


Date: July 15, 2022

To: Thomas B. Modica, City Manager 

From: Johnny M. Vallejo, Economic Development, Acting Director 

For: Mayor and Members of the City Council

Subject: **Update on Economic Impact Report for Healthcare Minimum Wage**

On June 14, 2022, the City Council directed the City Manager to work with Economic Development to request an Economic Impact Report and report to Council in 60 days regarding the feasibility of and potential benefits and risks of implementing a citywide private healthcare minimum wage increase in Long Beach. The scope was generally described as the economic impact report would explore the potential benefits and risks of implementing a citywide private healthcare minimum wage increase to \$25 for healthcare support workers, direct care workers, and healthcare service workers. Additionally, the City Manager was directed to work with the Economic Development Commission (EDC) to take public input, review the study findings and make a recommendation to the City Council.

Staff reached out to several consultants, and academic institutions, to assist in the development of the proposed report. City staff engaged in numerous conversations to discuss scope and timing, and all entities initially declined to submit a formal proposal. They all expressed considerable concern with the timing, and the type of research and data collection required for a true economic impact report. The Los Angeles County Economic Development Corporation (LAEDC), expressed an interest, but indicated a need to reduce the scope of the report. This would allow a report to be completed to bring back to City Council by August 2, 2022, providing enough time for the Council to consider any actions associated with the November ballot deadlines.

It is important to note that providing a comprehensive analysis of the feasibility of and potential benefits and risks of implementing a citywide private healthcare minimum wage increase in Long Beach was not possible with the August 2, 2022 deadline. The scope generally agreed to by LAEDC includes the following at a cost of \$26,270:

- Task 1: Review of the Minimum Wage Proposal
- Task 2: Minimum Wage Theory and Evidence w/ Concentration on Healthcare Industry
- Task 3: The Healthcare Industry in Long Beach.
- Task 4: Long Beach Relocation/Survival Vulnerability Assessment
- Task 5: Economic Impact Analysis Using Existing Empirical Evidence & Data
- Task 6: Stake Holder Viewpoints
- Task 7: Key Findings

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It is expected that the report will also incorporate analysis from the City Attorney's Office as to who the proposal would apply to.

LAEDC will work to provide a draft report for the Economic Development Commission to review and solicit public input at a special meeting of the Commission on August 1, 2022. In addition to the EDC and public input from that meeting, LAEDC will prepare an electronic survey for the public to be disseminated through various City social media and communications channels. LAEDC will also be soliciting viewpoints from groups such as SEIU-UHW, LB Chamber of Commerce, California Hospital Association, and patients' rights and advocacy groups.

A final report will be presented to the City Council on August 2, 2022, in time to consider a resolution by the August 9, 2022 deadline needed to meet the November ballot requirements if the Council decides to take such action.

On June 6, 2022, proponents of the Long Beach Minimum Wage for Healthcare Workers petition submitted signature for verification. The City Clerk requested the Los Angeles Registrar-Recorder/County Clerk (LARRCC) conduct a full check of signatures on the Long Beach Minimum Wage for Healthcare Workers petition. The LARRCC notified the City Clerk that sufficiency was met and provided a Certificate of Completion. Notice of this Letter of Completion will be brought to the City Council on July 19, 2022.

Upon receipt of this Letter of Completion, the City Council could adopt the ordinance, submit the ordinance for consideration by the voters, or they can request a report such as the one being conducted by LAEDC and take one of the previous two actions upon completion of the report.

If you have any questions, please contact me at (562) 570-5282.

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