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Title: Resolution to Exempt Human Services Nonprofits from Chapter 23 of the City Code: Living Wage Requirements in City Contracts and Grants, for the Remainder of FY2013

Sponsors: Jane Lumm, Sandi Smith

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Resolution to Exempt Human Services Nonprofits from Chapter 23 of the City Code: Living Wage Requirements in City Contracts and Grants, for the Remainder of FY2013

During the recent contract amendment process for the FY2013 Coordinated Funding Program Operations grants, staff received its first formal request to waive the City’s living wage requirements due to economic hardship. While numerous nonprofit providers have indicated their long-standing concerns with this City ordinance, an effort to request exemption specifically for human services nonprofits has not previously been documented.

Certainly, the nonprofit community agrees with City policymakers that the philosophical underpinnings of the living wage policy are sound - that we seek to ensure economic prosperity and self-sufficiency for our community members. However, the unintended consequences of this policy as written, along with the worst economic environment seen since the Great Depression, have led numerous nonprofit organizations to struggle with its implementation.

Specifically, City of Ann Arbor living wage rates have increased 18% since 2008 (from \$10.33 to \$12.17), while the City’s investment in human services has decreased 11% (from \$1.39 million to \$1.24 million) - and at a time when demand for services is increasing steadily and external resources have also seen sharp declines.

Mary Jo Callan, Director, Office of Community & Economic Development (OCED)
Andrea Plevak, Human Services Policy Specialist, OCED

Whereas, The City of Ann Arbor adopted a Living Wage Ordinance in 2001 with the intent to, among other purposes, “permit hardship exemptions for certain nonprofit employers from this chapter;”

Whereas, The City of Ann Arbor living wage rates for employees with benefits has increased from \$10.33 per hour in 2008 to \$12.17 per hour in 2012, an increase of 18%;

Whereas, The City of Ann Arbor investment in human services nonprofits has declined from

approximately \$1.39 million in 2008 to \$1.24 million in 2012, a decrease of 11%;

Whereas, local nonprofits continue to see increased demand for services and sharp declines in external funding awards;

Whereas, The Housing and Human Services Advisory Board along with its City Council representatives and interested members of the public will devote their time and expertise to a review of this policy and its impacts on the nonprofit community in the coming months;

RESOLVED, That human services nonprofits will be exempt from the provisions of Chapter 23 of the City Code, Living Wage Requirements in City Contracts and Grants, for the remainder of FY2013 due to demonstrated economic hardship, during which time staff, the HHSAB and City Council will explore policy changes to ameliorate the adverse effects of the ordinance as written on human service nonprofits; and

RESOLVED, That the City Administrator, or his designee, is authorized to take necessary administrative actions and to execute any documents necessary to complete this transaction and to implement this resolution.

Sponsored by: Councilmembers Lumm and Smith