

San Francisco's minimum wage will rise again to \$10.55

By Dan Schreiber

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Industry lobbyists are touting a recent study that shows minimum wage laws raise unemployment rates among young workers.

The highest minimum wage in the nation is set to rise again in 2013, as San Francisco's low-end compensation rate will increase from \$10.24 to \$10.55 per hour.

In 2003, voters approved a local ordinance tying the minimum wage to the regional rate of inflation in San Francisco, Oakland and San Jose. Set at \$8.50 per hour when the law took effect, The City's minimum wage has increased in every year but one since 2004.

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Minimum wage has risen almost every year since 2004:

City officials and low-wage worker advocate groups have long argued that increasing the minimum wage helps the local economy by giving service industry workers more disposable income to spend.

In addition, a 2004 peer-reviewed UC Berkeley study found that

2004: \$8.50 per hour
2005: \$8.62 per hour
2006: \$8.82 per hour
2007: \$9.14 per hour
2008: \$9.36 per hour
2009: \$9.79 per hour
2010: \$9.79 per hour
2011: \$9.92 per hour
2012: \$10.24 per hour
2013: \$10.55 per hour

Source: San Francisco Office of Labor Standards Enforcement

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the rising minimum wage had no impact on jobs or the propensity of employers to leave the area. Instead, it concluded that restaurants in particular passed on increased costs to customers, with prices rising 6.2 percent for fast food and 1.8 percent at sit-down eateries.

But a Washington, D.C., economic think tank funded by a restaurant and beverage industry lobbyist is pointing to a more recent University of Kentucky study showing that minimum wage laws like San Francisco's contribute to a lack of jobs for young workers.

The study by economist Aaron Yelowitz concludes that earlier studies failed to recognize groups who are losing out on work opportunities because of the higher labor cost — specifically teenagers. Yelowitz also incorporates The City's mandatory sick leave and health care policies, which contribute to an actual "compensation floor" of nearly \$13 per hour in San Francisco.

The study concluded that for each \$1 increase in floor compensation, the unemployment rate among younger workers increases by 4.5 percent.

"The results present a cautionary tale for cities that are considering intervening in the labor market: although well-intentioned, forcing firms to pay higher wages and other compensation harms precisely those workers that the laws are intended to help," Yelowitz wrote.

Although San Francisco's unemployment rate has dropped steadily to 6.9 percent since its recent 10.1 percent high in January 2010, Mayor Ed Lee has pursued programs to fund and facilitate summer jobs for youths.

The federally mandated minimum wage is \$7.25 per hour, last increased in July 2009.

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