



# Estimated Impact of a Proposed Minimum Wage Law For the North Bay

Ian Eve Perry (they/them), Research and Policy Associate, UC Berkeley Labor Center



# Presentation roadmap

Impact estimates for proposed  
\$15 by 2020 policy

Summary of academic research  
on the effects of minimum wage  
increases



## About the research

This analysis estimates the effect of a \$15 minimum wage in the North Bay (Sonoma, Marin, Napa, and Solano counties) by 2020.

It uses the same model employed in analyses for Los Angeles, San Francisco, San Jose and Santa Clara County, Sacramento, Oakland, and Contra Costa County.

The following estimates take the state minimum wage path to \$15 by 2023 as the baseline.

The estimates should be interpreted as in **addition** to the effects of the state policy.



**How many workers  
receive a raise?**

**How large is the  
raise?**


36% of covered workforce  
estimated to receive raises  
(192,000 workers)

\$1.74 per hour raise

\$2,900 raise annually

15.8% increase in earnings

\$565 million in total increased  
earnings



## Who are the workers receiving raises?


94% age 20 or older

60% are workers of color

Half have at least some college  
experience

Typical affected worker earns  
half of the median individual  
income in the North Bay

Typical affected worker brings  
home half of family income



## What kinds of jobs do affected workers have?

### Top 3 industries for affected workers

Retail (17% of affected workers)

Restaurants and food service  
(13%)

Health services (8%)

Most affected workers are in the private, for-profit sector

Public and nonprofit workers less likely to be affected



## How will business costs and prices be affected?

Restaurant costs increase by 2.1% and prices increase by 1.0%

Minimal cost and price increases in retail and the overall economy




## How many workers in Santa Rosa will be affected?

Santa Rosa has about 13% of  
the North Bay workforce

Assuming Petaluma also has  
about 13% of the North Bay  
workforce getting raises from  
the minimum wage

About 25,000 Santa Rosa  
workers would receive a raise






## What does other academic research say about minimum wage increases?

Credible research designs find small effects of minimum wage increases on restaurant employment that cannot be statistically distinguished from no effect at all.

Debate remains about effect on teen employment, but again most credible studies find small effects not distinguishable from zero.



## What have recent minimum wage studies found?

Allegretto, Godoey, Nadler, Reich (2018) studied recent minimum wage increases in 6 cities (Seattle, San Francisco, San Jose, Oakland, Chicago, and District of Columbia) and found no evidence of employment losses.

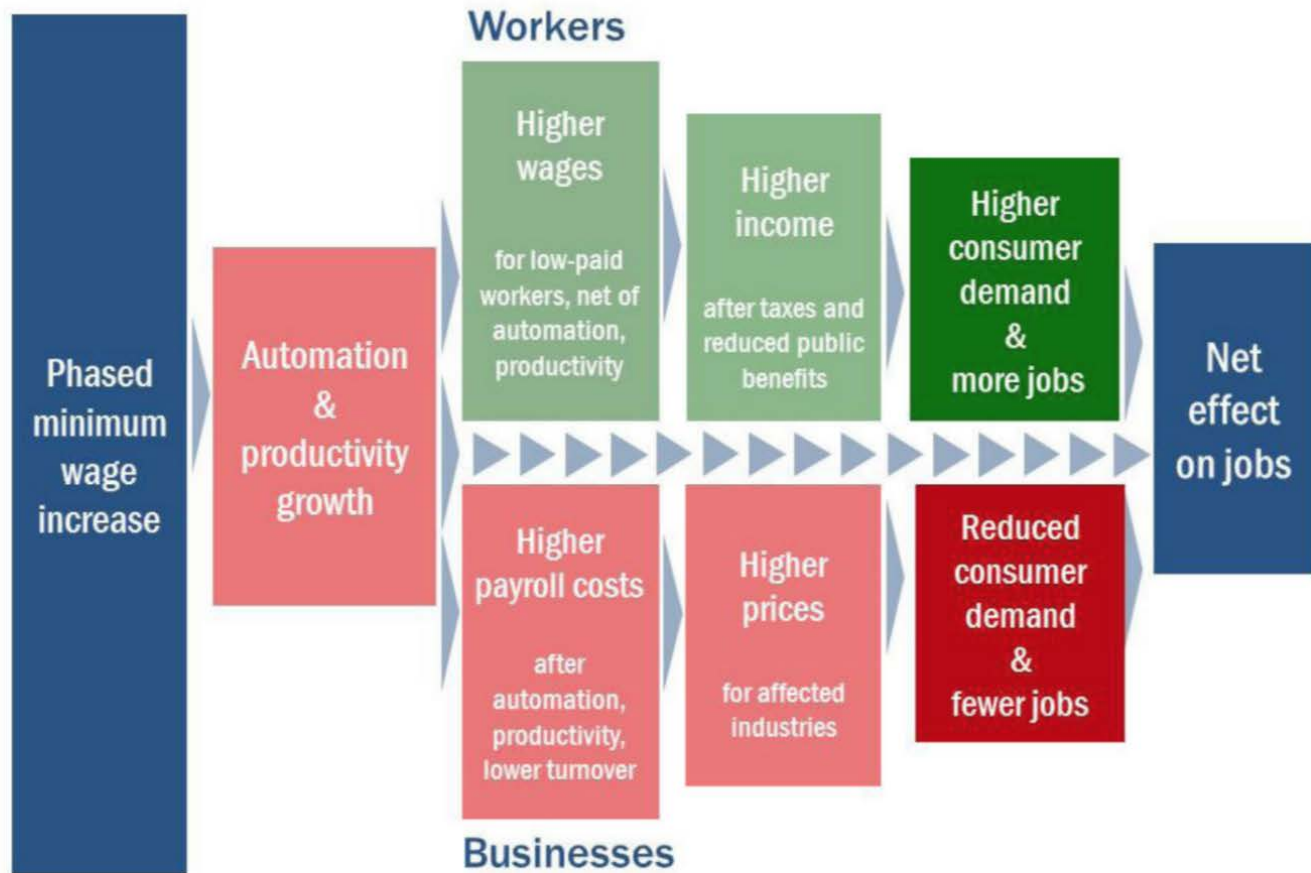
University of Washington (2018) found that Seattle's minimum wage increase did not adversely affect workers' total earnings.




## Why are effects on employment so small?

Worker productivity rises and turnover declines after minimum wage increase, which lessens cost to businesses.

Increased demand from workers with greater income largely offsets effects of higher prices due to remaining higher costs associated with the minimum wage increase.



Source: UC Berkeley IRLE Minimum Wage Research Group.



## **What are other effects of minimum wage increases?**

Reductions in poverty, income inequality, and use of public assistance programs.

Health improvements for workers and their children

Academic and job market improvement for children of affected workers



## What's the bottom line?

Almost a \$3,000 annual pay increase for a little over a third of the workforce.

Little anticipated effect on employment for affected workers.

Increases in productivity and consumer demand, as well as decreases in turnover offset the higher prices resulting from the minimum wage increase.

Decreases in poverty, inequality, and public assistance usage.

Improved health for workers and their children.

Better academic and job market performance for children of affected workers.



# Contact

Ian Eve Perry

[ian.eve.perry@berkeley.edu](mailto:ian.eve.perry@berkeley.edu)

510-642-9187