



# City of Las Cruces®

PEOPLE HELPING PEOPLE

## COUNCIL WORK SESSION SUMMARY ROUTING SLIP

Meeting Date July 13, 2015

TITLE: MINIMUM WAGE IMPACT DISCUSSION.

- Are there attachments to the Council Work Session Summary? Yes  No
- Will there be a Video Presentation for this item? Yes  No
- Will there be a PowerPoint Presentation for this item? Yes  No
- If "yes", will a copy of the PowerPoint Presentation be included on the Council Work Session Agenda? Yes  No

DEPARTMENT / ORGANIZATION	SIGNATURE	PHONE NO.	DATE
Drafter/Staff Contact	Lupe Nevarez / Janice Jones		7/2/15
Department Director			
Other			
Assistant City Manager/CAO (if applicable)			7/8/15
Assistant City Manager/COO (if applicable)			
City Manager			7/8/15



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## Council Work Session Summary

Meeting Date July 13, 2015

**TITLE:** MINIMUM WAGE IMPACT DISCUSSION.

**PURPOSE(S) OF DISCUSSION:**

- Inform/Update
- Direction/Guidance
- Legislative Development/Policy

**BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:**

Local Childcare Center Owners of Las Cruces will be presenting a brief PowerPoint presentation to City Council requesting that they reconsider the next minimum wage increase and how this increase will negatively impact the citizens, families, and businesses of the city of Las Cruces. Our goal is to convey the urgency of this matter. Further increased minimum wages will lead to loss of childcare subsidy for 2,341 children and 1,417 families.

This loss in subsidy will lead to families being forced to leave their jobs due to not being able to afford childcare in their already tight budget, thus leading to an increase in unemployment rates. For those families who do not have the option of quitting their job, they will enroll their children in unlicensed childcare programs. This wage increase will lead to a 55% increase in tuition rates for all center families.

Secondly, childcare employment will no longer be able to sustain current staffing patterns, payroll, and employee benefits. Program quality will be greatly diminished due to the need for employers to lower employee work schedules from 40 hours a week to 25 hours a week. Not only does this greatly disrupt a child's continuity of care, but it interferes with the educational services that are provided in an early care setting.

Lastly, this increase will lead to multiple closures of child care centers throughout the city. Santa Fe and Albuquerque have included benefits as part of their increase package and can sustain this increase due to ordinances that have made accommodations for said increase. Las Cruces has not made such accommodations, thus forcing business to close due to the mandatory implementation of Obama Care in 2016, which will result in further decline in the city's economy.

**SUPPORT INFORMATION:**

N/A

Continue on additional sheets as required)

# MINIMUM WAGE IMPACT DISCUSSION

The Children's Garden  
Child Development Center

Carmen P. Lucero & Lupe Nevarez



# FAMILIES WE SERVICE



Local Business Owners



NMSU Students and Faculty



Construction Industry



Police Officers



Fast Food Industry



Military

# 83% OF OUR COMMUNITY USES SUBSIDY

The following is an eligibility scenario with a family of four with 2 parents and 2 children showing the effects at each wage increase:

Rate of Pay for Each Parent	Number in Household	Full-time Children	Total Annual Income	Qualifies for CCB
\$7.50	4	2	\$31,200	Yes
\$8.40	4	2	\$34,944	Yes
<b>\$9.20</b>	<b>4</b>	<b>2</b>	<b>\$38,272</b>	<b>Not Eligible</b>
<b>\$10.10</b>	<b>4</b>	<b>2</b>	<b>\$42,016</b>	<b>Not Eligible</b>

# EFFECTS ON COMMUNITY

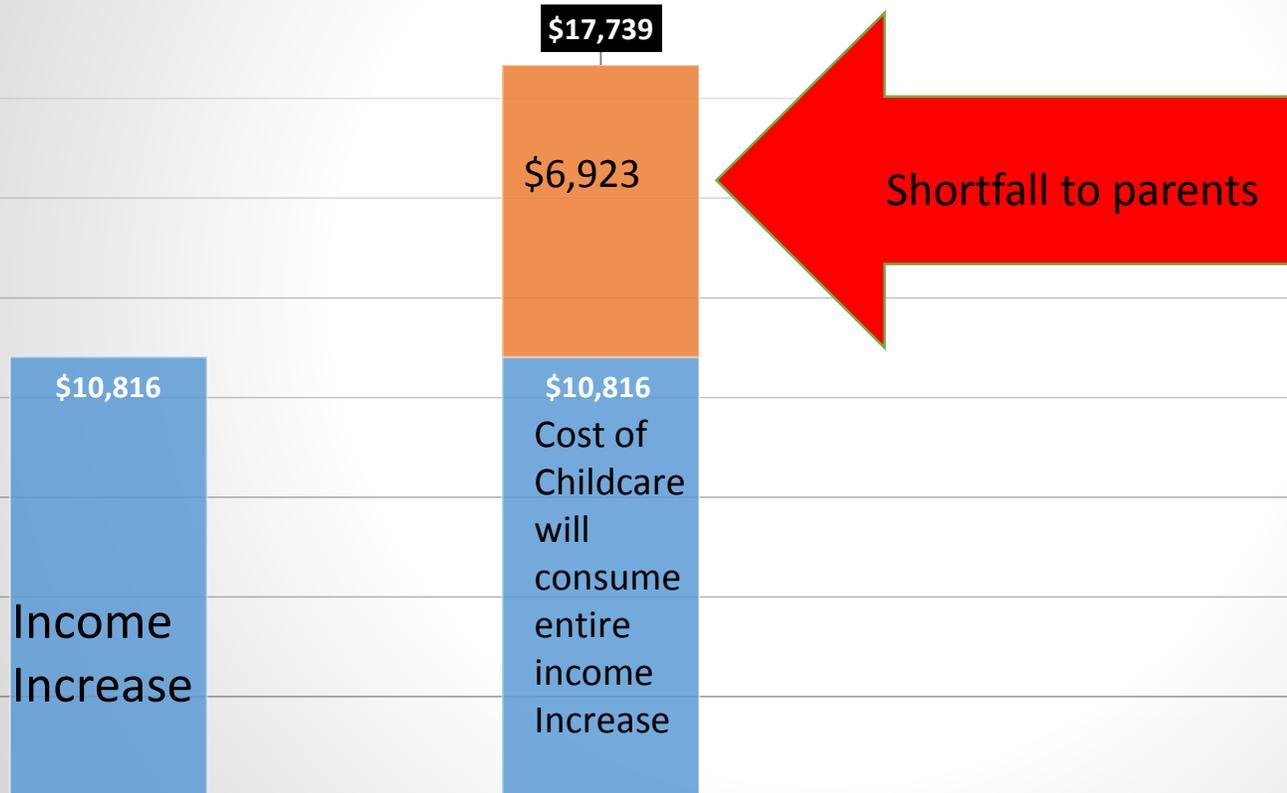
- The following shows current child care rates. In order to sustain minimum wage increase there would be a **55%** increase on all rates!

Age	Current Self Pay Rates	Child Care Subsidy	New Rates
INFANT	\$560.68	\$652.50	\$870.64
TODDLER	\$560.68	\$554.66	\$739.55
PRESCHOOL	\$509.32	\$455.70	\$607.61
SCHOOL AGE	\$509.32	\$417.20	\$556.27

# FAMILY BENEFITS

ANNUAL INCREASE IN WAGE AT  
\$10.10

ANNUAL COST OF CHILD CARE DUE  
TO WAGE INCREASE AND LOSS OF  
SUBSIDY

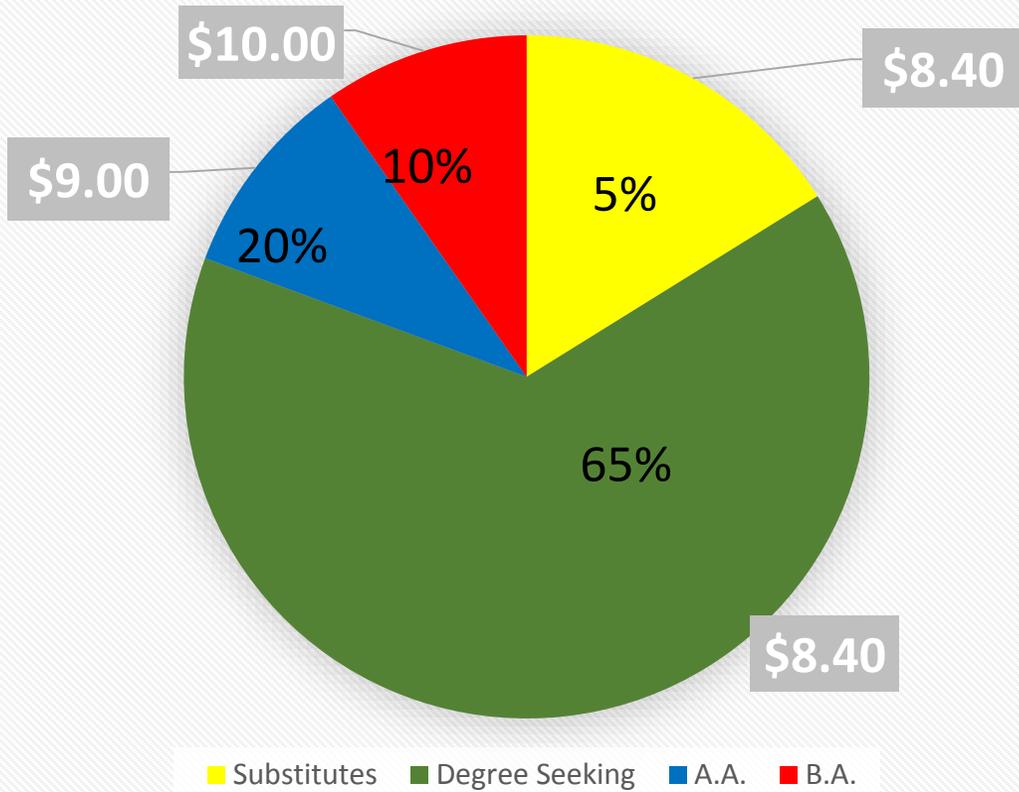


Family with a Preschooler & Infant

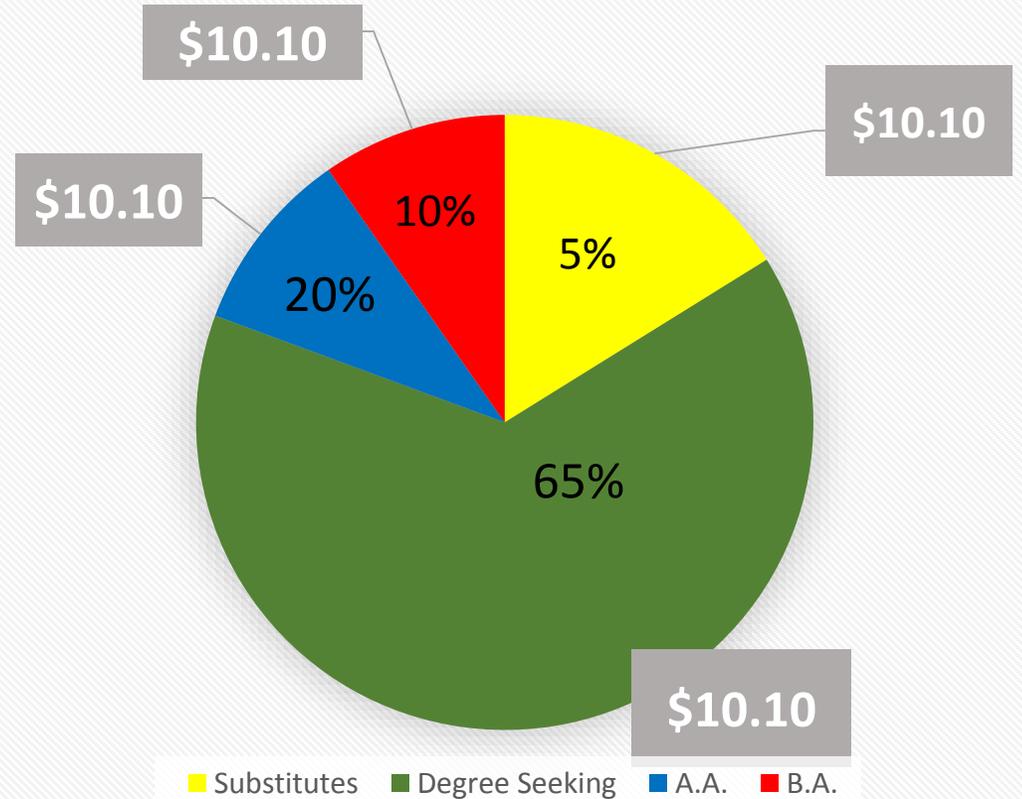


# TCG EMPLOYEES

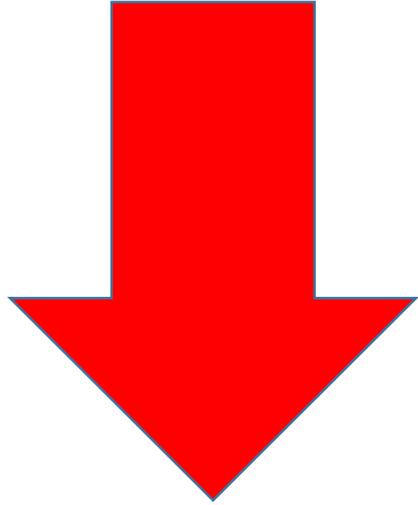
## EMPLOYEE WAGES JANUARY 2015



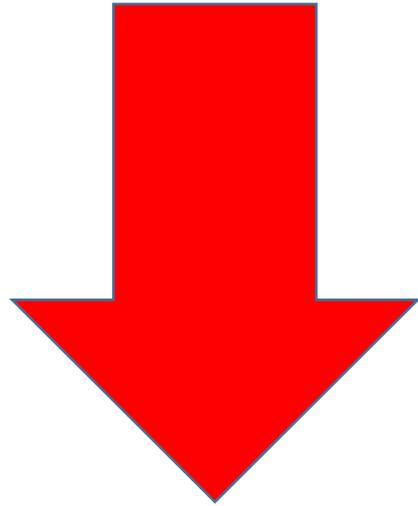
## PROJECTED EMPLOYEE WAGES BY 2019



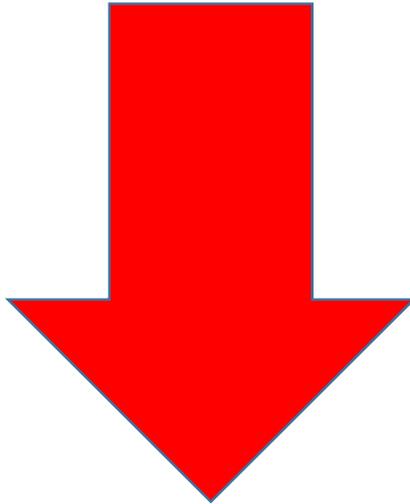
# BENEFITS LOST BY EMPLOYEES



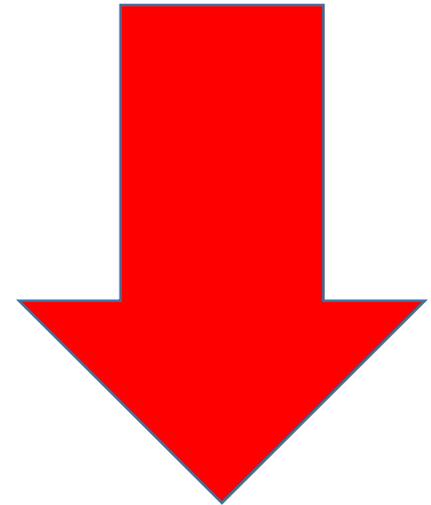
TEACH  
SCHOLARSHIP  
&  
BONUS



PAID  
VACATION

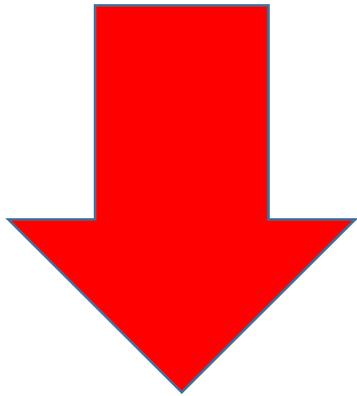


HOLIDAY  
PAY

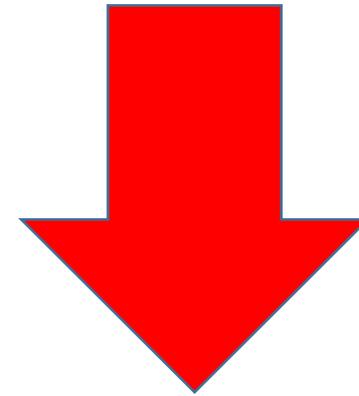
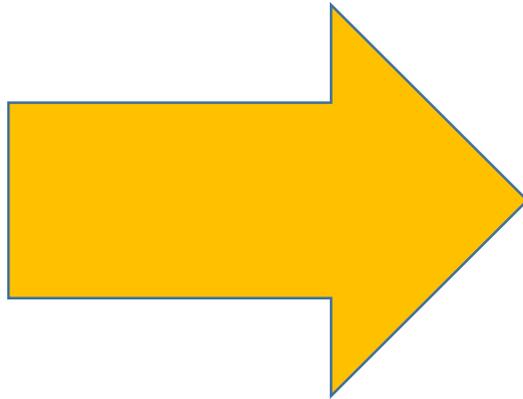


CHILD CARE  
ASSISTANCE

# LOSS OF BENEFITS



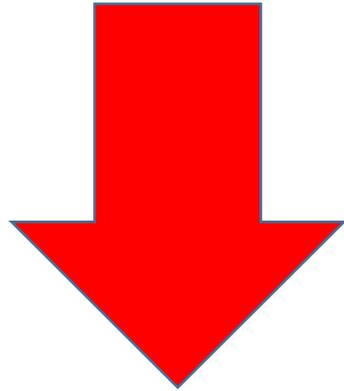
REDUCED  
HOUR  
WORK WEEK



LOSS OF HEALTH  
BENEFITS  
THROUGH  
EMPLOYER

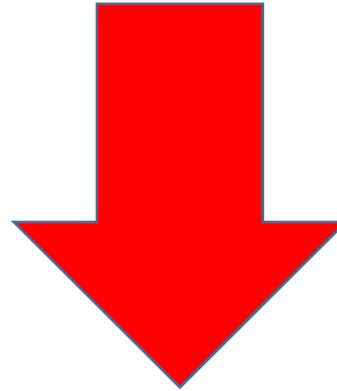
# CHILD CARE CLOSURES

**EMPLOYEES**



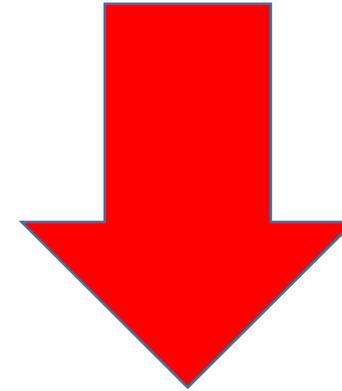
**REDUCED FROM A  
40 HOUR WORK  
WEEK TO 25 HOUR  
WORK WEEK**

**CHILD CARE  
EMPLOYEES**



**LOSE JOBS**

**COUNTLESS  
CHILDREN**



**WITHOUT  
CHILD CARE**

**NO EXPANSION/  
CLOSURE OF SMALL  
CHILD CARE  
FACILITIES**



# CHILD CARE ALTERNATIVES



• UNDERGROUND  
CHILD CARE  
HOMES

• LATCH-KEY  
CHILDREN

• OTHER CHILD  
CARE???

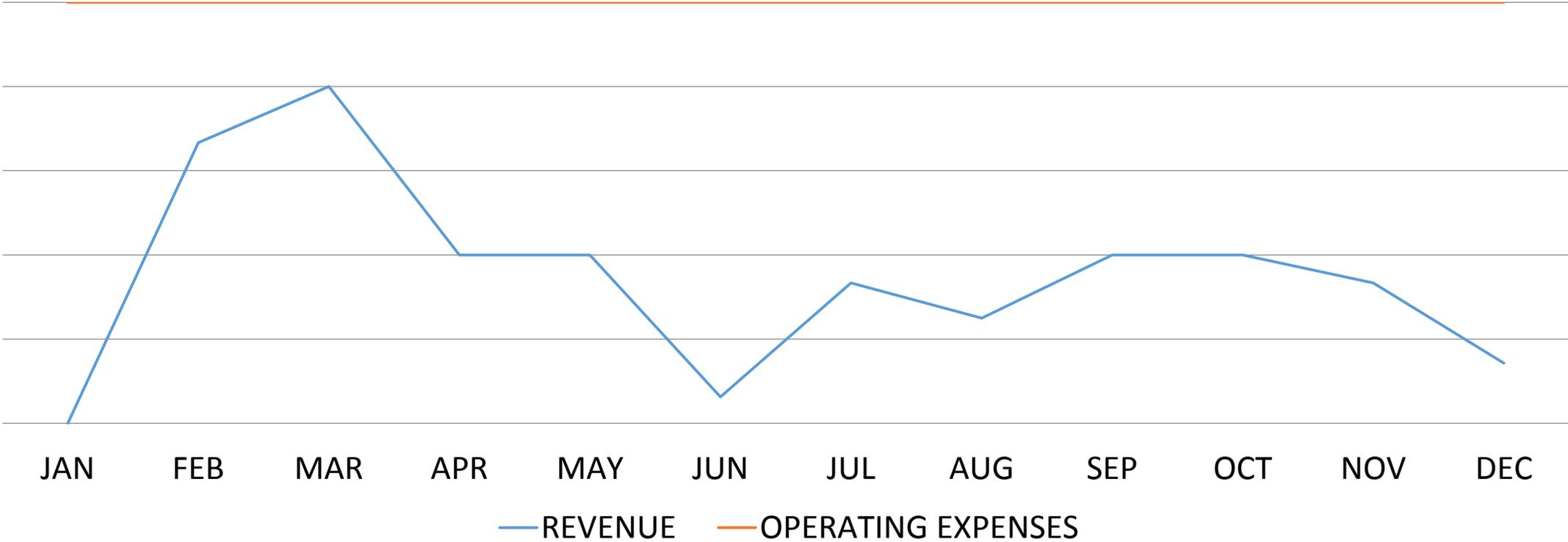
# HEALTH CARE BENEFITS SHOULD BE CONSIDERED AS AN ELEMENT OF WAGES

MINIMUM WAGE RATE	COST OF INSURANCE PER HOUR	TOTAL WAGE RATE
\$8.40	\$2.00	\$10.40
\$9.20	\$2.00	\$11.20
\$10.10	\$2.00	\$12.10

EMPLOYERS ALREADY PAY \$10.40 AN HOUR AT  
PHASE ONE

# CHILD CARE REVENUE FLUCTUATIONS

2014 REVENUE



# OTHER CITIES IN THE STATE OF NEW MEXICO

- THE CITY OF ALBUQUERQUE MINIMUM WAGE ORDINANCE 2013-018 EMPLOYERS WHO PROVIDE HEALTHCARE AND/OR CHILDCARE BENEFITS TO AN EMPLOYEE DURING ANY PAY PERIOD FOR WHICH THE BENEFITS EQUAL TO OR IN EXCESS OF AN ANNUALIZED COST OF \$2,500 SHALL HAVE A LOWER HOURLY RATE.
- SANTA FE LIVING WAGE ORDINANCE 28-1-28-1.12 STATES THE VALUE OF HEALTH CARE BENEFITS AND CHILD CARE SHALL BE CONSIDERED AS AN ELEMENT OF WAGES.

# THINGS THE CITY OF LAS CRUCES NEEDS TO CONSIDER...

- THE VALUE OF HEALTH CARE BENEFITS AND CHILD CARE SHOULD BE CONSIDERED AS AN ELEMENT OF WAGES TO MEET \$10.10 WAGE ORDINANCE.
- HOLD OFF NEXT PHASE INCREASE UNTIL AN IMPLEMENTATION OF A STATEWIDE INCREASE.