



# E-PARCC

COLLABORATIVE GOVERNANCE INITIATIVE

**Syracuse University**

Maxwell School of Citizenship and Public Affairs

Program for the Advancement of Research on Conflict and Collaboration

## **COMBAT AND COLLABORATION IN SEATTLE’S HISTORIC MINIMUM WAGE DEBATE**

### **EPILOGUE**

Mayor Ed Murray emerged from his office in Seattle City Hall to address nearly three dozen waiting members of local and national media. Reporters and television cameras were waiting for the Mayor to announce a deal to raise Seattle’s minimum wage to \$15 per hour, but a potential agreement between labor and business had fallen apart earlier in the day. Mayor Murray had been unable to bring the two sides back together.

Looking solemn, Murray took his spot at a podium in front of the City of Seattle’s official seal. David Rolf and Howard S. Wright III, co-chairs of the Income Inequality Advisory Committee (IIAC), took positions standing behind the Mayor. “I had hoped that we would be announcing an agreement today on the minimum wage,” said Murray. “...A majority of the committee has agreed to a proposal, but I don’t believe we yet have a good cross-section of business and labor and nonprofits to see it as a viable proposal.”

This case was written by Erik H. Houser with the advisement of Craig Thomas, Professor, and Stephen Page, Associate Professor, of the Daniel J. Evans School of Public Policy and Governance at the University of Washington. It was the winning case in E-PARCC’s 2017-2018 Competition for Collaborative Public Management, Governance, and Problem-Solving Teaching Materials. The case is intended for classroom discussion and not to suggest either effective or ineffective responses to the situation depicted. It may be copied as many times as needed, provided that the authors and E-PARCC are given full credit. E-PARCC is a project of the Collaborative Governance Initiative, Program for the Advancement of Research on Conflict and Collaboration- a research, teaching and practice center within Syracuse University’s Maxwell School of Citizenship and Public Affairs.

The Mayor outlined a few areas that the committee had reached agreement on, and then took 23 minutes of questions from the incredulous press corps. One reporter asked if the lack of a deal was a sign of failure from his administration. "Sure, it could be," responded Murray. "...This is where we're at. We're stuck at the moment, and hopefully we'll get unstuck."<sup>1</sup> Following the day of high stress and emotions, Rolf cried on his commute home. "It was really depressing, because I just thought about all the workers that we were letting down if this thing fell apart," he said.<sup>2</sup> "That was a really dark day," added Wright.<sup>3</sup>

The IIAC was now just six days from its deadline. If it was unable to reach a deal, Murray had threatened to introduce his own proposal without their input, one more sympathetic to labor.<sup>4</sup> And socialist City Councilmember Kshama Sawant continued to threaten a ballot measure. "We have waited for a proposal that may never come," she declared.<sup>5</sup> Polling continued to show that the public favored an increase to \$15 by roughly a two to one margin.<sup>6</sup> Put another way, business had very strong incentives to reach a deal.

For the next week, the business negotiators (including G-8 members Bob Donegan, Maud Daudon, and David Watkins) scrambled to sell their colleagues and constituencies on the deal from April 24<sup>th</sup>. Many of them faced severe doubt and derision from those who had not been in the room and believed it was a win for labor. "I think there was a certain amount of the four stages of grief going on in the business community... there was some shock and anger and fear and all kinds of things," said Daudon, the Chamber of Commerce CEO.<sup>7</sup>

The business members of the G-8 had been neck-deep in the process for nearly four months, and had fought at every step for policies that they believed would lessen the impact of \$15 on employers. They even attempted a last-second effort to expand the definition of a small business, but were foiled by G-8 labor leader Sarah Cherin when she threatened to walk and take members of the larger committee with her. It was the business side's conclusion that this was the best deal they could get – and the alternative, whether it was from the Mayor or from Sawant's ballot measure, would be much worse for them. Relating this reality to others was difficult. "The bigger issue was not the people who were in the room. The issue was the people of each organization who were not in the room," recalled Donegan.<sup>8</sup> Labor wasn't entirely happy either, but had exhibited better discipline than their business counterparts.

After a week of urgent pleas and vote-whipping, the business side had come around. The final deal was essentially unchanged from what had been on the table a week before, the plan the Mayor's staff had outlined following Daudon's whiteboard breakthrough. On the night of April 30<sup>th</sup>, the IIAC voted to approve the proposal and send it to the Seattle City Council. It was about 11 PM, just one hour before the Mayor's four-month deadline. 21 out of 24 members voted to approve. The three others were an abstention from Daudon, who was unable to receive approval from her board, and 'no' votes from conservative business negotiator Craig Dawson and Councilmember Sawant.<sup>9</sup> The Mayor had his supermajority.

The next day, Murray came out again to a mass of reporters and television cameras. "Seattle

workers are getting a raise,” he announced. “Throughout this process, I’ve had two goals: to get Seattle’s low-wage workers to \$15 per hour while also supporting our employers, and to avoid a costly battle at the ballot box between competing initiatives. We have a deal that I believe accomplishes both goals.”<sup>10</sup> The date was May 1<sup>st</sup> – International Workers Day.

### **“The Seattle Way”**

After the committee completed its deliberations, the City Council debate served as more of a formality. The Council had been apprised throughout the process, and three members, including Sawant, had been on the IIAC themselves. Despite a late push from previously silent fast-food companies to water down the bill, and efforts by Sawant to move it to the left, the IIAC’s recommendations remained intact when the Council voted on May 29<sup>th</sup>, exactly one year from when employees had walked off the job for Seattle’s first fast-food strike.<sup>11</sup> This time Sawant joined with her colleagues to give the bill unanimous support.

On June 3<sup>rd</sup>, Mayor Ed Murray signed the historic legislation into law, making Seattle the first major city in the country to move towards a \$15 minimum wage.<sup>i</sup> “The economic policies of the last 34 years have failed. They have decimated the middle class and they have created the largest income inequality gap in our nation’s history,” Murray said at the signing ceremony. “We’re going to try something different, and we are doing it the Seattle way. We are doing it into law through collaboration with our great community leaders, with great employees, with businesses large and small. That’s how you get change done. That’s the innovative spirit of Seattle.”<sup>12</sup>

Following Seattle’s achievement, cities and states across the country would use it as a model for their own minimum wage increases. Governments and stakeholders sought out Murray and members of the IIAC to glean anything they could from Seattle’s collaborative process. A year later, Los Angeles approved its own \$15 plan, and California, New York, and Washington, DC followed in 2016.<sup>13 14 15</sup>

But that would all come later. For now, Ed Murray was content in the landmark deal he had brokered for his city, one that honored his Catholic values of social justice and the mission of his career in public service. He signed the law in a 7.37-acre city park in the heart of Capitol Hill, the neighborhood he once represented in the legislature. The park held special significance for Murray after it was renamed in 2004 to memorialize his trailblazing mentor.<sup>16</sup> He looked at Cal Anderson Park and remembered his friend. Once they had dreamed together about a better day- one where all could marry whom they loved, and one where all could make a living wage. The Mayor didn’t know what tomorrow would bring, but for now, that better day was here.

- <sup>1</sup> “Video from Mayor Murray’s press conference on the status of a \$15 minimum wage proposal.” Office of the Mayor, 24 April 2014, <http://murray.seattle.gov/video-from-mayor-murrays-press-conference-on-the-status-of-a-minimum-wage-proposal/>. Accessed 1 June 2017.
- <sup>2</sup> Rolf, David. Personal interview. 14 February 2017.
- <sup>3</sup> Wright, Howard S. III. Personal interview. 3 March 2017.
- <sup>4</sup> Thompson, Lynn. “How the \$15 wage deal came together in Seattle.” *The Seattle Times*, 3 May 2014, <http://www.seattletimes.com/seattle-news/how-the-15-wage-deal-came-together-in-seattle/>. Accessed 1 June 2017.
- <sup>5</sup> Kerns, Josh. “Kshama Sawant blasts Seattle mayor’s delayed plan for \$15 minimum wage.” MyNorthwest.com, 24 April 2014, <http://mynorthwest.com/21763/kshama-sawant-blasts-seattle-mayors-delayed-plan-for-15-minimum-wage/>. Accessed 1 June 2017.
- <sup>6</sup> Donegan, Bob. Personal interview. 2 February 2017.
- <sup>7</sup> Daudon, Maud. Personal interview. 21 March 2017.
- <sup>8</sup> Donegan. Personal interview.
- <sup>9</sup> Thompson, Lynn and Amy Martinez. “Mayor’s plan lifts minimum wage to \$15 — eventually.” *The Seattle Times*, 2 May 2014, <http://www.seattletimes.com/seattle-news/mayors-plan-lifts-minimum-wage-to-15-eventually/>. Accessed 1 June 2017.
- <sup>10</sup> “Murray: ‘We have a deal: Seattle workers are getting a raise’.” Office of the Mayor, 1 May 2014, <http://murray.seattle.gov/murray-we-have-a-deal-seattle-workers-are-getting-a-raise/>. Accessed 1 June 2017.
- <sup>11</sup> Rolf, David. *The Fight for Fifteen*. The New Press, 2016, p. 160.
- <sup>12</sup> “Seattle Mayor Ed Murray signs minimum wage bill.” Office of the Mayor, 3 June 2014, <http://murray.seattle.gov/seattle-mayor-ed-murray-signs-minimum-wage-bill/>. Accessed 1 June 2017.
- <sup>13</sup> Wattles, Jackie. “Los Angeles is now largest city in America with \$15 minimum wage.” CNN, 14 June 2015, <http://money.cnn.com/2015/06/14/news/economy/los-angeles-minimum-wage-15-garcetti/>. Accessed 1 June 2017.
- <sup>14</sup> Siders, David. “Jerry Brown signs \$15 minimum wage in California.” *The Sacramento Bee*, 4 April 2016, <http://www.sacbee.com/news/politics-government/capitol-alert/article69842317.html>. Accessed 1 June 2017.
- <sup>15</sup> “Governor Cuomo Signs \$15 Minimum Wage Plan and 12 Week Paid Family Leave Policy into Law.” Governor Andrew M. Cuomo, 4 April 2016, <https://www.governor.ny.gov/news/governor-cuomo-signs-15-minimum-wage-plan-and-12-week-paid-family-leave-policy-law>. Accessed 1 June 2017.
- <sup>16</sup> Nicks, Arwen. “Over Tea, Mayor Murray And His Husband Recall An Old Friend Named Cal.” KUOW-FM, 27 June 2014, <http://kuow.org/post/over-tea-mayor-murray-and-his-husband-recall-old-friend-named-cal>. Accessed 1 June 2017.

## **Epilogue Exhibit: Minimum Wage Law Details**

In June 2014, Mayor Ed Murray signed into law a complicated plan for all businesses in Seattle to reach a \$15 minimum wage over a period of several years. This and other compromises allowed the deal to gain supermajority support from the Mayor's Income Inequality Advisory Committee. Neither business nor labor was completely happy with the final deal, which reflected the serious concessions that both sides had made.

*Details of the law are reprinted below from the City of Seattle Office of the Mayor.<sup>1</sup>*

### **\$15 Minimum Wage**

The new minimum wage legislation passed by Seattle City Council and signed into law by Mayor Murray provides for an increase in the minimum wage in the City of Seattle to \$15 an hour, phased in over time, beginning April 2015:

- Small employers (businesses with fewer than 500 employees) will reach a \$15 an hour minimum wage in seven years. Also established is a temporary guaranteed minimum compensation responsibility of \$15 an hour to be met within the first five years, which can be achieved by combining employer-paid health care contributions, consumer-paid tips, and employer-paid wages.
- Large employers (businesses with 500 or more employees, either in Seattle or nationally) will reach \$15 per hour in three years. The wages of employees who receive health care benefits will reach \$15 per hour in four years.

### **Schedule 1 employers (more than 500 employees in the U.S.)**

Schedule 1 employers shall pay each employee an hourly minimum wage of at least:

- \$11.00 by April 1, 2015
- \$13.00 by January 1, 2016
- \$15.00 by January 1, 2017

Effective January 1, 2018, the hourly minimum wage paid by a Schedule 1 employer shall be increased annually on a percentage basis to reflect the rate of inflation and calculated to the nearest cent on January 1 of each year thereafter

### **Schedule 1 employers (more than 500 employees in the U.S.) with medical benefits**

Schedule 1 employers that pay toward an individual employee's medical benefits plan shall pay an hourly minimum wage of at least:

- \$11.00 by April 1, 2015

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<sup>1</sup> "\$15 Minimum Wage." Office of the Mayor, <http://murray.seattle.gov/minimumwage/>. Accessed 1 June 2017.

- \$12.50 by January 1, 2016
- \$13.50 by January 1, 2017
- \$15.00 by January 1, 2018

**Schedule 2 employers (500 or fewer employees in the U.S.)**

Schedule 2 employers shall pay each employee an hourly minimum wage of at least:

- \$10.00 by April 1, 2015
- \$10.50 by January 1, 2016
- \$11.00 by January 1, 2017
- \$11.50 by January 1, 2018
- \$12.00 by January 1, 2019
- \$13.50 by January 1, 2020
- \$15.00 by January 1, 2021
- \$15.75 by January 1, 2022
- \$16.50 by January 1, 2023
- \$17.25 by January 1, 2024

Effective January 1, 2025, the hourly minimum wage paid by a Schedule 1 employer shall equal the hourly minimum wage applicable to Schedule 1 employers.

**Schedule 2 employers (500 or fewer employees in the U.S.) with minimum compensation**

Schedule 2 employers shall pay an hourly minimum compensation that is the lower of (a) the applicable hourly minimum wage for Schedule 1 employers or (b) the hourly minimum compensation shown in the following schedule:

- \$11.00 by April 1, 2015
- \$12.00 by January 1, 2016
- \$13.00 by January 1, 2017
- \$14.00 by January 1, 2018
- \$15.00 by January 1, 2019
- \$15.75 by January 1, 2020

Schedule 2 employers can meet the applicable hourly minimum compensation requirement through wages (including applicable commissions, piece-rate, and bonuses), tips, and money paid by an employer towards an individual employee's medical benefits plan provided that the Schedule 2 employer also meets the applicable hourly minimum wage requirements.

# Charts

## Seattle's Minimum Wage

	Small Employers (500 or Fewer Employees)		Large Employers (501 or More Employees)	
	YES Does the employer pay towards the individual employee's medical benefits and/or does the employee earn tips?	NO	YES Does the employer pay towards the individual employee's medical benefits?	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	<b>\$15.00</b>
2018	\$11.50	\$14.00	<b>\$15.00</b>	
2019	\$12.00	<b>\$15.00</b>		
2020	\$13.50			
2021	<b>\$15.00</b>			

\* After the minimum wage reaches \$15.00/hour, it will be adjusted each year on January 1, based on the Consumer Price Index for the Seattle Tacoma Bremerton Area

## \$15 Minimum Wage in Seattle

### SCHEDULE OF INCREASES

