

Bay Area's lowest-paid workers struggle to get by as debate rages over minimum-wage hikes

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As a renewed debate over the minimum wage flares across America, 23-year-old Josie Perez-Martinez sees the imprint of her own low-wage life everywhere she looks.

It's in the confines of the San Jose studio apartment she shares with her ailing mother and 3-year-old daughter. It's on the bus she takes to work at the Children's Discovery Museum. And it's inside the refrigerator, where not much remains when her meager grocery budget grows thin by month's end.

"It's tough, especially when you're a single mother trying to stretch the little bit of money you make," said Perez-Martinez, who works 17 hours a week as an exhibit specialist, helping kids get the most out of their museum visit. And "with what I make, I can't save anything."

Despite moves by San Jose and San Francisco to establish wage floors above California's hourly rate, minimum-wage earners still face endless challenges trying to eke out a living in some of the nation's priciest ZIP codes. It's a struggle that unfolds largely unnoticed, even though it's right before our eyes. From the short-order cooks at restaurants to the cafeteria attendants at schools to the 20-somethings taking tickets at the movies, this minimum-wage economy is interwoven into the fabric of Bay Area life.

As San Jose this month becomes the fifth city in the country -- and second in the Bay Area -- to set its own minimum wage, raising the hourly rate from the state's \$8 to \$10, Perez-Martinez will see her part-time pay jump \$60 every two weeks, money she'll set aside for when her daughter starts day care in August.

It's not much. But it still looks appealing to the hundreds of thousands of bottom-rung workers around the Bay Area, a region witnessing explosive job growth in places like Silicon Valley even as record numbers of residents slip into poverty.

Getting a handle on the size of this under-the-radar community is tough. One rough estimate by University of Kentucky economist Aaron Yelowitz, who crunched numbers from the U.S. Census 2011 American Community Survey, was that of the 3,513,358 people working in the Bay Area, 12 percent -- or 421,602 -- are paid \$8 or less an hour, which is legal for certain exempted employees.

Sylvia Allegretto, an economist at the UC Berkeley Institute for Research on Labor and Employment, said that while a precise head count is elusive, "in general, these workers are disproportionately women and minorities, they're young, and they're working in the restaurant and service industries, as cashiers and as retail clerks."

Wedged behind a cluttered desk in a tiny office tucked near the rear of a small grocery store on San Pablo Avenue in Berkeley, Brandon Ramirez makes \$8 an hour at his dad's computer-repair shop. At 18, the community college student is getting by, but only because he lives rent free at his parents' house, uses mass transit to get around, and tries to keep his dining-out costs to \$20 a week.



Brendon Ramirez, of Albany, works at his father's Bay Central Networks authorized cable, phone, internet and security services retailer and computer

"The Bay Area's so expensive and a lot of people I know are really struggling," Ramirez said. "People somehow make it work on minimum wage, but I don't know how many of them do it. I survive because I live at home, but \$8 an hour just can't carry you as an adult."

The annual Silicon Valley Index by Joint Venture Silicon Valley, for example, shows the average income for Latinos fell to \$19,000 a year, its lowest point since the survey began in 1995; it has steadily fallen 14 percent over the past five years. And food stamp participation in the valley just hit a 10-year high, while monthly rents for a two-bedroom apartment have climbed nearly to \$2,000.

A snapshot by Allegretto's colleague Michael Reich, an economist, showed San Jose workers making \$10 or less tended to be slightly more male (53.5 percent) than female. Nearly half are Latino (47.5), while about one in four are Asian and one in five are non-Hispanic whites.

"We also know that unlike the myth that minimum-wage workers are mainly teenagers, a big majority of these workers are 20 years old or older," Reich said, "and that quite a few live in family households of annual incomes under \$30,000."

As President Barack Obama pushes for boosting the federal minimum wage, and fellow Democrats in Congress try to pass legislation bumping it from \$7.25 to \$10.10, economists and politicians continue to debate the merits of such a hike. Many economists believe mandating a minimum wage kills jobs, cuts workers' hours and could even drive businesses out of a minimum-wage city to adjacent towns. But Tony Vaughn, a store owner in San Francisco's gritty Bayview-Hunters Point neighborhood, said the city should raise its minimum wage even higher than the current \$10.55.

"It should be \$20," he said the other day, standing inside his Da Corner clothing store, which has suffered a steep drop in business since the recession began. "The cost of living in this city is so high, and it's spilling out all over the Bay Area."

Such a wage hike wouldn't hurt Vaughn, because he's the sole employee. It could even boost his business, because customers would have a bit more to spend on clothes.

Vaughn, 59, sees the anguish of the working poor every day -- from his own 19-year-old son, who lacks a clear direction in life, to the people passing by on Third Street. "You see a lot of my customers working two and three jobs, or several generations of a family squeezing into an apartment to make ends meet.

"I'm sorry to say it, but I see the hopelessness all around me in this neighborhood."

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San Jose: By the numbers

53,505: San Jose workers making less than \$10 an hour who would therefore benefit directly from the city's new wage law that went into effect this month

53.5: Percent of minimum-wage workers in San Jose who are male

47.5: Percent of minimum-wage workers in San Jose who are Latino

Source: Staff reporting

Minimum wage Q-and-A

What is the minimum wage?

Effective Jan. 1, 2008, the minimum wage in California is \$8 per hour.

What is the difference between the state and federal minimum wage?

Most employers in California are subject to federal, state and municipal minimum-wage laws. When there are conflicting requirements in the laws, the employer must follow the strictest standard -- that is, the one that is the most beneficial to the employee. For example, a San Jose worker makes the city's just-raised minimum hourly wage (\$10) instead of the state's (\$8) or the federal (\$7.25).

May an employee agree to work for less than the minimum wage?

No. The minimum wage is an obligation of the employer and cannot be waived by any agreement, including collective bargaining agreements. However, a small percentage of workers makes less than minimum wage either because of illegal behavior on the part of the employer or because they fall into one of several exempted groups of workers. These include young workers on farms and employees at certain recreational and seasonal establishments.

Can a restaurant owner use a server's tips as a credit toward its obligation to pay the minimum wage?

No.

What can employees do if their employer doesn't pay them at least the minimum wage?

They can either file a wage claim with the Division of Labor Standards Enforcement (the Labor Commissioner's Office), or file a lawsuit in court against the employer to recover the lost wages.

Source: California Department of Industrial Relations

Bay Area: cost of living

\$1,387: Gross monthly earnings for an \$8-per-hour minimum-wage worker

\$1,650: Approximate average monthly rent for a two-bedroom, one-bath apartment

\$405,000: Median price of a home

\$7,500: What it takes to cover monthly basic needs like rent, food, child care and transportation for a family of four, according to a report by the nonprofit Insight Center for Community Economic Development

Source: Staff reporting; RealFacts; United Way