

DATE: October 15, 2021

TO: Atlanta Regional Workforce Development Board

FROM: Rob LeBeau, Director - ARWDB

CC: Henry Charlot, Business Services Manager

SUBJECT: PROPOSED ACTION – Approval of the Living Wage Policy Update

Requested Action (What)

To approve changes to the minimum wage for Work Based Learning programs. The rate currently stands at \$13.63 per hour. An increase to \$15.00 per hour is recommended.

Reason (Why)

WIOA incentivizes employers to meet their workforce needs and offer opportunities for workers to learn with increased reimbursement rates for on-the-job and other work-based training programs. In addition, Georgia targets in-demand occupations that pay an above-average entry-level wage, which are considered strong options for pursuing a successful career. As such, local workforce boards are empowered to determine which jobs and training programs it will support financially. Mandating a living wage supports overall Federal, State, and local workforce and economic development goals and objectives. The ARWDB has reviewed and adjusted its Living Wage Policy annually since 2016. The MIT Living Wage Calculator is used as the basis for adjustment. The MIT Living Wage Calculator establishes a rate that is determined to be the amount that an individual working full time would need to support themselves. The MIT rate for metro Atlanta currently stands at \$16.56. Since 2021 MIT Living Wage rate is significantly higher than the current rate (\$13.63), the recommendation is to make an incremental increase to \$15.00 and reassess the rate in 2022.

Timeframe (When)

The policy, if adopted, will go into effect immediately for any new work-based learning contracts written thereafter and remain in effect until the policy is next updated.

Impact (Who and How Much)

Both the companies who use our Work Based Learning programs and the trainees that are hired are impacted. The policy supports a living wage, and strategically targets jobs that pay at least this much. Though companies are required to pay a minimum amount to participate, it is noted that the market rate is typically higher than our required minimum for most occupations.

Recommendation

The Business Services Committee met on October 4, 2021, to consider adjusting the Work Based Learning program rate. The Business Services Manager raised a concern that in the current COVID and economic operating environment, such a large increase (to the MIT Living Wage rate of \$16.56) might limit participation in work-based learning programs. This is particularly true for small businesses, which make up a large part of our current client base. From recent hiring events, it has been noted that \$15 to \$17 is the rate at which companies have been able to fill open positions. Companies paying less have not been successful in hiring in the current environment. Given the current operating environment as detailed above, the Business Services team recommended an increase in the minimum wage from the current \$13.63 to \$15.00 per hour. While less than the MIT rate, it is still below the currently observed market rate for jobs in high demand industries.

In considering the recommendation, the Business Services Committee wanted to ensure that there was a rationale and justification for departing from the usual basis for adjustment (the MIT rate), so that the decision was not subjective. Committee discussion points included current concerns about inflation possibly being reflected in the MIT rate, uncertainty about changes that would occur as the labor market adjusts to the COVID economy over the next year, and the observed starting rates for apprenticeship and other technical professions. In considering all of the above factors, the Business Services Committee voted in favor of adjusting the rate to \$15 per hour, as an interim step over the next year, with the intent to raise it to the MIT rate over time.