

Minimum Wage and Workforce Development in the Nonprofit Sector

Presenters

Peter Callstrom, President and CEO, San Diego Workforce Partnership

Clare Crawford, Executive Director, Center on Policy Initiatives

Michael Rowan, President and CEO, Goodwill San Diego

Facilitator

Laura Deitrick, PhD, Director, Nonprofit Institute, University of San Diego

Topics Discussed

The new California law that increases the minimum wage to \$15 per hour has been a contentious subject of debate among nonprofit leaders and others across the state. Many nonprofit leaders are in favor of the increase because it has the potential to improve the lives of many low-income individuals and the communities they serve. However, other nonprofit leaders are concerned about how the wage increase will impact their organization's budget and long-term sustainability. In this session, presenters and participants participated in a dialogue about the facts, benefits, and challenges that a minimum wage increase may create in our San Diego communities.

Key Takeaways

A number of nonprofit key informants from several human service organizations, foundations, news agencies, and human resource professionals voiced their diverse and somewhat controversial ideas. Some of the nonprofit organizations, especially those who rely mostly on government funding or employ people with disabilities, stated that the minimum wage moving to \$15/hour, coupled with the double minimum wage requirement which includes exempt employees, will be devastating for their organizations in upcoming years. This change may be the greatest threat in decades to some organizations' viability. Some participants were neither for nor against the minimum wage increase but wondered how it would affect both nonprofits and small businesses.

Social Justice

The Center on Policy Initiative's (CPI) Executive Director, who advocates for the working poor, emphasized the importance of a local minimum wage increase from a social justice and economic standpoint. In San Diego County, one out of four families are under-employed, which is worse than pre-recession levels. CPI believes that the nonprofit sector can be leaders and set examples for others in the job market to provide good working conditions and self-sufficiency standards for their employees. No increase in the minimum wage for years has hurt the standard of living of millions of employees by forcing them to take on second and even third jobs to survive the high cost of living. Some working families are finding it difficult to afford transportation for their kids to attend college. Raising the minimum wage is a matter of economic fairness. Low-wage workers have been most impacted by the economic inequality that has risen in recent decades.

Creative Strategies

Michael Rowan, CEO of Goodwill San Diego, discussed their business model for resolving budgetary challenges by diversifying revenue sources. Creative strategies need to emerge in the sector that allow organizations to attract and retain employees through the development of a mission-driven culture that empowers employees. Raising money from private sector and philanthropies may help offset the gap but definitely will not be enough to cover all of the extra costs. Participants also discussed the urgent need for nonprofit organizations to build and strengthen alliances to engage effectively in income-threshold lobbying and advocacy at the state level.

Inflation concerns

Participants raised concerns about the possibility of inflation due to the wage increase and how the government would manage it. The founder of Dreams for Change stated that historically increasing minimum wage has not led to inflation because when low-income employees make more money they spend more, which results in economic growth. Contrary to some misguided talking points that claim an increase in minimum wage would hurt workers and the economy, research shows quite the opposite. Raising the minimum wage would not affect the unemployment rate but could actually mean a financial lift for low-income working Americans and stimulate the economy.

Collaboration

The need for a sector-wide partnership to create strong alliances and advocate effectively was discussed. Currently, there is a lack of infrastructure for nonprofit membership in associations in San Diego. Building a strong connection with the Chamber of Commerce, especially with the Hispanic Chamber of Commerce, was proposed. Lastly, the majority agreed that it is very important for members of the nonprofit sector to be vocal in the public dialogue about increasing the minimum wage.

Summarized by:

Azadeh Davari, Doctoral Research Assistant, Caster Center, USD