

FY 2023-2024 BUDGET QUESTION
Response to Request for Information

DEPARTMENT(S): Financial Services Department- Budget Office

CBQ NO.: 090

REQUESTED BY: Fuentes

DATE REQUESTED: 07/19/2023

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REQUEST: What is the plan for the city to reach a living wage of \$22 per hour and subsequently \$27? What would be the cost to increase the min wage to \$21/hr in this budget?

RESPONSE:

The Human Resources Department's recommended methodology for determining the living wage in future fiscal years is to increase it from the FY 2023-24 proposed level of \$20.80 by applying the year-over-year increase in the Consumer Price Index (CPI) for Texas (which is an average of the CPI series for Dallas and Houston), subject to the following additional considerations:

- The living wage will not decrease in the event growth in CPI is less than zero.
- The living wage increase will not exceed the City's Across-the-Board (ATB) increase for that fiscal year.

The annual increase in the Texas CPI was 6.4% as of the date of calculation for FY 2023, while the proposed ATB increase for the City was 4%. Therefore, in accordance with this recommended methodology, the FY 2023-24 Proposed Budget included a planned increase in the living wage of 4%, from \$20.00 to \$20.80 per hour.

Utilizing this methodology, staff currently project that the living wage would exceed \$22.00 per hour by October 2025, the first month of fiscal year 2025-26, and that it would exceed \$27.00 per hour by October 2032, the first month of fiscal year 2032-33.

Increasing the LW to \$21.00 would cost \$1.5M to the General Fund, and \$3.1M for all funds in FY24. For the General Fund, \$1.3M is to address compression, and \$0.2M would be for temporary employees.