

# Ordinance No. 802-2023

**By Council Members Kelly, Slife, Maurer  
and Griffin**

## AN EMERGENCY ORDINANCE

To amend Section 189.02 of the Codified Ordinances of Cleveland, Ohio, 1976, as amended by Ordinance No. 1589-06, passed September 25, 2006, relating to the Fair Employment Wage.

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WHEREAS, the City of Cleveland became an early leader in requiring living wages for workers by passing the Fair Employment Wage law, Chapter 189 of the Codified Ordinances in 2000; and

WHEREAS, during the recession in 2006, the City of Cleveland amended Codified Ordinance Section 189.02 of the Fair Employment Wage law, by passing Ordinance No. 1589-06 on September 25, 2006, to suspend the annual inflation index adjustment rate, freezing the living wage at the \$10.00 per hour rate in effect on September 30, 2006; and

WHEREAS, even though the City of Cleveland pays its employees over \$15.00 per hour, the Fair Employment Wage rate, that also applies to employees of covered employers contracting with or receiving financial assistance from the City, remains at \$10.00 by codified ordinance and is now below Ohio's increased \$10.10 per hour minimum wage; and

WHEREAS, the Massachusetts Institute of Technology Living Wage Calculator finds that \$15.33 is a living wage for an individual in the Cleveland Metropolitan Statistical Area (MSA), while the living wage for an adult with one child is \$33.89 – more than double; and

WHEREAS, other Ohio cities of Lakewood, Cincinnati, Columbus, Toledo and Dayton have living wage ordinances and/or policies that require wages of at least \$15.00 per hour and annual adjustment rates, with some rates depending on health insurance coverage; and

WHEREAS, in order to help create more living wage jobs and address widespread poverty in our City where inflation affects low-wage workers most severely, this Council and the Administration desire to increase the Fair Employment Wage law rate to \$15.33 subject to annual inflation adjustments according to the Consumer Price Index for

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Northeast Ohio, as published by the Bureau of Labor Statistics, U.S. Department of Labor; and

WHEREAS, this ordinance constitutes an emergency measure providing for the usual daily operation of a municipal department; now, therefore,

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF CLEVELAND:

Section 1. That Section 189.02 of the Codified Ordinances of Cleveland, Ohio, 1976, as amended by Ordinance No. 1589-06, passed September 25, 2006, is amended as follows:

Section 189.02      Fair Employment Wage

All Covered Employers shall pay no less than the Fair Employment Wage to Covered Employees. Determination of the Fair Employment Wage shall be in accordance with the following:

(a) *Amount of Fair Employment Wage:*

(1) The Fair Employment Wage shall be calculated on an hourly basis and shall be at least eight dollars and twenty cents (\$8.20) per hour beginning January 1, 2001; eight dollars and seventy cents (\$8.70) beginning October 1, 2001; and nine dollars and twenty cents (\$9.20) beginning October 1, 2002. As of October 1, 2023, the annual Fair Employment Wage shall be at least fifteen dollars and thirty-three cents (\$15.33). Thereafter, the Fair Employment Wage shall be adjusted by the City of Cleveland on an annual basis, beginning October 1, ~~2003~~ 2024 and each year thereafter in proportion to the Consumer Price Index for Northeast Ohio, as published by the Bureau of Labor Statistics, U.S. Department of Labor. ~~As of October 1, 2006, the annual adjustment shall be suspended at the rate in effect on September 30, 2006, until further action is taken by Council.~~

(2) Tipped employees, i.e., employees for whom a substantial portion of their compensation consists of tips or gratuities, shall be paid an hourly wage which, when combined with the compensation received in tips, will at least equal the Fair Employment Wage.

(b) All employees working for the City shall be paid at least a Fair Employment Wage. Work being performed by City employees at the time of the effective date of this chapter may not be contracted out unless the contractor pays employees performing that work the Fair Employment Wage or the current wages and benefits being paid to workers doing that or similar work, whichever is higher, regardless of the number of employees.

(c) Any new jobs created by the City that are not currently being performed by City employees as of the effective date of this ordinance must be paid a fair employment wage if contracted out, regardless of the number of employees.

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(d) *Health Care Incentives:*

(1) In order to encourage Covered Employers to provide reasonable health care coverage to their employees, the City shall provide the following incentives to Covered Employers:

A. Applicable Departments shall consider the fact that a Service Contractor provides or agrees to provide during the course of the Service Contract reasonable health care insurance to Covered Employees working thirty (30) or more hours a week as a factor in determining the lowest and best or lowest responsible bid for any Service Contract. If a Service Contractor can demonstrate that it has offered reasonable health care insurance to its employees but as a group the employees have refused the health care insurance coverage, the Service Contractor is entitled to the same consideration and treatment in the bidding process as a Service Contractor who provides or agrees to provide reasonable health care insurance. The Division of Purchases and Supplies shall promulgate regulations for the evaluation of bids and proposals that provide for meaningful consideration of the offering of reasonable health care insurance in determining the lowest and best or lowest responsible bid. Such regulations must be reviewed and approved by Cleveland City Council.

B. Applicable Departments shall offer additional financial incentives to Recipients of Assistance who will provide reasonable health care insurance to their Covered Employees working thirty (30) or more hours a week during the term of the contract for Assistance. Examples of such incentives include: more favorable terms for a loan, such as a lower interest rate; a higher percentage of taxes to be credited or abated; a higher amount for a grant, etc. Whether or not such incentives have been offered; the reasons for offering or not offering such incentives; the terms of such incentives, if offered; and any evidence of the intent of the proposed Recipient of Assistance to provide reasonable health care insurance shall be a part of the information provided by the Applicable Department to Cleveland City Council for consideration in connection with any ordinance authorizing a contract for Assistance.

(2) In order to qualify a Covered Employer for an incentive as provided in the previous section, the reasonable health care insurance provided to employees must be comparable to a family health care insurance plan provided by the City to its employees.

(3) Evidence of the offer or provision or the intent to provide or offer reasonable health care insurance benefits qualifying a Covered Employer for such incentives shall lie submitted to the Applicable Department upon request.

Section 2. That existing Section 189.02 of the Codified Ordinances of Cleveland, Ohio, 1976, as amended by Ordinance No. 1589-06, passed September 25, 2006, is repealed.

Section 3. That this ordinance is declared to be an emergency measure and, provided it receives the affirmative vote of two-thirds of all the members elected to Council, it shall take effect and be in force immediately upon its passage and approval by the Mayor; otherwise it shall take effect and be in force from and after the earliest period allowed by law.

/jho 7-12-2023

FOR: Council Members Kelly, Slife, Maurer and Griffin

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**REPORT  
after second Reading**

**By Council Members Kelly, Slife, Maurer and Griffin**

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**READ FIRST TIME on JULY 12, 2023**  
**and referred to DIRECTORS of Finance, Law;**  
**COMMITTEE on Finance, Diversity, Equity and Inclusion**

**REPORTS**

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**CITY CLERK**

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**READ SECOND TIME**

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**CITY CLERK**

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**READ THIRD TIME**

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**PRESIDENT**

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**CITY CLERK**

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**APPROVED**

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**MAYOR**

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**PASSAGE RECOMMENDED BY  
COMMITTEE ON  
FINANCE, DIVERSITY, EQUITY  
and INCLUSION**

FILED WITH COMMITTEE

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