



Department Source: Human Resources

To: City Council

From: City Manager & Staff

Council Meeting Date: January 22, 2019

Re: Report - Missouri Minimum Wage Increase for Calendar Year 2019

Executive Summary

Report to City Council on the City of Columbia's implementation of the State of Missouri's minimum wage increase for Calendar Year 2019 and the need for annual evaluation going forward on adoption of the Missouri rate.

Discussion

Missouri voters approved Proposition B, a five-year phased increase to the Missouri minimum wage, on November 6, 2018. The first increase, from \$7.85 per hour to \$8.60 per hour, was effective January 1, 2019. The law then increases the state minimum wage annually by \$0.85 cents per hour until 2024, when the rate reaches \$12 per hour.

Local governments are exempt from the requirements of Missouri's minimum wage law. The City of Columbia has voluntarily adopted the Missouri state minimum wage since 2008, when the state implemented an annual review and adoption of a Missouri minimum wage. Federal minimum wage is \$7.25 per hour, and the minimum rate the City must recognize.

Only temporary City positions are effected by the 2019 increase in the Missouri minimum wage. Pay ranges for temporary jobs are established annually by the City Manager in January.

All of the positions affected in 2019 are in the Parks and Recreation Department. P&R staff analyzed the impact of the \$0.75 per hour increase for 2019 on the department's temporary personal services budgets, and determined those budgets should be able to absorb the 2019 rate increase with minimal impact to service levels. While it may mean hiring fewer temporary staff, including CARE trainees, the department felt it was important to match the Missouri minimum wage rate due to the difficulty in finding staff for positions; such as, lifeguards, golf courses, sports fields, concessions, etc. Staff recommended that the City voluntarily adopt the new \$8.60 per hour Missouri minimum for 2019 in order to pay a competitive rate to temporary employees.

Increases after 2019 will need to be evaluated on an annual basis for budgetary impact across departments, and to determine whether the City adopts the Missouri rate. The move to minimum increases costs at current service levels, as the attached spreadsheet shows the expected increase to temporary services budgets in just P&R for the General Fund and Recreation Services over five years. However, should the City choose not to match increases in the Missouri minimum wage rate that will create a gap between the private and public



City of Columbia

701 East Broadway, Columbia, Missouri 65201

sector pay rate. The City may not be able to fill temporary jobs which could result in a reduction in services.

Funding to cover the new minimum pay rates will have to be addressed for future years. Some departments, like P&R can increase some fees and charges to partially offset some of the impact, but General Fund departments and divisions may not have that option.

Fiscal Impact

Short-Term Impact: Adopting the Missouri minimum wage increase has the potential to increase temporary personal services budgets. The only department impacted In Calendar Year 2019 is Parks and Recreation: estimate is \$29,401 in the General Fund (CARE) and \$45,771 in the Recreational Services Fund.

Long-Term Impact: Potential increases to City department temporary personal services costs.

Strategic & Comprehensive Plan Impact

[Strategic Plan Impacts:](#)

Primary Impact: Operational Excellence, Secondary Impact: Economy, Tertiary Impact: Social Equity

[Comprehensive Plan Impacts:](#)

Primary Impact: Not Applicable, Secondary Impact: Not applicable, Tertiary Impact: Not Applicable

Legislative History

Date	Action
None	None

Suggested Council Action

Accept the report.