

Raising the Minimum Wage in California

Ken Jacobs

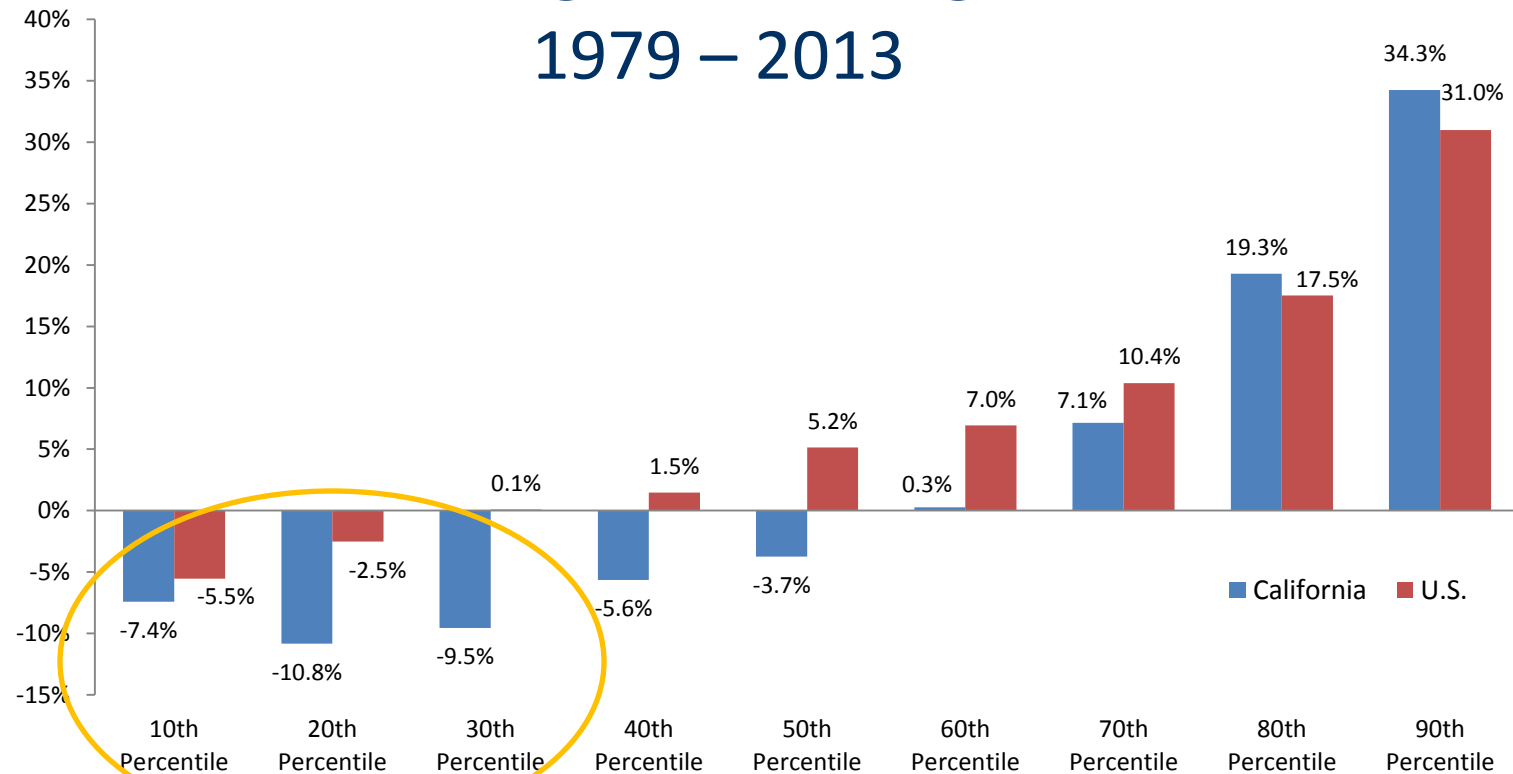
UC Berkeley Center for Labor Research and Education

Policy Insights 2016

March 9, 2016

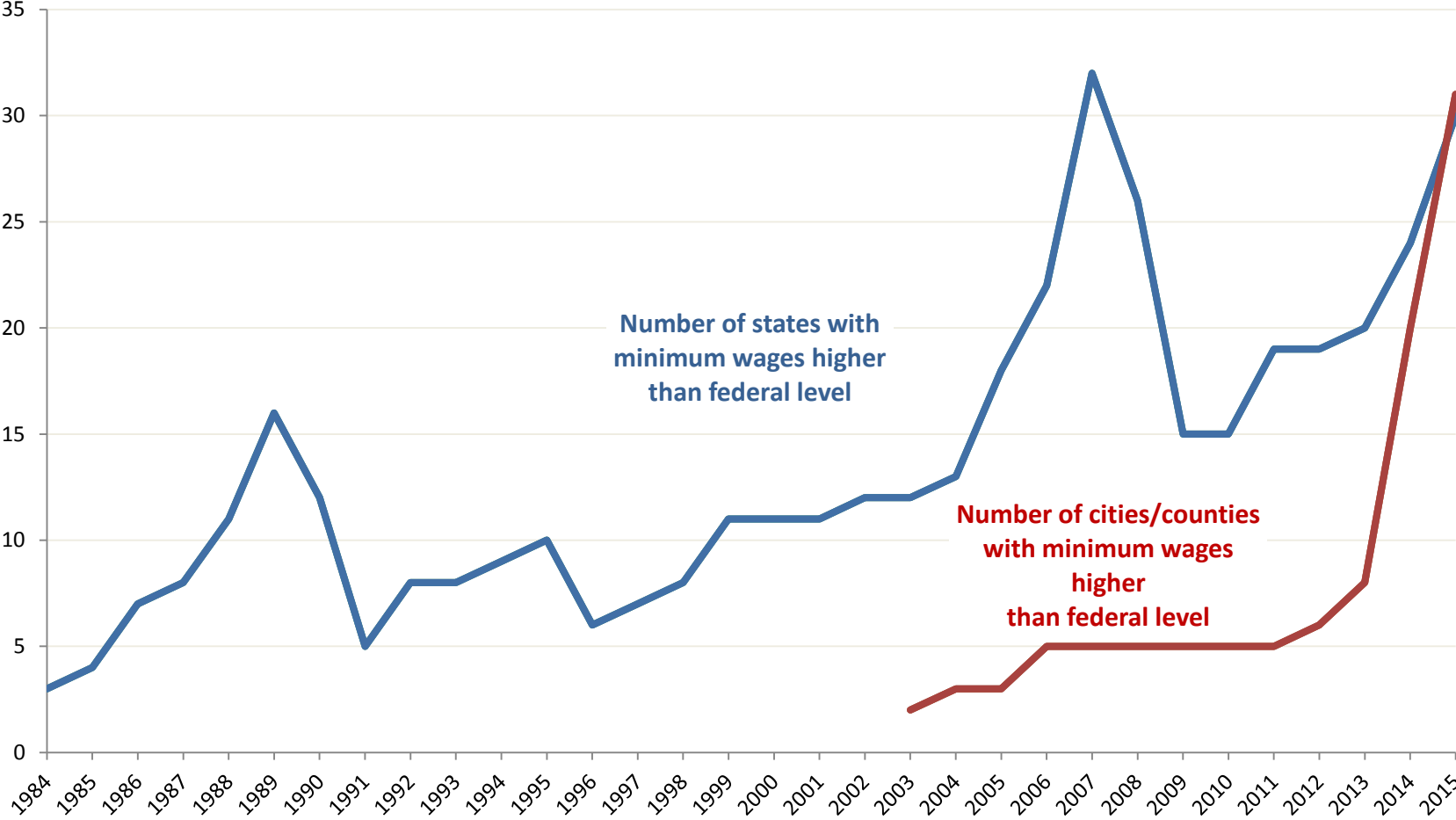
Real wages have fallen for the bottom half of the workforce

Change in real wages 1979 – 2013





States and Localities Step In



CA Local Minimum Wage Laws

	Final Minimum Wage	Date of Final Minimum Wage	Projected 2021 Minimum Wage
Berkeley	\$12.53	10/1/16	\$14.04
El Cerrito	\$15.00	1/1/2019	\$15.70
Emeryville (<i>over 55 employees</i>)	\$14.44	7/1/15	\$16.55
Emeryville (<i>55 or fewer employees</i>)	\$15.00	7/1/18	
Los Angeles (<i>26 or more employees</i>)	\$15.00	7/1/20	\$15.00
Los Angeles (<i>25 or fewer employees</i>)	\$15.00	7/1/21	
Mountain View	\$15.00	1/1/18	\$16.06
Oakland	\$12.25	3/1/15	\$14.04
Palo Alto	\$11.00	1/1/2016	\$12.32
Richmond	\$13.00	1/1/18	\$13.92
Sacramento	\$12.50	1/1/2020	\$12.79
San Francisco	\$15.00	7/1/18	\$16.06
San Jose	\$10.00	3/11/13	\$12.00
Santa Clara	\$11.00	1/1/2016	\$12.32
Santa Monica (<i>26 or more employees</i>)	\$15.00	7/1/20	\$15.00
Santa Monica (<i>25 or fewer employees</i>)	\$15.00	7/1/21	
Sunnyvale	\$10.30	1/1/15	\$11.81

Estimated Impacts of CA Minimum Wage Increase to \$15 in 2021

(Preliminary Estimates)

Total Number of Workers	5,849,000
Percent of Workforce	34.4%
Average Annual Earnings Increase	\$4,700
Average Percent Annual Earnings Increase	32.3%

96 percent of workers receiving increases are 20 or older

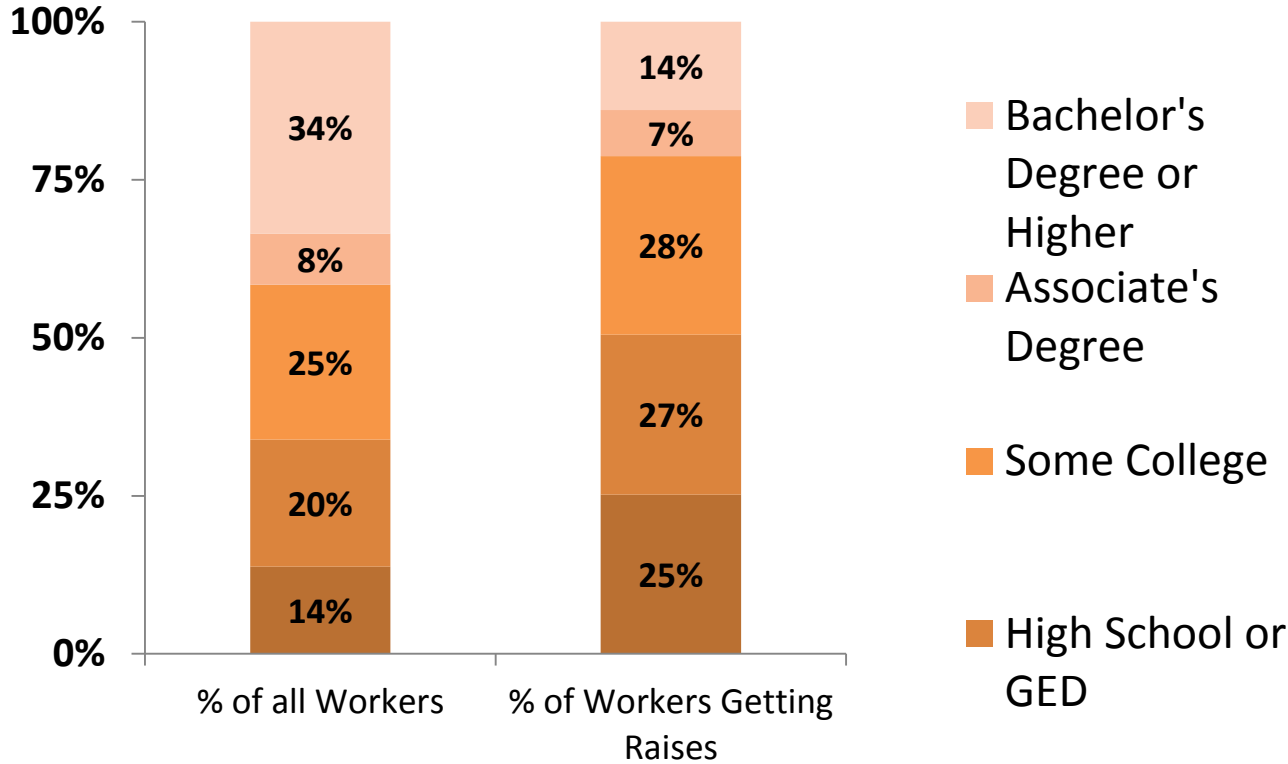
Estimated Age of Workers Affected by
A \$15 Minimum Wage In California



Source: Authors' analysis of ACS, OES, and QCEW data. Preliminary Estimates.

48% of Workers Who Would Benefit Have College Experience or a Degree

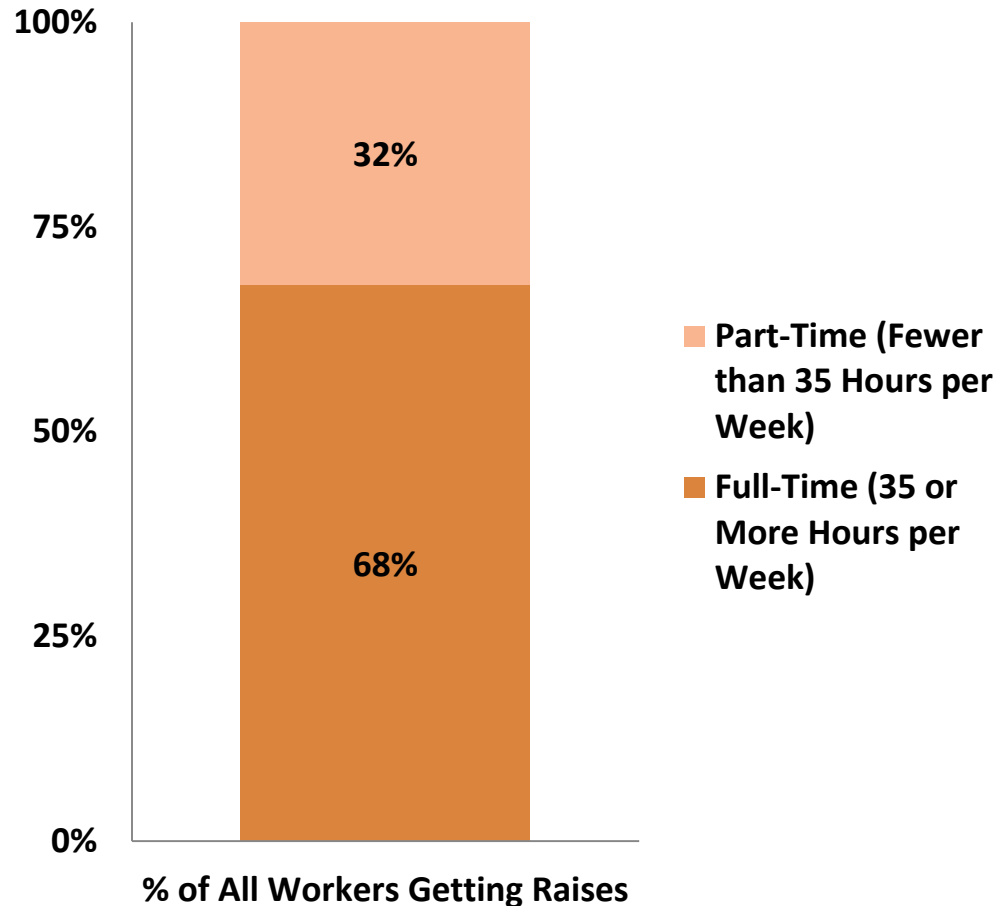
Estimated Educational Attainment of Workers Affected by A \$15 Minimum Wage In California



Source: Authors' analysis of ACS, OES, and QCEW data. Preliminary Estimates.

Most Affected Employees Work Full-Time

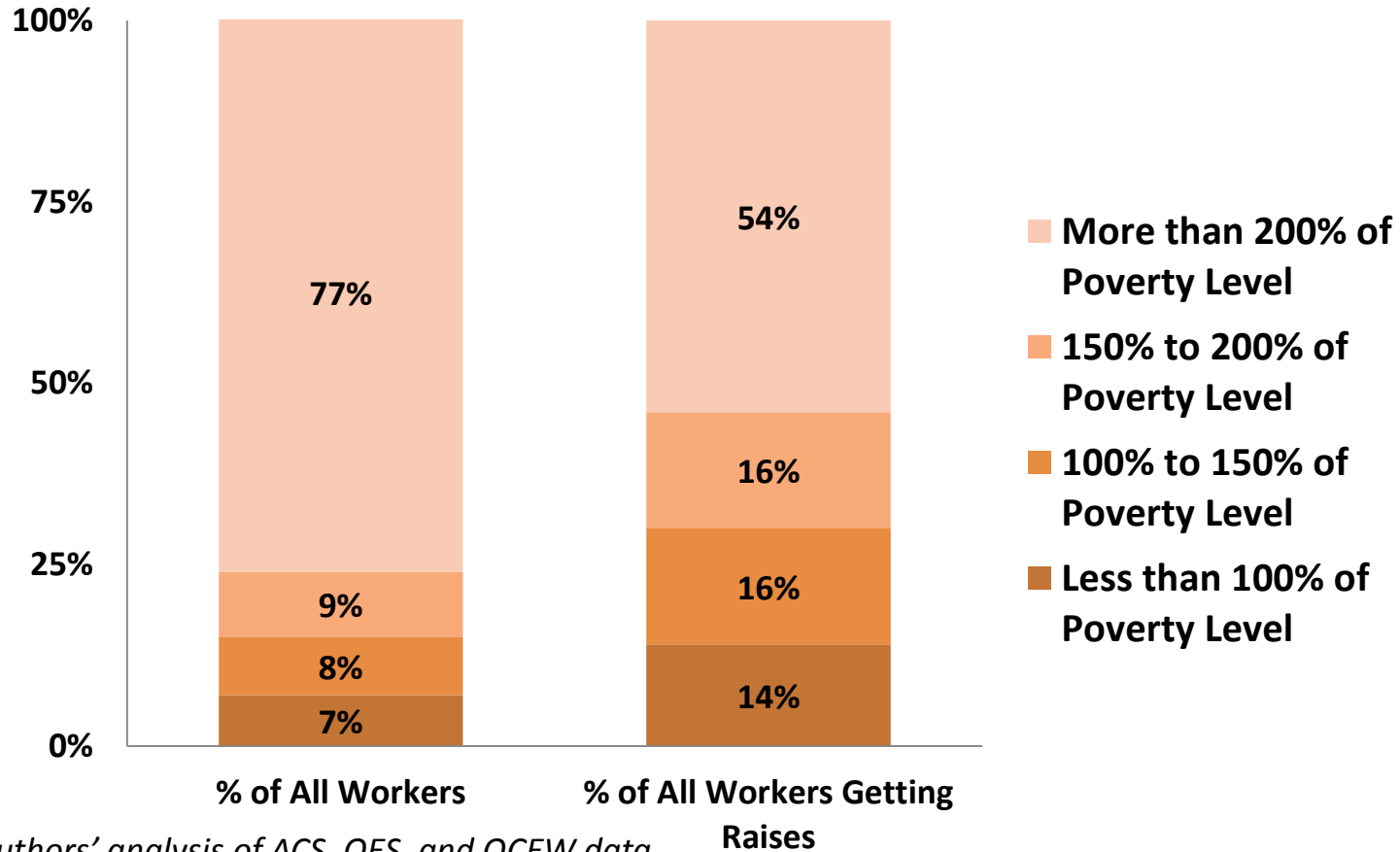
Full-Time and Part-Time Status of Workers
Affected by a \$15 Minimum Wage in California



Source: Authors' analysis of ACS, OES, and QCEW data.

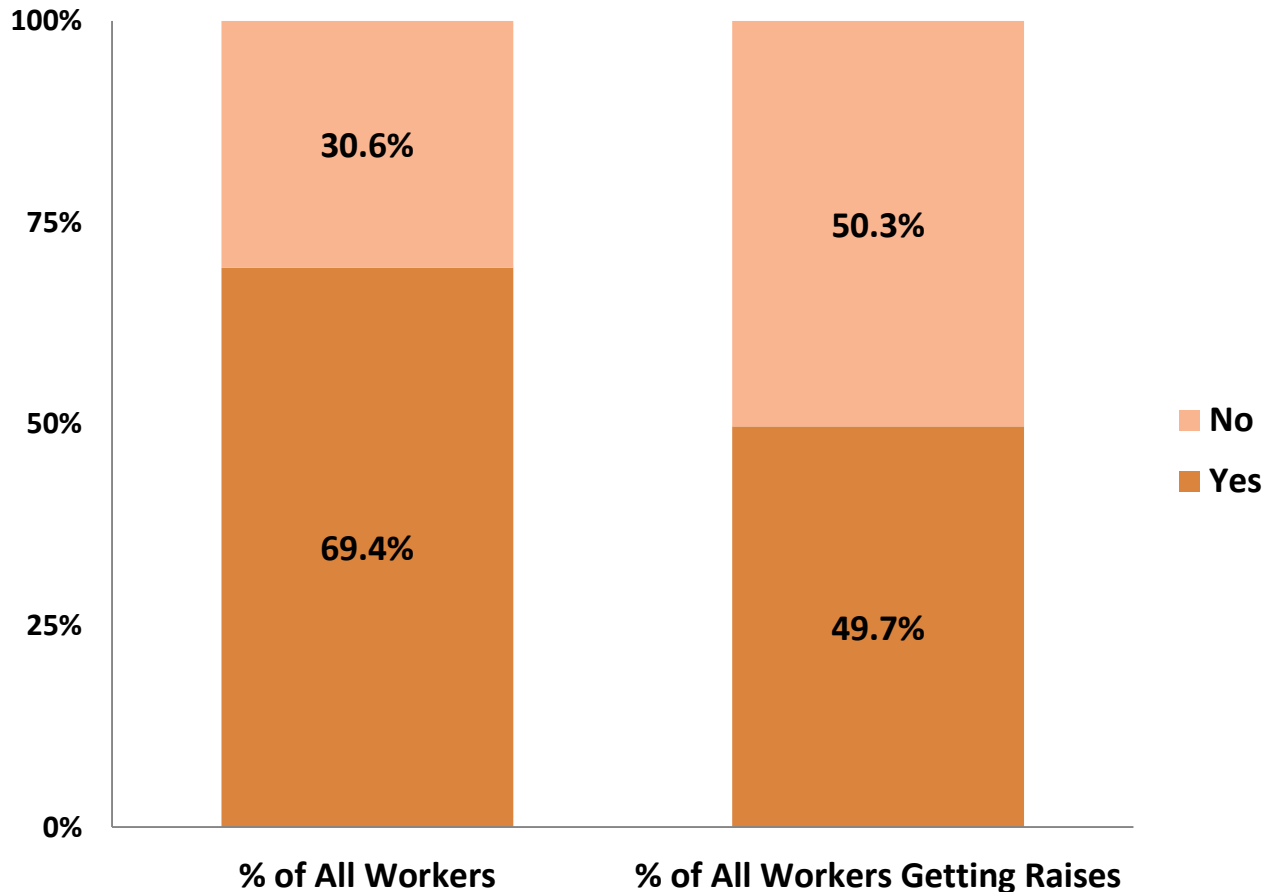
Workers in Low Income Households Would Benefit most from Increase

Estimated Family Income as Share of Poverty Level for Workers Affected by
A \$15 Minimum Wage In California



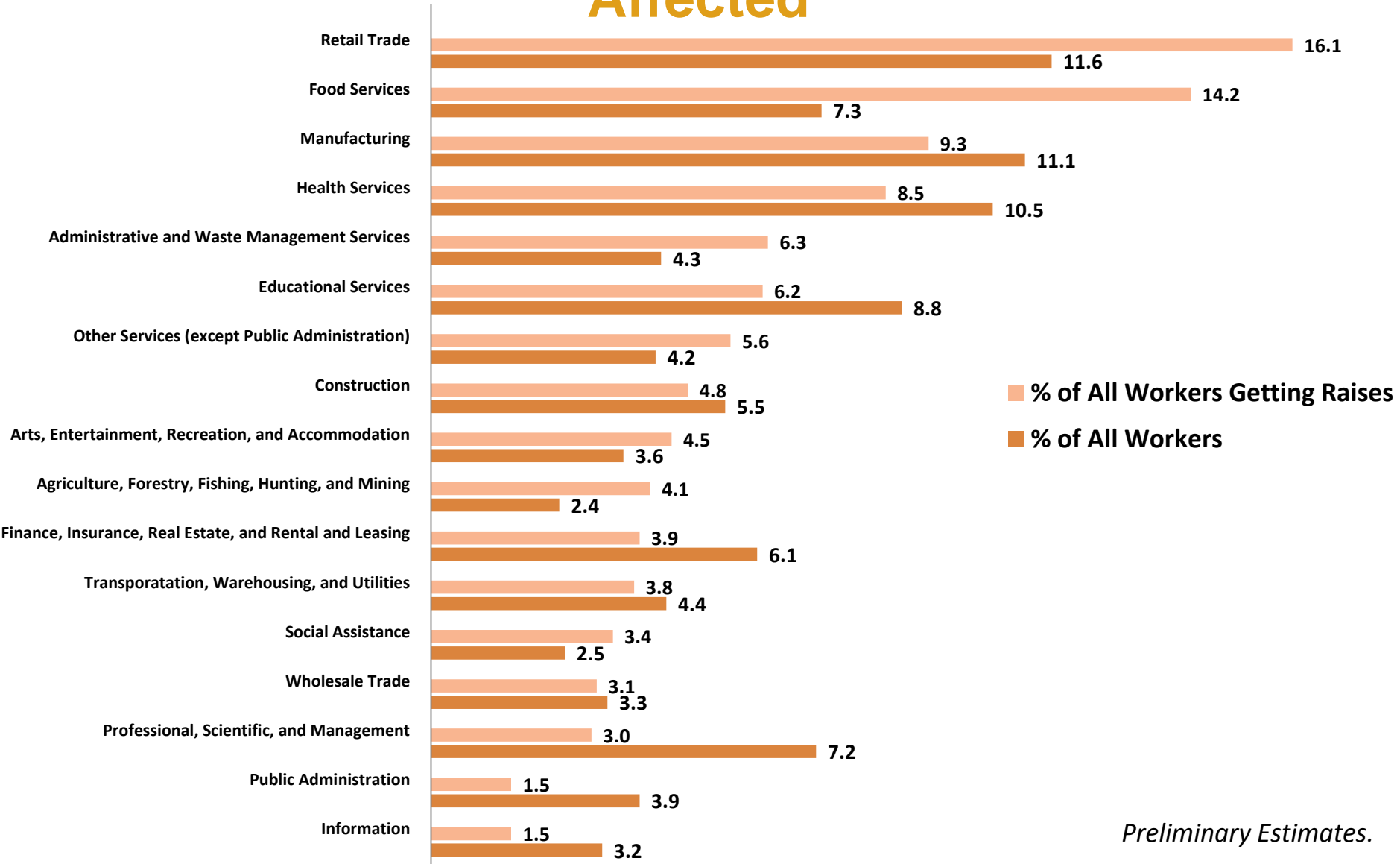
Source: Authors' analysis of ACS, OES, and QCEW data.

Half of Affected Workers Do Not Have Health Insurance Provided by their Employer



Source: Authors' analysis of ACS, OES, and QCEW data. Preliminary Estimates.

Workers in Food Services, Retail Trade are Most Affected



Preliminary Estimates.

**Phased
minimum
wage
increase**

**Automation
&
productivity
growth**

Workers

**Higher
wages**

for low-paid
workers, net
of
automation,
productivity

**Higher
income**

after taxes
and reduced
public
benefits

**Higher
consumer
demand
&
more jobs**

**Net
effect
on jobs**

**Higher
payroll
costs**

less savings
of turnover,
automation,
productivity

**Higher
prices**

for affected
industries

**Reduced
consumer
demand
&
fewer jobs**

Businesses

Budgetary Impacts

Costs

- Increased wages:
 - IHSS
 - DDS
 - Civil Service

Savings and New Revenue

- Medi-Cal Savings
- CalWORKs Savings
- Increased Sales Taxes



Resources

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