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PRESS RELEASE

Minimum wage hike will put \$75 million in low-income workers' pockets to spend in local economy, UC study finds

A \$1.75 per hour increase in San Francisco's minimum wage will put \$75 million into the pockets of low-income City residents, according to a study to be released Oct. 27 by the Center for Labor Research and Education at U.C. Berkeley. At least \$45 million will be spent at local businesses.

"Low-income workers are barely getting by in San Francisco," said Alex Lantsberg, the author of the study. "Any extra income goes to meet basic needs. They buy food, shoes, and clothing for their children. They fix their cars or buy bus passes. Low-wage workers spend more of their money at local businesses, and increasing their wages is an investment in our communities." he said.

Much of the increase will funnel directly into communities of color, the study finds. Chinese Americans, the largest group of people of color to benefit, will see their annual incomes go up by an average of \$2,055. Altogether, some 55,700 workers will benefit, 38,000 of whom live in San Francisco.

The new study builds on a report commissioned from the Labor Center by the San Francisco Board of Supervisors last year. It analyzes U.S. Census micro-data and local employment conditions to quantify the benefits to San Francisco workers and their communities of raising the minimum wage to \$8.50 per hour from the present level of \$6.75.

Businesses will see minor cost increases that will be partly offset by increases in local spending and in productivity and decreases in turnover. The overall the wage increase amounts to an average of 1.1% of the city's overall wage bill and 82% of all businesses would see less than a 1% increase in total costs. according to Professor Michael Reich and Amy Laitinen of U.C., who did the original study.

Key findings from the recent report include:

- ❑ More than 55,700 workers will see an average annual pay increase of \$1,946 – more than \$160 per month – as a result of increasing the minimum wage.
- ❑ The combined purchasing power of 38,000 low-wage San Franciscans will increase by more than \$75 million.
- ❑ More than 60% of that income –roughly \$45 million– will be spent on items such as food, apparel, repairs, and personal services that are likely to be purchased in neighborhood businesses close to home.

- ❑ One out five San Francisco workers of color will see their incomes rise as a result of a minimum wage increase;
 - Nearly 4,300 African Americans will see the largest average increase, \$2,463 per year;
 - Over 12,200 Chinese Americans will see an average annual increases of \$2,055 per year.
 - Over 12,000 Latinos will see an average annual increase of nearly \$1,700.
- ❑ 29% of all beneficiaries are parents.
- ❑ Business will see minor cost increases that will in part be offset by increased local spending by the beneficiaries of the minimum wage increase and higher productivity due to turnover reductions and improved efficiency.
- ❑ Only 2.4% of low-wage workers are in small businesses with fewer than 25 employees.

The Labor Center is an outreach arm of the University of California at Berkeley. Founded in 1964, our mission is to improve the lives of working people by linking the University's resources to labor and community efforts for social and economic equity.