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\$15 Minimum Wage in California: Who Would be Affected by the Proposal to Raise California's Minimum Wage?

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\$15 Minimum Wage in California:

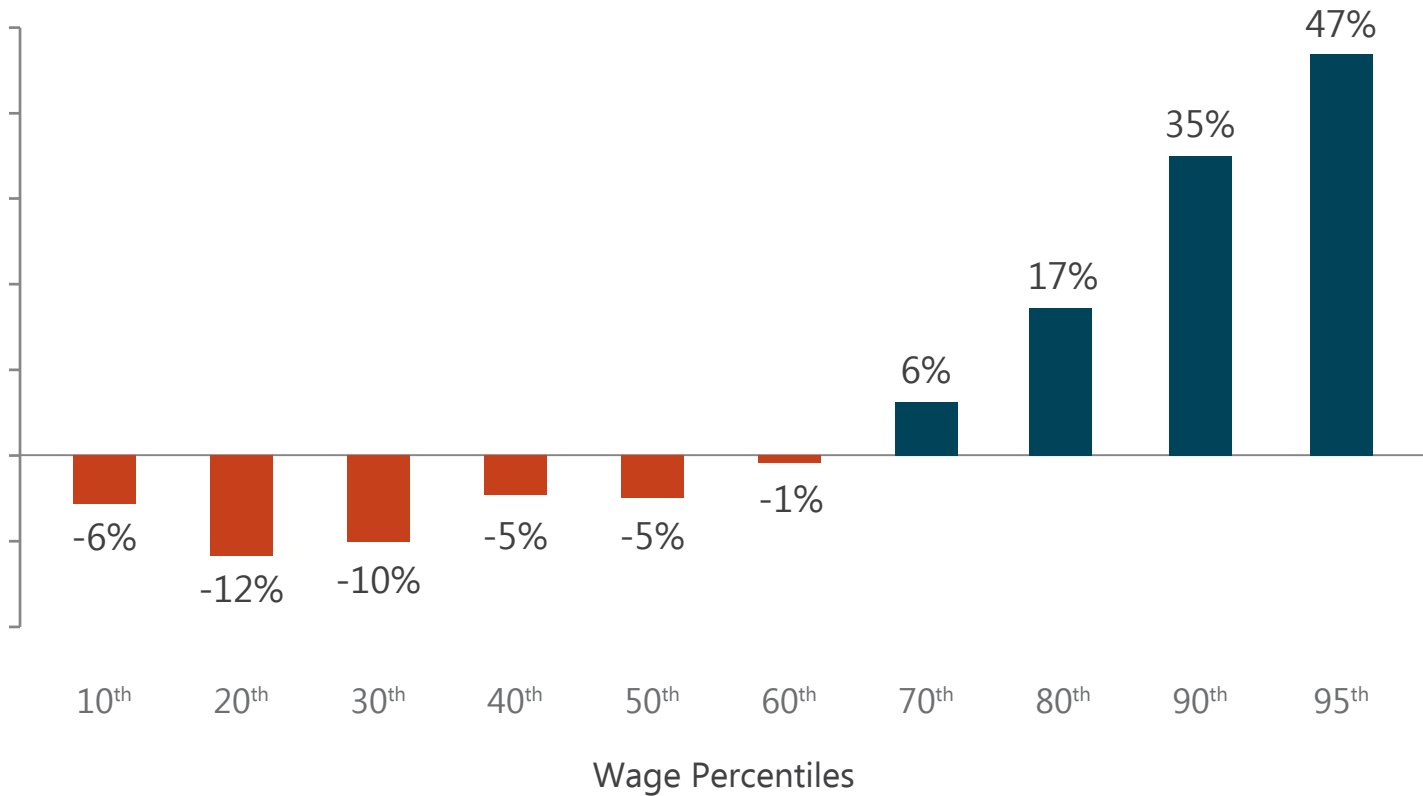
Who would be affected by the proposal to raise California's minimum wage?



Growing Inequality

Wage inequality in California has been growing since the late 1970s. Pay for workers in the bottom and middle of the distribution fell in real terms—after adjusting for inflation, while pay rose for workers at the top.

Change in Real Wages in California, 1979–2014



Proposed Increase

Governor Brown's proposal would increase the state's minimum wage to \$15 an hour by 2022 for large businesses and 2023 for small businesses. Starting in 2024, the wage would be indexed to the cost of living.

Schedule of the Proposed Minimum Wage Increases

Year	Businesses with more than 25 employees	Businesses with 25 or fewer employees
2017	\$10.50	\$10.00
2018	\$11.00	\$10.50
2019	\$12.00	\$11.00
2020	\$13.00	\$12.00
2021	\$14.00	\$13.00
2022	\$15.00	\$14.00
2023	\$15.00	\$15.00

Estimated Impacts

We estimate that 5.6 million workers would receive wage increases under the proposal. This does not include an additional 800,000 workers who will already receive wage increases to \$15 an hour as a result of local policies. Together they represent 37 percent of the California workforce. These estimates take into account both workers directly affected by the higher minimum wage and workers who would receive indirect effects due to the ripple effect.

Estimated Impacts of California Minimum Wage Increase to \$15

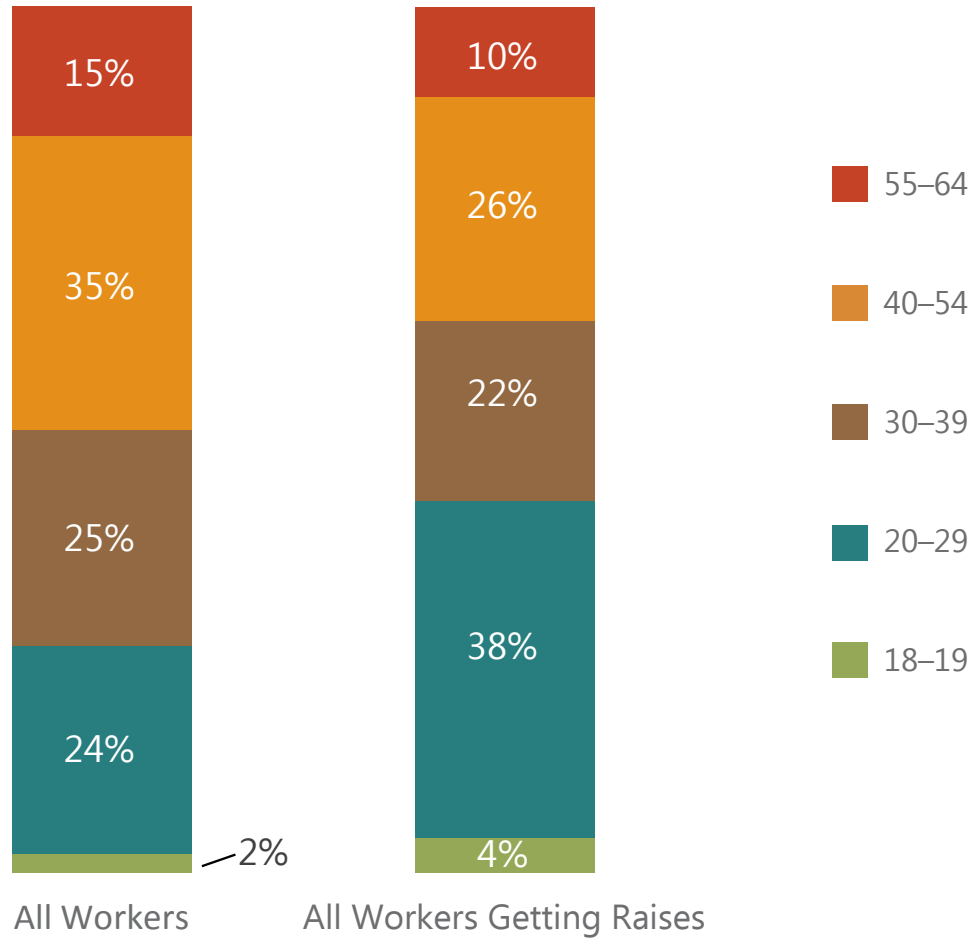
Number of Workers Affected	5,604,000
Average Annual Earnings Increase	\$3,700
Average Percent Annual Earnings Increase	24%
Average Hourly Wage Increase	\$2.19

Note: Increases are reported in 2015 dollars

Age

The large majority (96 percent) of affected workers are adults, not teens. Only 4 percent are under 20 years old and 37 percent have children. On average they contribute half of their family income.

Estimated Age of Workers Affected by A \$15 Minimum Wage In California



Education

Affected workers are less educated than the overall workforce, but almost half (47 percent) have some college experience or higher.

Estimated Educational Attainment of Workers Affected by A \$15 Minimum Wage In California



All Workers Getting Raises



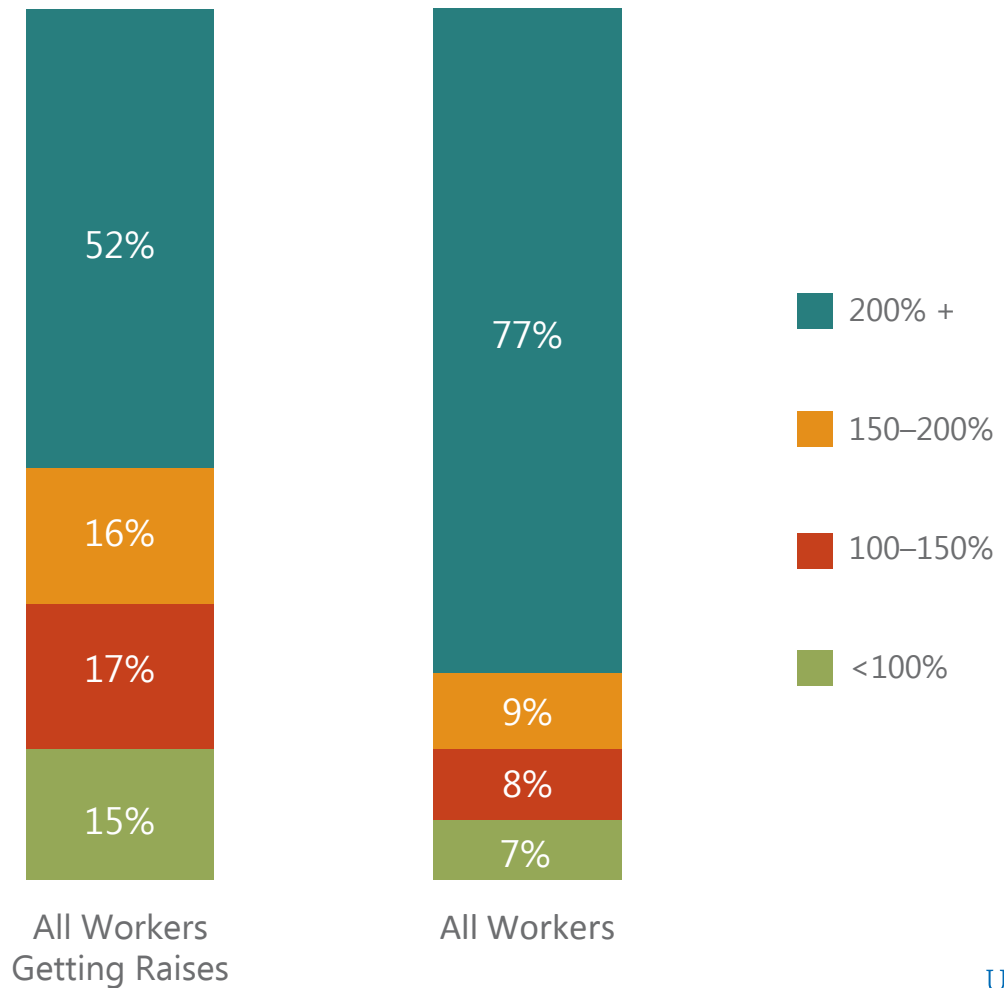
All Workers



Family Poverty Level

Affected workers are much more likely to live in families with incomes below the Federal Poverty Level (FPL). Almost half (48 percent) of affected workers live in families under 200 percent of the FPL.

Estimated Family Income as Share of Poverty Level for Workers Affected by A \$15 Minimum Wage In California



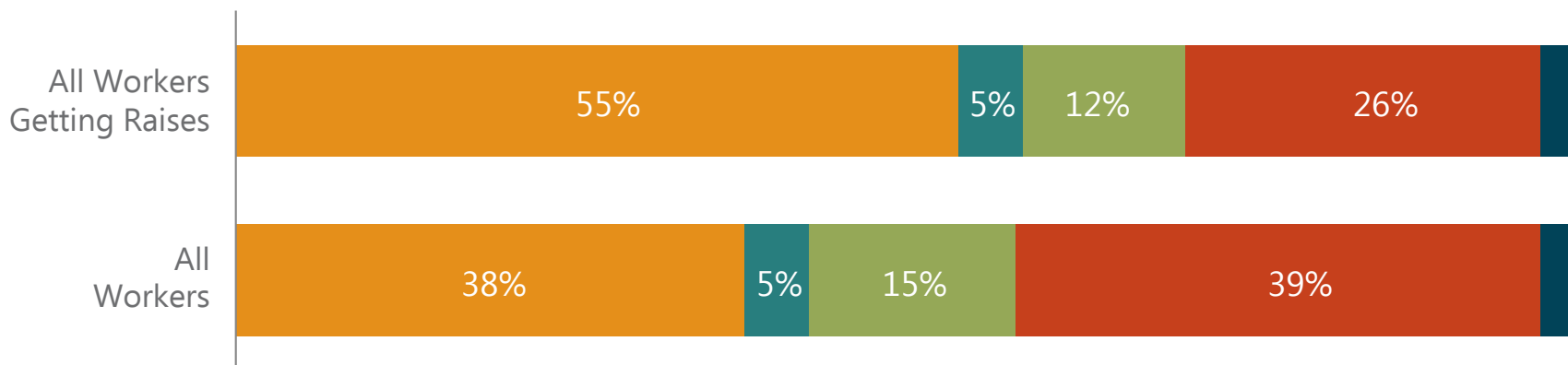
Source: Authors' analysis of ACS, OES, and QCEW data.

Race and Ethnicity

Latino/a workers are more likely to earn low wages, and thus to benefit from a minimum wage increase. An estimated 55 percent of the workers who would receive pay increases are latino/a, compared to 38 percent for all workers.

Estimated Race and Ethnicity of Workers Affected by \$15 Minimum Wage In California

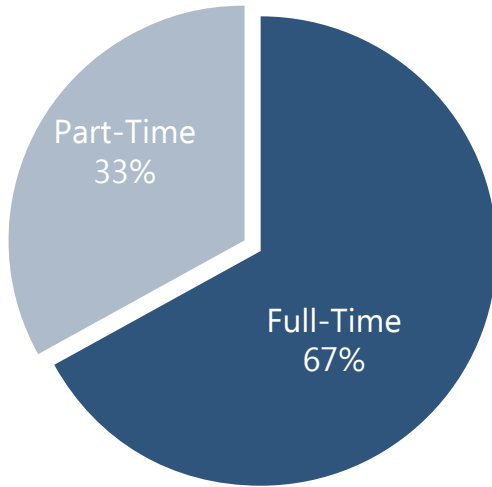
Latino/a Black Asian White Other



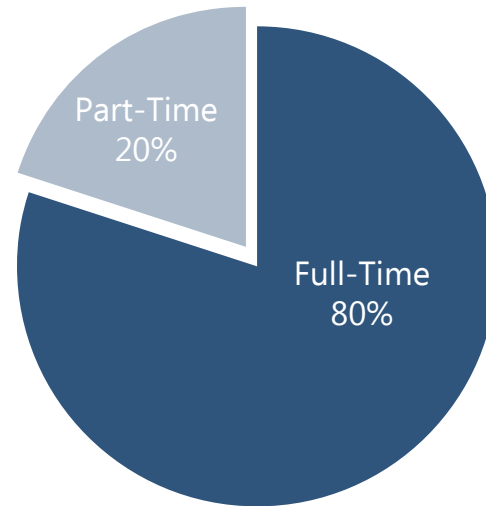
Employment Status

Nearly two-thirds of workers in California who would receive a raise work full time and 80 percent work year round.

Full-Time/Part-Time Status of Workers Affected by a \$15 Minimum Wage in California



All Workers Getting Raises

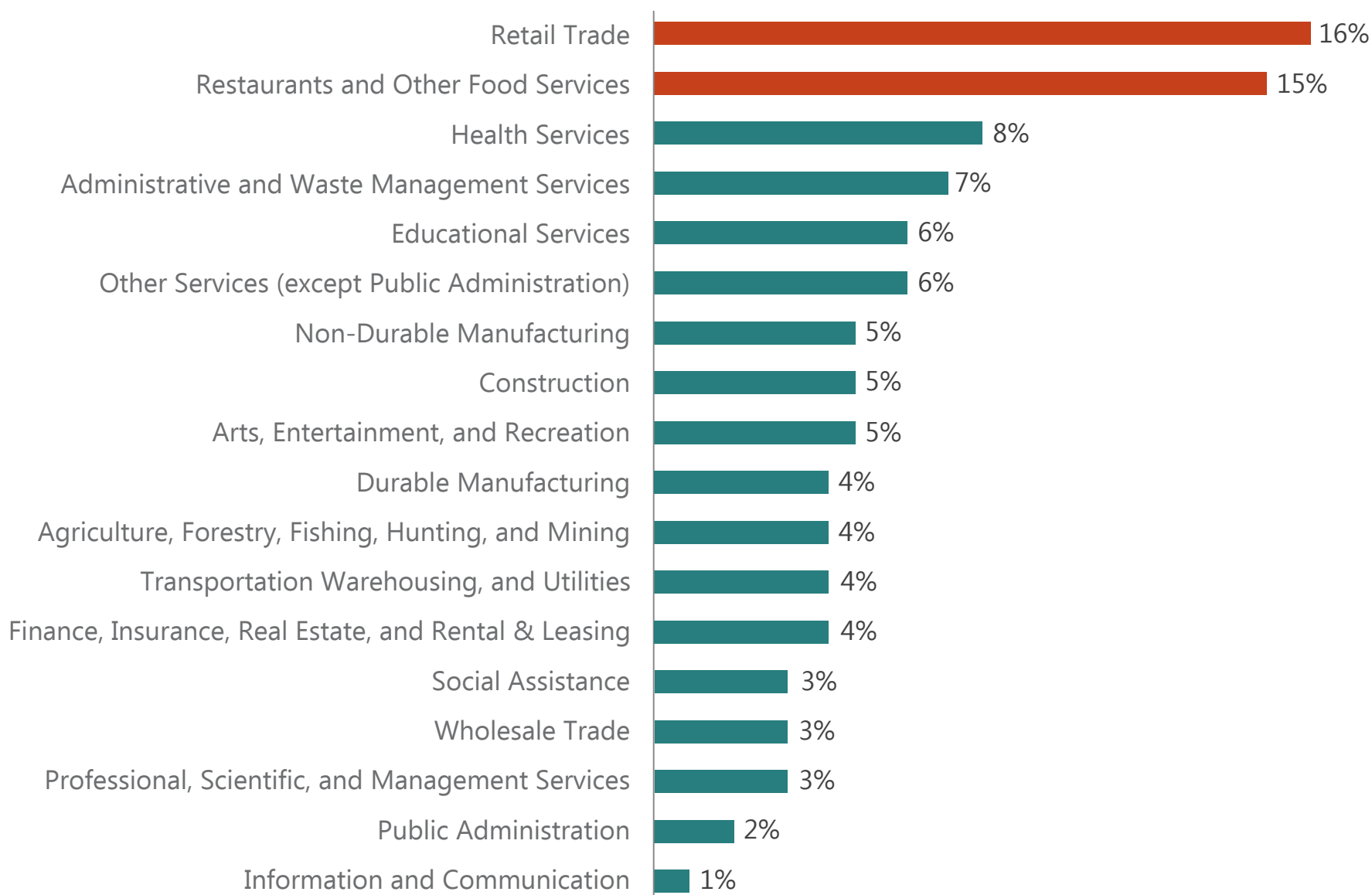


All Workers

Industries

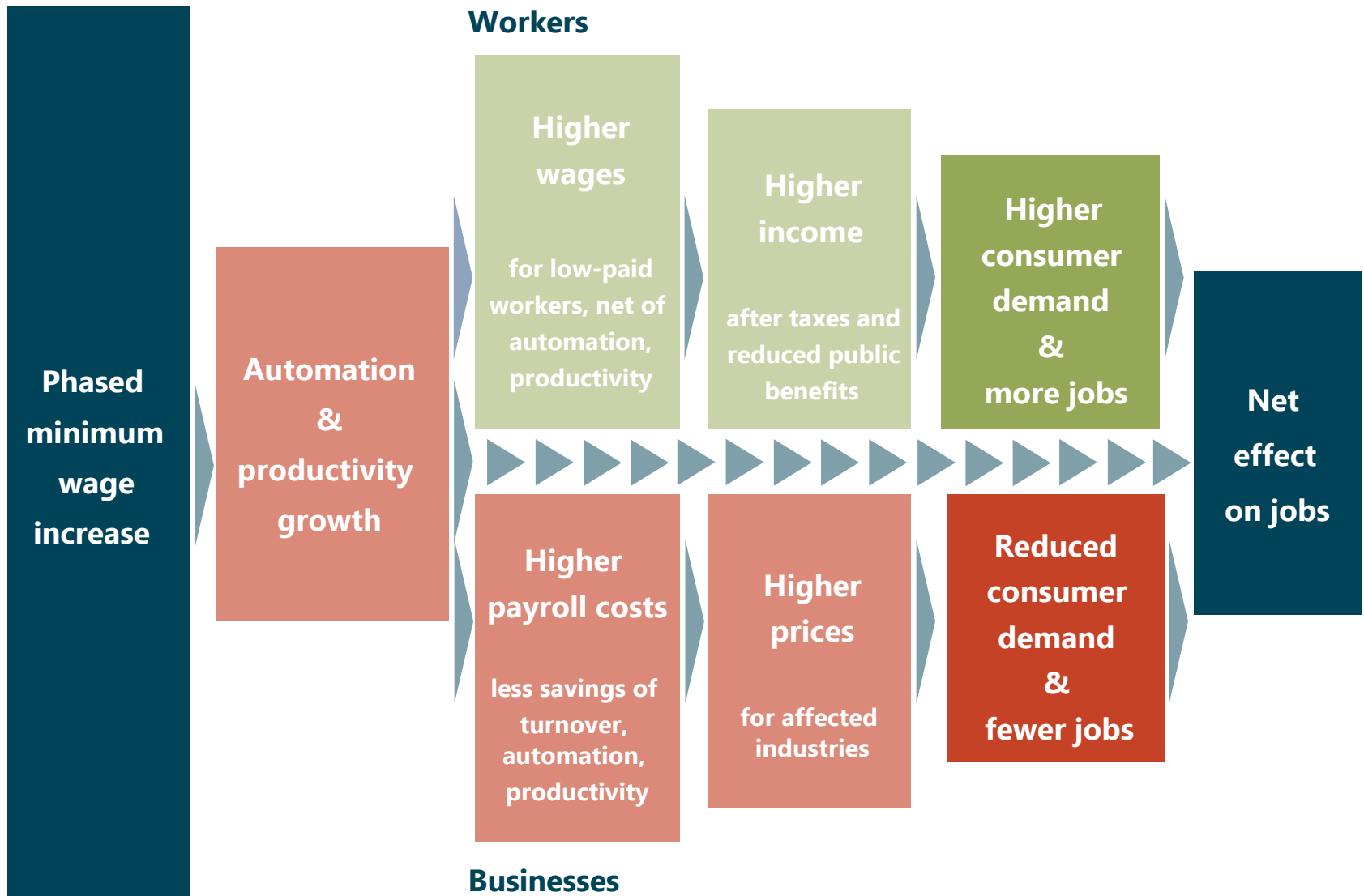
Affected workers are employed throughout California's economy. Retailers and restaurants alone account for more than a third of those who would be affected by a \$15 minimum wage increase in California.

Distribution of California's Low-Wage Workers Across Industries Affected by a \$15 Minimum Wage in California



Effects on Businesses

Higher wages will be absorbed by employers through reduced worker turnover, improved productivity, and small price increases (less than 1 percent on average spread over multiple years). The adverse effects on businesses charging slightly higher prices are largely offset by the increased sales generated by the low-wage workers who receive raises. As a result, while the policy will have large positive effects on worker earnings, the net impact on employment is expected to be small.



Resources:

[Data and Methods](#)

[Inventory of Local Minimum Wage Laws](#)

Other [Minimum Wage Research](#) from the Center on Wage and Employment Dynamics at the University of California, Berkeley Institute for Research on Labor and Employment