




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.

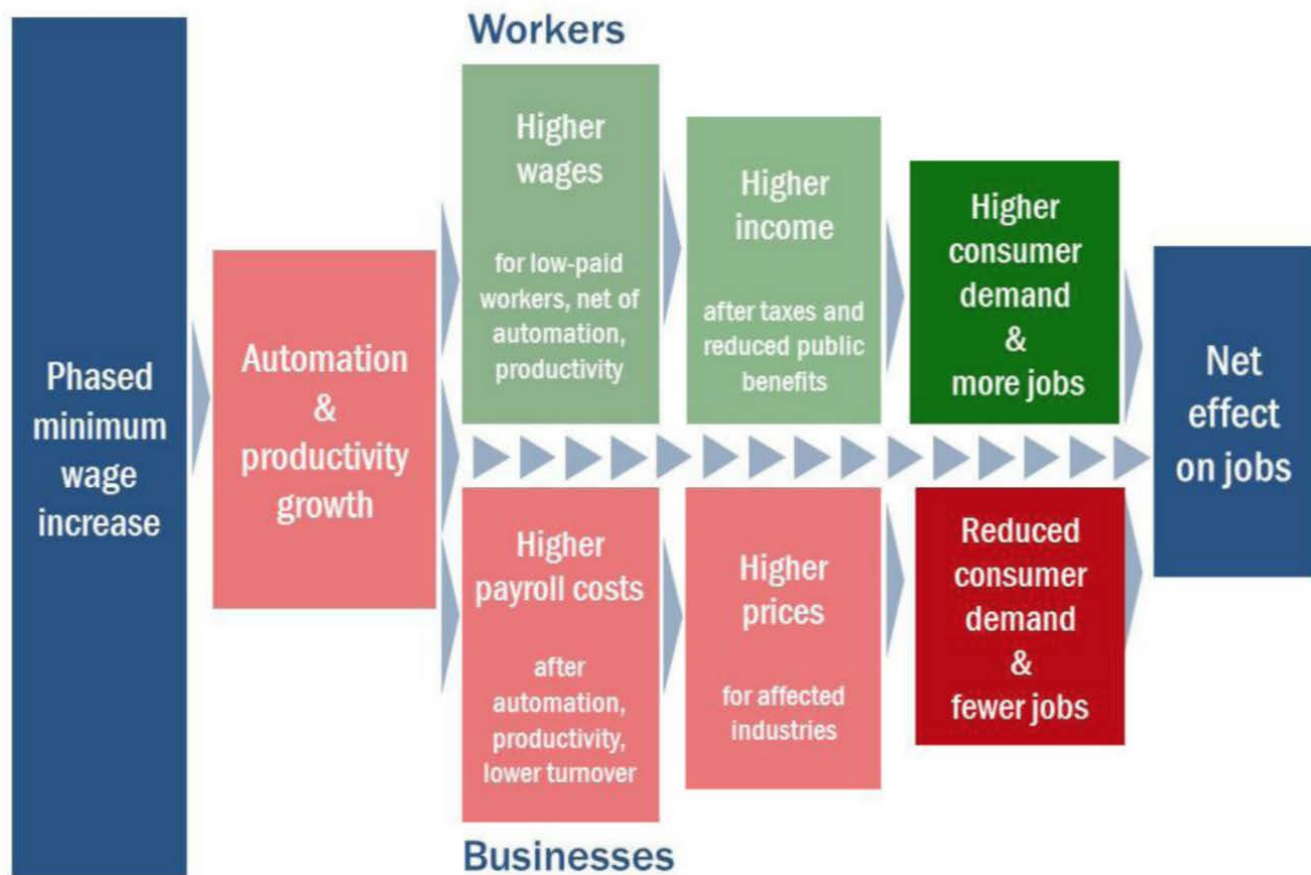
University of Washington (2018) found that Seattle's minimum wage increase did not adversely affect workers' total earnings.




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

510-642-9187