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## Protests Seek to Replicate Success in Seattle

Allen Smith 9/4/2014

Labor accomplished its \$15 minimum wage objective earlier this year in Seattle. On Sept. 4, 2014, protests at fast-food restaurants across the country are calling for more businesses to meet that new gold standard.

The Seattle minimum wage of \$15 per hour is to be phased in over three to seven years (</legalissues/stateandlocalresources/pages/states-minimum-wage-2014.aspx>), depending partly on the size of the business.

“Working people in Seattle fought for and won a \$15 minimum wage for 100,000 people and other cities are poised to do the same,” said Service Employees International Union (SEIU) President Mary Kay Henry on Labor Day 2014, Sept. 1. “Fast-food workers have joined together to fight for \$15 an hour, and are ready to take their campaign to the next level. They have been joined by home care workers, adjunct professors, airport workers, security officers, hospital workers, Wal-Mart workers and other service-sector workers [who] are standing up and sticking together.”

A central message of the “Fight for 15” movement is that the more than 4 million people in the fast-food industry aren’t just teenagers. “Their average age is 28. Many of these workers have children and are trying to support a family,” Henry has asserted. “The median wage (including managerial staff) of \$9.08 an hour still falls far below the federal poverty line for a worker lucky enough to get 40 hours a week.”

She noted last year that McDonalds earned \$5.5 billion in profits in 2012, and “other fast-food restaurants and retail chains are similarly profitable. They can afford to raise wages.”

### **\$15 an Hour Too High?**

But “the \$15 per hour is not very realistic,” remarked Michael Lotito, an attorney with Littler in San Francisco. “Government reports indicate an increase in the minimum wage will have a negative impact on business. Other economists dispute these findings. But clearly franchisees often operate with tiny margins so any increase in pay has to be offset with higher prices, less job creation, reduction in hours, automation improvements or some combination of all of the above to make up the difference.”

He noted that Seattle is not yet in the implementation stage and that a lawsuit has been filed by the International Franchise Association challenging the impact the law has on franchisees “as it commingles the number of employees with the franchisor to come up with the minimum 500-employee threshold for purposes of the three-year implementation.”

“A raise in the minimum wage to \$10.10 is the break-even for a restaurant [in terms of] earnings before interest, taxes, depreciation and amortization (EBITDA),” noted Eric Oppenheim, chief operating officer and franchisee at Republic Foods Inc. in Rockville, Md. “And a \$15-an-hour wage would equate to a -14.9 percent EBITDA. One cannot ignore the laws of economics, and small, entry-level and retail business cannot support mandatory wage hikes that aren’t market-driven.”


### **Appealing Issue for Progressives**

However, raising the minimum wage “is appealing to progressives,” Lotito said. “Democrats, including the president, are hoping that the minimum wage narrative and activities surrounding them will increase voter turnout in November, increasing the chances that the Democrats will retain control of the Senate and not lose significantly more ground in the House.”

“The more attention that SEIU and the work center organizations bring to this issue, the greater the likelihood there is of a higher minimum wage,” remarked Jerry Glass, president of F&H Solutions Group, an HR and labor relations consulting firm in Washington, D.C. “This does not mean minimum wages will be \$15 per hour across the country, but it does mean we should expect [that the] local, state and even the federal minimum wage will continue to climb.”

This is especially true, he said, in cities with high costs of living and whose citizens are generally thought to be progressive, such as Seattle.

*Allen Smith, J.D., is the manager of workplace law content for SHRM. Follow him @SHRMlegaleditor (<https://twitter.com/SHRMlegaleditor>).*

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