

# Raising labor standards at the local level

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**Marin Employment Connection Fireside Chat**

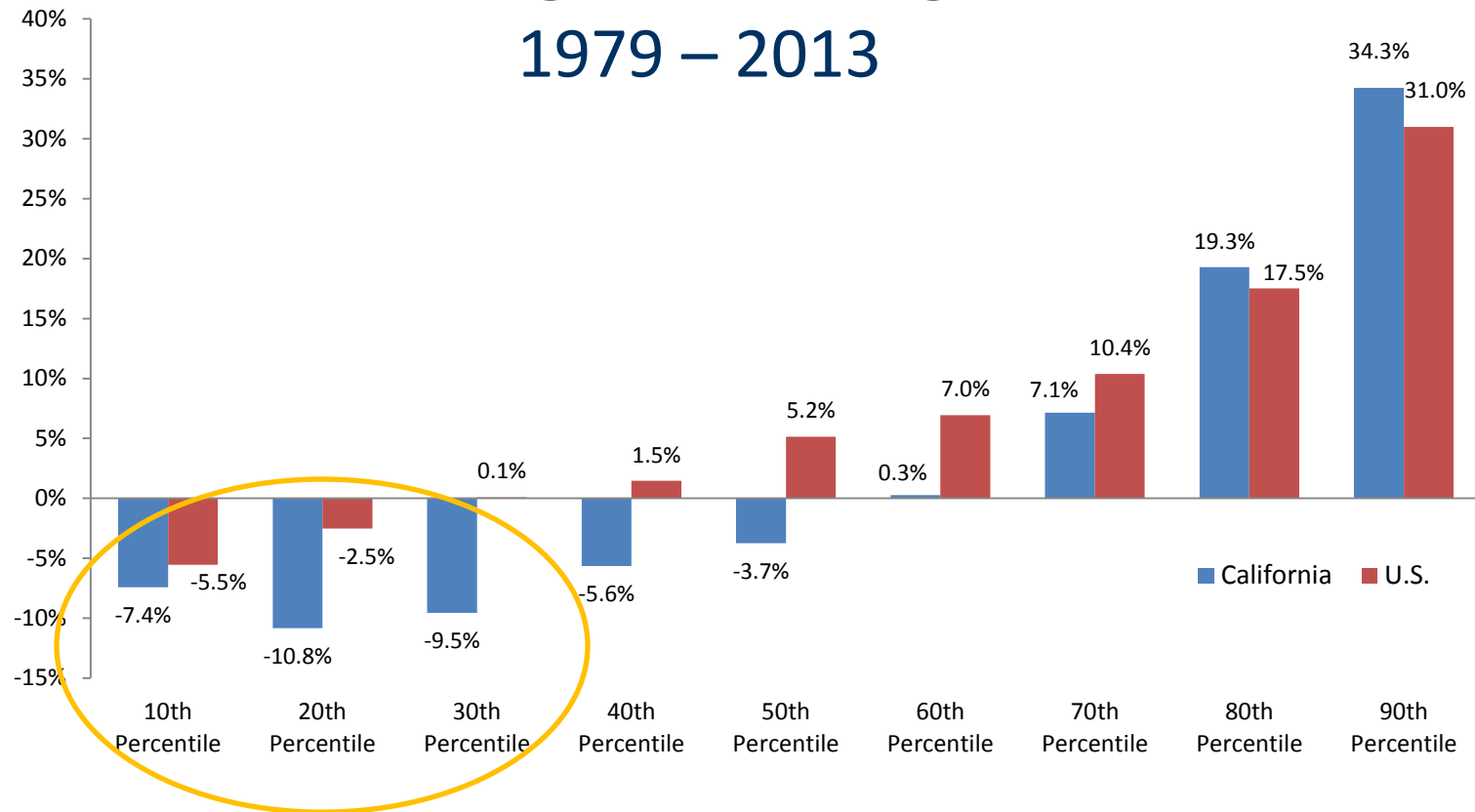
**November 5, 2015**

# Outline

- **The rise of local minimum wage laws**
- **Impacts of local minimum wage laws**
- **Policy considerations**

# Real wages have fallen for the bottom half of the workforce

## Change in real wages 1979 – 2013





**“ In the year since I asked this Congress to raise the minimum wage, five states have passed laws to raise theirs.**

**To every mayor, governor, and state legislator in America, I say, you don't have to wait for Congress to act; Americans will support you if you take this on.”**

**President Barack Obama  
2014 State of the Union Address**

# Bay Area minimum wage laws

	Final Minimum Wage	Date of Final Minimum Wage	Projected 2020 Minimum Wage
<b>Berkeley***</b>	\$12.53	10/1/16	\$12.53
<b>El Cerrito</b>	\$15.00	1/1/2019	\$15.35
<b>Emeryville <i>large businesses</i> (more than 55 employees)</b>	\$14.44	7/1/15	\$16.30
<b>Emeryville <i>small businesses</i> (55 or fewer employees)</b>	\$15.00	7/1/18	
<b>Mountain View</b>	\$15.00	1/1/18	\$15.70
<b>Oakland</b>	\$12.25	3/1/15	\$13.83
<b>Richmond****</b>	\$13.00	1/1/18	\$13.64
<b>San Francisco</b>	\$15.00	7/1/18	\$15.70
<b>San Jose</b>	\$10.00	3/11/13	\$11.63
<b>Sunnyvale</b>	\$10.30	1/1/15	\$11.63

All laws except Berkeley's include cost-of-living adjustments after the final legislated step.

‡ American Community Survey 5-Year Estimates 2009-2013 Table 08521, California Budget Project, U.S. Department of Housing and Urban Development

\* Self-Sufficiency Wage is determined by the California Budget Project and based on a 2-adult and 2-child family with both adults working full-time.

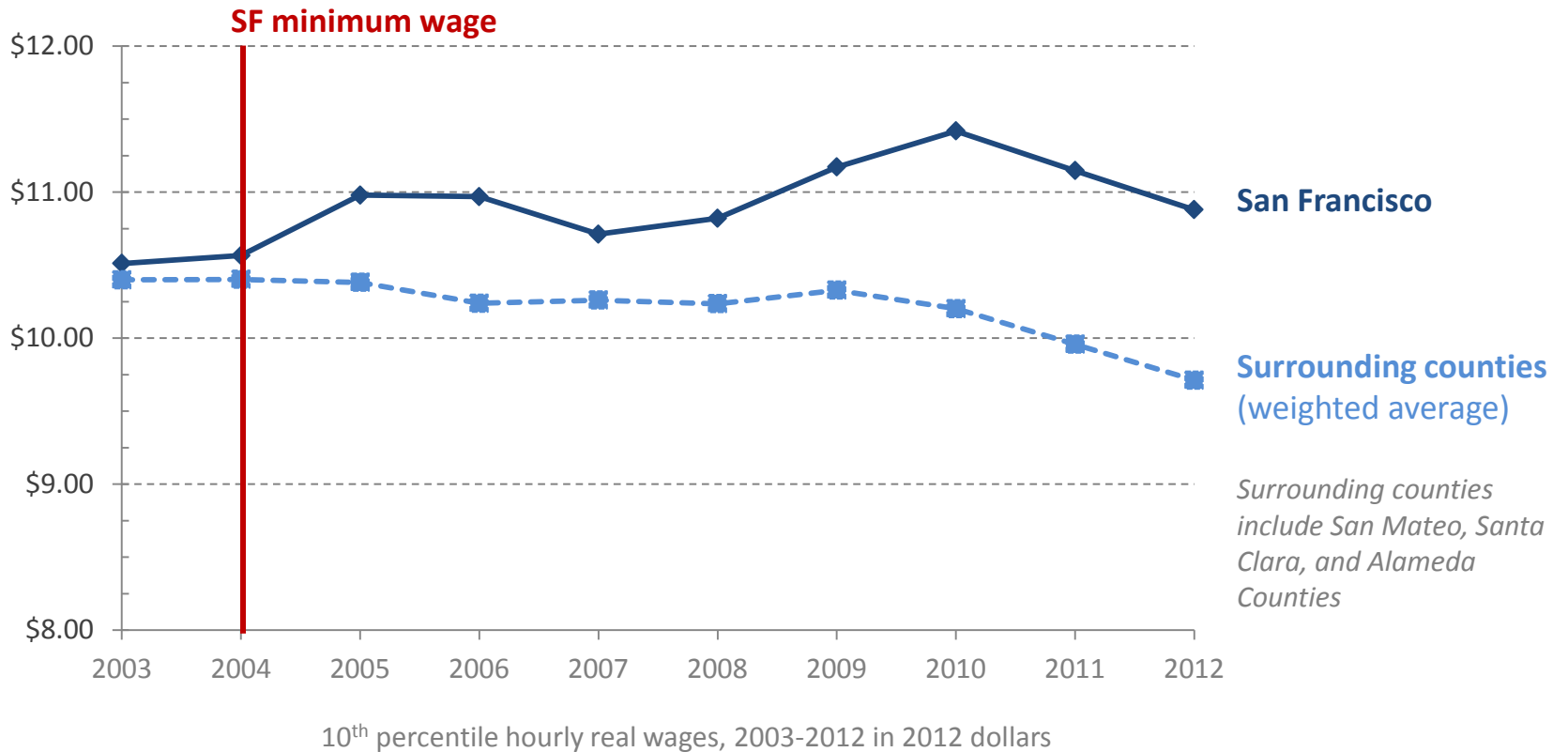
\*\* Fair Market Rent is determined by the U.S. Department of Housing and Urban Development and defined as the 40th percentile gross rent (including utilities) in a county.

\*\*\* Berkeley's minimum wage law exempts nonprofit organizations for the first year.

\*\*\*\* Richmond's minimum wage law allows employers that derive more than 50% of their income from transactions where goods and services produced in Richmond are shipped outside the city to pay an "intermediate" minimum wage that is the midpoint between the state and the city minimum wages. In addition, it exempts businesses that pay for less than 800 hours of employee labor during any two-week period.

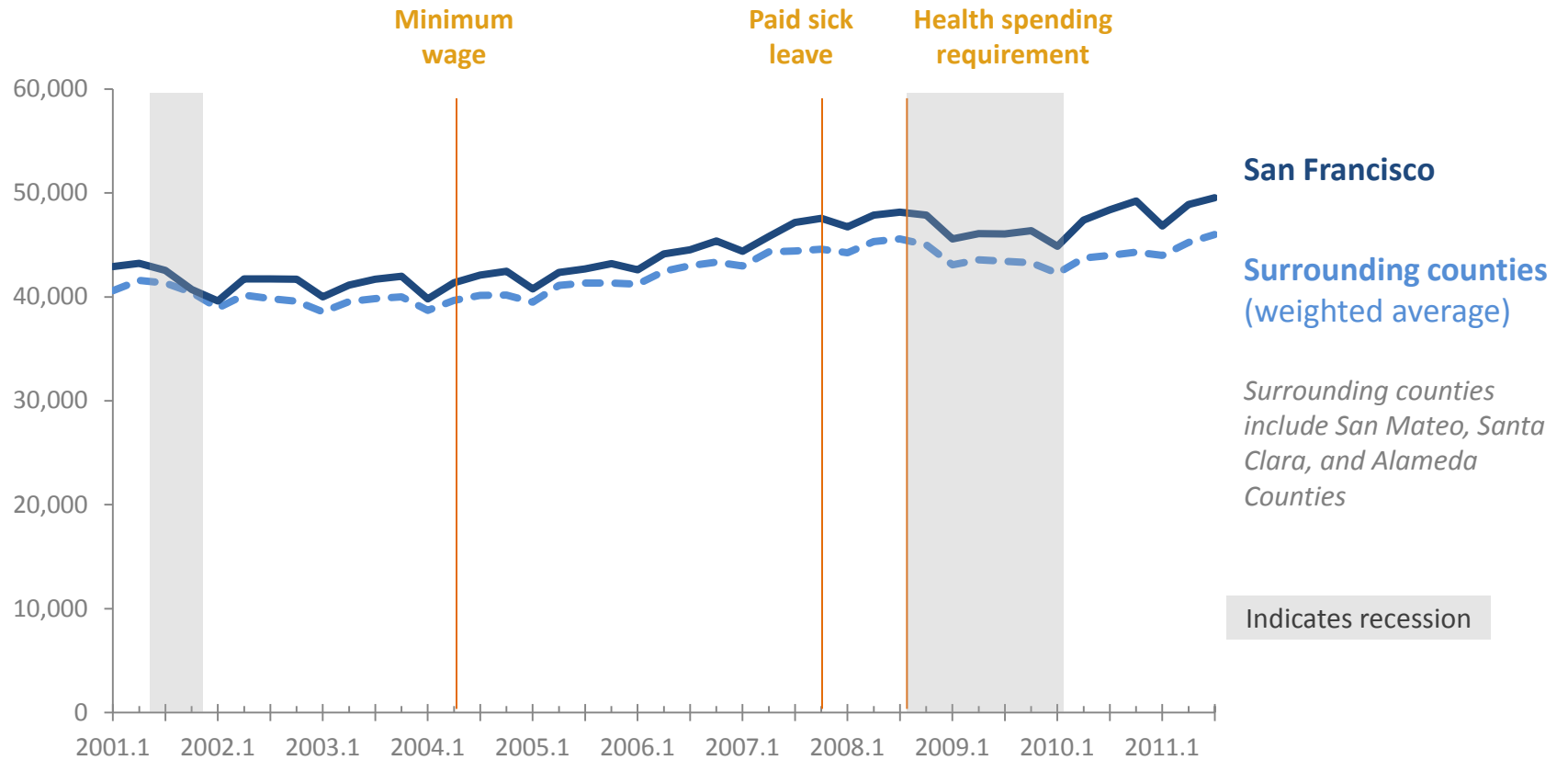
# Real wages fell for the lowest-paid workers in the rest of the Bay Area, but grew in SF

Inflation-adjusted hourly wages for the lowest 10<sup>th</sup> of Bay Area workers



# Restaurant employment in San Francisco strong relative to surrounding counties

## San Francisco Bay Area restaurant employment by county



# Impact on the economy

## Multiple adjustment channels

Reduced employee turnover and improved employee performance

Automation: substitution of equipment for labor

Small increases in prices and smaller decline in sales

Increased consumer demand—from wages increases—offsets decline in sales



# Effects on worker performance

## SFO Employers Reported:

- Worker performance
- Morale
- Absenteeism
- Grievances
- Disciplinary issues
- Customer service
- Equipment maintenance
- Equipment damage

## Workers Reported:

- More skill required on the job
- Putting in more effort
- Increased pace of work
- Increased stress
- “Before we could take more liberties. The job had less value. . . now you have to be responsible, show up on time, look right, and do your job correctly.”

# Policy issues

- **Regional coordination**
- **Indexing**
- **Enforcement**
- **Nonprofits**
- **Small businesses**
- **Total compensation**
- **Teens**