



Center on Wage and Employment Dynamics

POLICY BRIEF

June 2014

Institute for Research on Labor and Employment  
University of California, Berkeley

# Fact Sheet: Estimated Impact of San Diego's Proposed Minimum Wage Law

by Michael Reich, Ken Jacobs, Annette Bernhardt and Ian Perry

## San Diego's Proposed Minimum Wage Law

The City of San Diego is considering a proposal to establish a citywide minimum wage. The proposed minimum wage would phase in over three years as follows: \$9.75 on January 1, 2015; \$10.50 on January 1, 2016; and \$11.50 on January 1, 2017. Beginning in 2019, the city's minimum wage would be adjusted annually to keep up with increases in the cost of living.

## Impact Estimation

In the tables below we present estimates of the number of workers affected by the proposed law, the size of the wage gains for affected workers, and the demographic and job characteristics of affected workers. Our estimation method accounts for projected wage growth at the bottom of the wage distribution, interim increases in the state minimum wage, and projected employment growth. We use the 2012 American Community Survey (ACS) to estimate the wage distribution and characteristics of individuals working in the city of San Diego. Because the ACS does not allow us to identify individuals who work in the city itself, we extrapolate from data for San Diego County, scaled to estimated employment in the city (the city's employment represents 64.4 percent of county employment, according to the Quarterly Census of Employment and Wages). In Table 1, we give a high and low estimate to reflect differences in estimation methods; subsequent tables average across the two estimates. See our [technical report](#) for more detail on data and methods.

*Michael Reich is a professor at UC Berkeley and Director of the Institute for Research on Labor and Employment (IRLE). Ken Jacobs is Chair of the Center for Labor Research and Education (Labor Center) at IRLE. Annette Bernhardt is a visiting researcher at IRLE. Ian Perry is a policy analyst at the Labor Center.*

**Table 1. Nominal and Constant Dollar Value of San Diego’s Proposed Minimum Wage Increase**

	Nominal Dollars	Constant 2014 Dollars
<b>2015</b>	\$9.75	\$9.52
<b>2016</b>	\$10.50	\$10.01
<b>2017</b>	\$11.50	\$10.71

Notes: Constant dollar values are calculating using the average annual change for the past ten years of the San Diego-specific Consumer Price Index for All Urban Consumers (CPI-U).

**Table 2. Estimated Number of Workers Affected by San Diego’s Proposed Minimum Wage Increase**

Year	Low Estimate		High Estimate	
	Workers	Percent of Workforce	Workers	Percent of Workforce
<b>2015</b>	135,000	19.1	166,000	23.4
<b>2016</b>	148,000	20.5	182,000	25.2
<b>2017</b>	172,000	23.4	214,000	29.1

Source: Authors’ analysis of ACS data, supplemented with OES and QCEW data. The margin of error for percent of workforce affected is +/- 1.2 (low estimate) and 1.3 (high estimate) percent. Low and high estimates differ in assumptions made about the number of workers indirectly affected by a minimum wage increase. See technical report for details.

**Table 3. Estimated Pay Increases for Workers Affected by San Diego’s Proposed Minimum Wage Law**

Year	Average Hourly Wage Increase	Average Annual Earnings Increase	Average Percent Earnings Increase	Total Annual Wage Bill Increase (millions)
<b>2015</b>	\$0.44	\$700	6.0	\$107.8
<b>2016</b>	\$0.33	\$500	3.9	\$89.2
<b>2017</b>	\$0.83	\$1,400	9.9	\$259.8

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

Notes: Figures are averages of the high and low estimates. All figures are in constant 2014 dollars, calculated using the average annual change for the past ten years of the San Diego-specific Consumer Price Index for All Urban Consumers (CPI-U).

**Table 4. Demographic Characteristics of Workers Affected by San Diego’s Proposed Minimum Wage Increase**  
*(all figures are percentages unless otherwise noted)*

	% of All Workers Getting a Raise	% of All Workers	% of Each Group Getting a Raise
<b>Gender</b>			
Male	46.5	52.9	23.0
Female	53.5	47.1	29.9
<b>Median Age</b>			
	30	38	
<b>Age</b>			
19 and Younger	5.0	1.8	73.3
20-29	44.0	26.6	43.4
30-39	17.5	24.4	18.7
40-54	23.9	33.6	18.7
55 and Older	9.5	13.6	18.5
<b>Race/Ethnicity</b>			
White (Non-Hispanic)	33.3	47.8	18.3
Black (Non-Hispanic)	4.1	4.2	25.6
Hispanic	47.9	32.1	39.0
Asian (Non-Hispanic)	11.4	13.0	23.1
Other (Non-Hispanic)	3.3	2.9	30.2
<b>Education</b>			
Less than High School	22.1	11.3	51.2
High School or G.E.D.	25.2	19.2	34.5
Some College	30.2	25.2	31.5
Associate’s Degree	8.2	9.4	22.9
Bachelor’s Degree or Higher	14.2	34.8	10.7
<b>Country of Birth</b>			
U.S. Born	61.3	69.1	23.3
Foreign Born	38.7	30.9	32.9
<b>Family Structure</b>			
Married	33.6	48.4	18.2
Have Children	32.4	40.6	20.9
<b>Family Income Relative to Poverty Level</b>			
Less than 100% of Federal Poverty Level (FPL)	18.6	6.2	78.1
100% to 150% of FPL	17.5	7.1	65.0
150 to 200% of FPL	17.5	9.0	51.2
More than 200% of FPL	46.0	77.6	15.6
<b>Average Worker Share of Household Income</b>			
	35.1	52.7	

Source: Authors’ analysis of ACS, OES, and QCEW data.  
Notes: Figures are averages of high and low estimates.

**Table 5. Job Characteristics of Workers Affected by San Diego’s Proposed Minimum Wage Increase**  
*(all figures are percentages unless otherwise noted)*

	% of All Workers Getting a Raise	% of All Workers	% of Each Group Getting a Raise
<b>Median Individual Annual Earnings (2014 Dollars)</b>	\$14,000	\$35,600	
<b>Full-Time / Part-Time</b>			
Full-Time (35 or More Hours per Week)	59.4	78.8	19.8
Part-Time (Fewer than 35 Hours per Week)	40.6	21.2	50.2
<b>Full-Year / Part-Year</b>			
Full-Year (50-52 Weeks per Year)	77.0	84.4	24.0
Part-Year (Fewer than 50 Weeks per Year)	23.0	15.6	38.7
<b>Sector</b>			
Private Sector Employer	88.4	84.5	27.5
Non-Profit Employer	6.7	8.0	22.1
Local Government	4.9	7.5	17.2
<b>Health Insurance Provided by Employer</b>			
Yes	45.2	69.7	17.1
No	54.8	30.3	47.4
<b>Industry</b>			
Agriculture, Forestry, Fishing, Hunting, and Mining	1.9	1.0	48.7
Construction	3.3	5.8	14.8
Manufacturing	6.3	11.7	14.0
Wholesale Trade	2.1	2.2	25.4
Retail Trade	18.9	12.7	39.1
Transportation, Warehousing, and Utilities	2.5	3.6	18.1
Information and Communications	1.4	2.9	12.9
Finance, Insurance, Real Estate, and Rental and Leasing	3.9	6.9	14.8
Professional, Scientific, and Management	3.3	9.1	9.5
Administrative and Waste Management Services	8.3	5.2	41.8
Educational, Health and Social Services	15.2	19.0	20.9
Arts, Entertainment, Recreation	3.3	3.1	28.8
Accommodations	2.7	1.8	39.8
Food Services	18.5	8.0	60.3
Other Services (except Public Administration)	7.5	4.8	41.2
Public Administration	1.0	2.1	12.4

*Source: Authors’ analysis of ACS, OES, and QCEW data.  
Notes: Figures are averages of high and low estimates.*