

California's \$15-an-hour wage could help workers but cost jobs

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SACRAMENTO, Calif. - A political deal to raise California's minimum wage to a nation-leading \$15 an hour could help some workers cope with the state's crushing cost of living but also deprive other low-wage earners of jobs altogether, economists said Monday as Gov. Jerry Brown and other leaders touted what would be a landmark agreement.

California's economy is larger than that of most countries, with a wide diversity of earners. While newly minted millionaires gentrify neighborhoods in the San Francisco Bay Area, some Central Valley field hands lack access to clean water. A jump from the current \$10 an hour spread over six years would affect millions.



On Monday, Brown touted the deal his administration struck with legislative and labor leaders as potentially historic, calling it a matter of economic justice. Under the proposal, which the Legislature has yet to approve, the minimum wage would rise gradually, reaching \$15 by 2022.

After that wages would rise with inflation, though in tough economic times the governor could delay increases.

Lawmakers could send the bill to Brown's desk as early as Thursday, said Sen. Mark Leno, a San Francisco Democrat.

The hike would create the highest U.S. statewide minimum wage. California and Massachusetts are the now highest at \$10. Washington, D.C., stands at \$10.50.

Oregon's governor signed legislation this year that would raise wages by 2022 depending on location. In the largest city of Portland, the minimum will rise to \$14.75. Rural areas would see an increase to \$12.50.

About 4 million workers in California earn wages in the \$10 to \$15 wage, according to calculations by Jeffrey Clemens, an economics professor at the University of California at San Diego.

"The key question is what fraction of these workers will be lifted to the new minimum and what fraction will lose their jobs," Clemens wrote in an email.

Advocates for the wage increase put the number of affected workers at closer to 6 million.

Economists including Clemens said in interviews that projecting what would happen in California is tough because the proposed increase is significantly larger than those in the past and may have unintended consequences.

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One leading economist on minimum wage issues said an increase from \$10 to \$15 would reduce employment among the least-skilled workers by at least 5 to 10 percent. But the impact on employment might be even bigger because employers would have to absorb significantly higher costs.

"I would go so far as to call this reckless," said David Neumark, an economics professor at the University of California, Irvine.

Neumark noted that the effects would vary by geography: In high-wage counties such as San Francisco and Santa Clara, about 22 percent of workers would get a raise. In places such as Fresno and Merced counties, about half the workers would see more money.

San Francisco voters approved a measure two years ago to increase the minimum wage of \$10.74 an hour to \$15 in 2018. It's currently \$12.25.