

VIEWPOINT

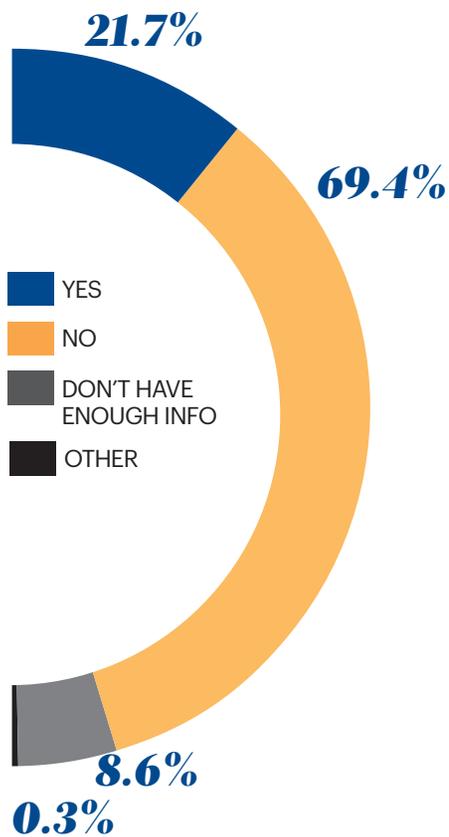
Triad Business Journal welcomes letters to the editor

Send letters to Triad Business Journal
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► BUSINESS PULSE SURVEY

WE ASKED

DO YOU APPROVE OF THE N.C. SENATE'S PLAN TO SPLIT SALES TAX REVENUE 50/50, A CHANGE AIMED AT HELPING RURAL COUNTIES?



THIS WEEK'S QUESTION

IT SEEMS A POLITICAL REALITY THAT BIG DONORS OFTEN GET SPECIAL ACCESS TO THE POLITICIANS THEY SUPPORT. DO YOU APPROVE?

POINT OF VIEW

Wages of change: Greensboro shifts view on employee pay

This month the Greensboro City Council passed a resolution directing the city to pay a "minimum wage" to city employees. Workers who don't receive benefits (not counting part-time workers at the Greensboro Coliseum) will receive a minimum of \$10 per hour. For benefited positions, the minimum will be \$12 per hour. In addition, the city adopted a goal of raising the minimum to \$15 by 2020.

What a difference 15 years makes! In 2000, the council rejected a proposed "living-wage ordinance" (LWO) that also would have required the city to pay at least a target wage to a subset of its employees.

The council created a Living-Wage Study Committee in 1999 to evaluate an LWO. I chaired that committee. The council took our lowest-cost recommendation and rejected it handily by a 6-2 vote. In contrast, this month's resolution passed 7-2.

The committee didn't recommend whether an LWO should be enacted, as that was a political decision. Instead, we set as our task to advise the council on the proper structure of such an ordinance, if one were to be enacted.

Unlike this month's resolution, the LWSC recommended a bigger increase for workers not receiving benefits. The committee felt that because such workers pay for their own benefits, the living wage should be 15 percent higher in order to compensate them for that. For some reason, the current resolution



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reverses that reasoning.

Another difference is that the 2000 LWO would have included employees of city contractors, though only while they worked on city contracts. Our reasoning was that failing to include contract workers would create an incentive for the city to outsource work to them. The committee felt that an LWO should neither encourage nor discourage outsourcing.

Including contract workers increased the cost of the 2000 LWO. Consequently, it will be interesting to see if the council's new resolution leads to more outsourcing in the future. If budget-constrained managers try to cut costs by hiring contractors who pay lower wages, then the benefit of this resolution will be smaller.

Looking at city workers only, and comparing things on an apples-to-

apples basis, the new resolution will be cheaper than the LWO would have been. More city employees would have been affected by the wage increase in 2000, which suggests that in spite of the rejection of the LWO, the city has done a good job of increasing wages during the last 15 years.

Even with the differences, it's striking that sharp rejection 15 years ago has morphed into strong approval. Part of it may be cost. The new resolution is projected to cost about \$267,000, as compared to the \$544,000 cost (uncorrected for inflation) of the LWO option rejected in 2000.

But there is also a greater awareness now of income inequality and its implications. Occupy Wall Street got us talking about "the 1 percent," and French economist Thomas Piketty changed the way economists and others view inequality. At the same time, state governments such as North Carolina's are enacting controversial laws that shift the tax burden toward poor people.

What effect will the Greensboro resolution have? We needn't worry about the silly concern that it will place Greensboro at a competitive disadvantage relative to other cities. It won't, though it might nudge private-sector service wages up at the low end. The resolution's greatest effect will probably be improved worker loyalty. And it may send a signal that Greensboro is a humane and people-centered place. Perhaps that's worth something.

► GAINERS & LOSERS



FILE PHOTO

▲ TRIAD HEADQUARTERS

Monsanto decides to drop aggressive pursuit of Syngenta, easing concerns that Syngenta's North American headquarters in Greensboro could be negatively impacted.



FILE PHOTO

▼ FAMILY BUSINESS

After 127 years of family ownership, Belk department stores strikes deal to sell to New York equity firm, Sycamore Partners.



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▲ A STEP UP FOR EXPORTS

North Carolina gets \$746,800 federal grant to help companies increase export sales. The grant was one of 40 issued by the U.S. Small Business Administration's State Trade and Export Promotion (STEP) program. For more info, email STEP@sba.gov.



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▼ CORN ON THE COB

Condition of North Carolina's corn crop deemed "worst in nation" because of cold weather in spring and drought conditions during critical period in June. Besides higher corn prices, could also drive up cost of meat produced in the state.