

MEMORANDUM

TO: Mayor and Town Council
FROM: The Town of Chapel Hill Employee Forum
SUBJECT: Response to the request of Mark Kleinschmidt and Sally Green
DATE: June 8, 2009

BACKGROUND

At the request of Councilman Mark Kleinschmidt and Sally Greene, the Employee Forum met to discuss the Living Wage recommendation made by the Orange County Organizing Committee (OCOC). The OCOC is recommending that the Town adopt a Living Wage Policy at the rate of \$13.00 per hour.

Amy Oland and Rae Buckley, who are members of the committee assembled by Town Manager Roger Stancil to review the policy, met with the Employee Forum and gave an overview of the Living Wage Policy recommendation and how the dollar amount was calculated.

ISSUES RAISED

While the Forum recognizes that there are only a small number of employees that are impacted by the increase, the Forum still had several concerns. The following is a list of the issues and questions that the Forum had with the \$13.00 Living Wage Policy.

- If the Town only increases pay for employees below the recommended wage it will not do anything to improve the pay of those above the recommended level. The Town pay system is based on the value of the employee's contribution to the Town. By not increasing pay across the entire pay scale system, the Town would be devaluing the work of those employees who are already above the recommended level.
- Pay issues revolving around pay compression have plagued many Departments in the Town for years. Starting / Entry Level salaries have been raised to stay competitive with other municipalities in the area without equivalent adjustments being made across the entire pay scale. Employees with seniority have not seen adjusted pay and often times find themselves in a position where there are no growth opportunities or ways to increase their compensation. The end result is that the Town loses valuable and experienced employees to another municipality or job where the pay is either equivalent or better than they are being compensated by Chapel Hill. The Town loses the financial and time investments in the training of those employees who leave. This costs the Town more money as it's yet another new employee they have to retrain/educate while reducing the level of service provided until the new employee is brought up to speed.

- The Forum does not believe that \$11.06 would be a practical level of compensation for an employee to live on in Chapel Hill. This level of pay would qualify an employee for public housing, which would cost tax payers even more money than increasing per hour pay to a more reasonable level.
- The average field employee's wage will allow an employee to live with in the "middle class" level of society if that employee is will to reside outside of Chapel Hill, in areas such as Alamance County or Chatham County. By residing in these areas, employees can not participate in the use of many of the Town's benefits such as easy access to the Public Transportation System, park system and library.
- The Town has what is considered to be a balanced budget for the following physical year. It is common knowledge that no raise is scheduled for this year. If the Town were to implement the "Living Wage" adjustment as proposed, where would the funding come from? Or more clearly stated, what would be cut from the budget and would it only effect the respective Departments or the entire Town.
- If the Town implements a "Living Wage" adjustment it would provide some reasonable level of positive media coverage for elected officials but it would not provide a true adjustment that would impact the average Town employee. Adjustment of the entire pay scale to compensate for years of salary compression would show that the Town actually cares about the average Employee.

RECOMMENDATION

The Forum concluded that the concept of a "Living Wage" would create more problems then it is worth. However, the Forum does realize that there is a need to ensure that the employees of the Town earn a competitive wage. The Forum agrees to support a Town set pay standard of no less than of \$11.06 per hour. The Forum would recommend that the Town consider an adjustment to the entire pay scale system to compensate for the salary compression issues that have plagued the Town for years.