum Wage Ordinance of 2014 included an exemption for youth training programs including YouthWorks. This exemption was eliminated in the 2016 update of the Ordinance. By reinstating the exemption in the MWO for youth training programs, the programs will not need to make further programmatic reductions related to the increased wage until January 1, 2021 when the state minimum wage will increase to \$14.00 for Employers with 26 or more Employees.

#### CURRENT SITUATION AND ITS EFFECTS

City Council's changes to the MWO in 2016 have impacted the ability of all youth training programs in the City of Berkeley, including non-profit and City-run programs, to maintain the same level of service. Programs must pay the higher of the State of California minimum wage or the local minimum wage. In 2017, the City's YouthWorks program paid youth employed during the summer \$10.50 per hour as required under the State of California's wage schedule. In the winter of 2017-2018 the wage increased to \$12.00 per hour in line with the revised Berkeley MWO which eliminated the exemption.

At the end of the 2018 summer program, YouthWorks employed fewer youth than the previous summer (224 in 2017 vs. 202 in 2018), yet spending exceeded its typical level by \$12,487. This was the first time in recent memory that YouthWorks exceeded its initial budget allocation for youth wages.

As described in the staff report submitted to council on February 28, 2017<sup>1</sup>, YouthWorks was able to absorb the wage increases until the wage increased to \$12.00. The wage will increase to \$13.25 for the 2019 winter and summer programs which begin in January and June 2019, respectively. YouthWorks also operates an Extended Program for Transition Age Youth (18—25 years old), wherein the youth can work up to six months while in school or vocational training. In FY18, 45 youth participated in the Extended Program; wages will also increase for youth in the Extended Program. With the new rate in effect October 1, 2018, YouthWorks will need to reduce the number of youth served (up to 49 fewer youth) and/or reduce the number of hours youth will work. Should Council adopt the recommendation in this report, the wage for youth employment programs will remain at \$13.25 until the January 1, 2021 increase in the State minimum wage to \$14.00 for large employers and additional program cuts beyond those described above will be averted. However, without the exemption, wages for YouthWorks participants will increase to \$14.50 on

~~July 1, 2019, resulting in even further program reductions if no additional funding is allocated.~~

~~At the September 12, 2018 Commission on Labor meeting, staff provided a memorandum to the commissioners, advising them of staff's intent to recommend to council that the exemption be reinstated. The commission approved the following motion:~~

~~M/S/C (Castelli/Fillingim) to recommend to Council to not reinstate the exemption and that council increase the funding so youth training programs can continue to serve the same number of youth. (Ayes: L. Sayre; W. Bloom; P. Castelli; J. Fillingim; M. Jones; N. McClintick; M. Wilkinson. Noes: K. Schriner. Absent: S. Frankel)~~

~~The original MWO recommendation submitted to Council by the Commission in 2014 included the exemption for youth training programs.~~

### BACKGROUND

Council first adopted the Minimum Wage Ordinance (MWO) (B.M.C. 13.99) on June 24, 2014. The ordinance exempted job training program participants up to 25 years of age in youth job training programs operated by Non-Profit Corporations or governmental agencies (B.M.C. 13.99.130). Because of the exemption, the eCity's YouthWorks program adhered to the State of California's Minimum Wage, which will incrementally increase to \$15.00 per hour by January 1, 2022 (for large employers).

On August 31, 2016, City Council amended the Minimum Wage Ordinance (B.M.C. 13.99) to increase Berkeley's minimum wage. The amendment removed exemptions for youth between the ages of 14 and 25 participating in job training programs operated by non-profit corporations and government entities, which includes the City's YouthWorks program. Youth job training programs increased the youth hourly wage to \$12.00 effective October 1, 2017 and the wage has increased again to \$13.25 on October 1, 2018, the phase-in rate is shown below in Table 1.

**Table 1: Schedule for Berkeley Youth-in-Training Minimum Wage Rates 2017-2020**

Date	Minimum Wage
October 1, 2017	\$12.00
October 1, 2018	\$13.25
July 1, 2019	\$14.50
July 1, 2020	\$15.00 (Equal to Berkeley Min. Wage Requirement)

The City of Berkeley's YouthWorks employment program operates a year-round access to temporary jobs for youth between the ages of 14 and 25. The summer and winter programs provide jobs up to 7 weeks in duration, and transition age youth (TAY) may work up to 6 months provided they are engaged in an academic pursuit, including vocational training. All youth work in eCity departments and community-based



the subject of this report.

RATIONALE FOR RECOMMENDATION

Without additional funding to offset impacts, youth employment programs will reduce the current employment opportunities for youth due to Berkeley’s MWO. The state’s minimum wage will continue to increase until 2022 therefore the program budgets will continue to be impacted, although those increases are on an extended timetable thus giving programs more time to adapt. The exemption means the Berkeley youth wages will remain at \$13.25 until 2021. The schedule for the California minimum wage is shown below in Table 2.

**Table 2: Schedule for California Minimum Wage rate 2017-2023.**

Date	Wage for Employers with 25- Employees or Less	Wage for Employers with 26- Employees or More
January 1, 2017	\$10.00/hour	\$10.50/hour
January 1, 2018	\$10.50/hour	\$11.00/hour
January 1, 2019	\$11.00/hour	\$12.00/hour
January 1, 2020	\$12.00/hour	\$13.00/hour
January 1, 2021	\$13.00/hour	\$14.00/hour
January 1, 2022	\$14.00/hour	\$15.00/hour
January 1, 2023	\$15.00/hour	

ALTERNATIVE ACTIONS CONSIDERED

The Commission on Labor’s recommendation to not reinstate the exemption was considered in addition to requesting additional funding for programs. Using the state minimum wage seems more prudent given the current environment of shrinking resources.

**CONTACT PERSON**

Delfina Geiken, Employment Programs Administrator, HHCS, 510-981-7551  
 Kristen Lee, Manager, Housing & Community Services Division, HHCS, 510-981-7427  
Councilmember Cheryl Davila 510.981.7120

Attachments:

- 1: August 31, 2016 amendment to Berkeley Minimum Wage Ordinance (BMC 13.99)- Ordinance —Track changes 2: Ordinance —Clean version

ORDINANCE NO. \_\_\_\_\_ N.S.

~~AMENDING SECTION 13.99.040 OF THE BERKELEY MUNICIPAL CODE; YOUTH  
JOB TRAINING PROGRAMS~~

~~BE IT ORDAINED~~ by the ~~Council of the City of Berkeley~~ as follows:

~~Section 1.~~ That ~~Berkeley Municipal Code Section 13.99.040.C~~ is amended to read as follows:

~~C. For the Employer Youth Works and for job training participants up to 25 years of age in youth job training programs operated by a Nonprofit Corporation or a governmental entity, the Minimum Wage shall be increased to \$12.00 on October 1, 2017. On October 1, 2018, the Minimum Wage shall be increased to \$13.25 and subject to the State minimum wage rate once that exceeds \$13.25., starting July 1, 2019 and on every July 1 thereafter, the Minimum Wage shall be increased by \$1.25 per hour until it is equal to the Minimum Wage paid by all other Employers covered by this Section. An increase of less than \$1.25 per hour is permissible only for purposes of making the Minimum Wage provided for under this paragraph equal to the Minimum Wage paid by all other Employers under this Section. Once the Minimum Wage established by this paragraph is equal to the Minimum Wage for all other Employers, it shall increase in the same amounts and on the same terms as for all other Employers as provided by this Section~~

~~Section 2.~~ Copies of this Ordinance shall be posted for two days prior to adoption in the display case located near the walkway in front of Council Chambers, 2134 Martin Luther King Jr. Way. Within 15 days of adoption, copies of this Ordinance shall be filed at each branch of the Berkeley Public Library and the title shall be published in a newspaper of general circulation.

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