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Why North Bay Employers Should Support $15 Citywide Minimum Wage

By Martin J. Bennett

Cities across the North Bay are considering legislation to establish a $15 an hour minimum wage by 2020, three years earlier than the state minimum wage is phased-in to $15 for all employers.

This campaign to raise the regional wage floor follows comparable efforts in other high-cost coastal California counties. San Francisco, Berkeley, and Emeryville approved $15 by 2018; San Jose and seven other Santa Clara cities mandated $15 by 2019; four San Mateo County cities, and the cities and counties of Los Angeles, Pasadena, Long Beach and Santa Monica adopted $15 by 2020. In 2018 the East Bay cities of Alameda and Fremont also approved $15 by 2020.

Wage stagnation and the near-catastrophic housing crisis are fueling this campaign for higher wages. According to a North Bay Jobs with Justice report, "The State of Working Sonoma," real wages for the bottom 60 percent of the county workforce remained flat from 1979 to 2016, and fell by 11 percent for the lowest-paid 20 percent. Meanwhile, median rents climbed by 24 percent between 2000 and 2016, while median renter incomes increased only 9 percent – and rents then soared 35 percent after the 2017 Tubbs fire.

Housing prices doubled between 2011-2017 in Sonoma County, while the inflation-adjusted 2017 median household income of $66,783 only recently surpassed pre-recession levels. According to the California Housing Partnership, federal and state affordable housing funding dropped by nearly 90 percent ($42 million yearly) since 2008.

The Alliance for a Just Recovery (AJR), that includes every major Sonoma County labor, environmental, and faith-based organization, is leading the campaign for a citywide minimum wage higher than the state's in Sebastopol, Sonoma, Healdsburg, Santa Rosa, Petaluma, Cotati and Novato.

The AJR emphasizes four ways that raising the minimum wage is good for North Bay business:

First, raising the minimum wage can immediately offset rising rents—the quickest way to make housing more affordable. A 2018 economic impacts report by UCB

Labor Center researchers estimated that a $15 minimum will affect more than 47,000 workers in those seven cities—and by 2020, the average income of affected workers will increase by $2900 a year.

Lifting the wage floor will help to close the jobs/housing mismatch, while cutting the commute times and traffic congestion that directly impact employee productivity. Geographers Chris Benner and Alex Karner studied 2008-2011 Bay Area commuting patterns, and found that newly-hired low and mid-wage employees were traveling farther to work than new higher-paid workers.

Second, phased-in minimum wage increases will reduce worker turnover, increase employee morale, boost worker skills and productivity, and improve the quality of services. Employers can absorb much of the pay hike without cutting staffing levels, due to increased employee productivity and declining hiring and training costs. The UCB Labor Center report concluded that in the North Bay the low-wage restaurant industry's operating costs would increase by just 2.1 percent, and cumulative prices by only 1.8 percent – with no negative impacts on restaurant employment.

UCB economists Michael Reich and Sylvia Allegretto examined the food services industry in six cities that had implemented citywide minimum wage phasing-in to $10-$13 an hour by 2016 and found that restaurant worker earnings increased without significant job loss.

In a separate study, comparing restaurant prices before and after the 2013 San Jose minimum wage increase from $8 to $10 an hour, these UCB economists calculated that average restaurant prices increased by just 1.4 percent.

In her book *Good Jobs Strategy*, M.I.T business school professor Zeynep Ton describes how companies like Quick Trip convenience stores, Trader Joe's, and Costco have thrived and grown by offering customers both low prices and high-quality services while providing their workforce living wages, comprehensive benefits, extensive on-the-job training and opportunities for advancement within the firm.

Third, raising the minimum wage stimulates the regional economy because affected workers spend their increased earnings locally on basic necessities, spurring greater business activity and creating new jobs in response to rising consumer demand. Contrary to the stereotype that minimum wage workers are teenagers seeking a toehold in the labor market, the UCB Labor Center report demonstrates that: 94 percent of North Bay employees receiving a pay increase are adults over the age of 20; the median age of affected workers is 33; and on average, those workers contribute more than half their family income.

The Federal Reserve Bank of Chicago estimates that every $1.00 an hour wage increase for a minimum wage worker boosts consumer spending from the worker's household by $2800 annually.

Finally, raising the minimum wage is prudent public policy and will reduce the dependence of affected workers on public safety net programs, like Food Stamps, TANF, Medicaid, and EITC. Between 2007 and 2012 the average annual public assistance expenditure was $14.3 billion for low-income working poor families in California who could not make ends meet.

Raising the minimum wage is good for business, workers, consumers, and the public interest.

Martin J. Bennett is Instructor Emeritus of American History at Santa Rosa Junior College and Co-Chair, North Bay Jobs with Justice. For more information about the North Bay citywide minimum wage campaign please see: http://www.northbayjobswithjustice.org