Timeline of San Francisco Mandates

Passage of San Francisco labor standards

- Equal benefits for domestic partners
- Card check
- Prevailing wage revisions
- Airport quality standards program
- City contractor living wage; Enforcement office created
- City contractor living health
- Minimum wage
- Health spending requirement
- Paid sick leave
- Hunter's Point Shipyard community benefits agreement

What happened?

$1.2 \text{ billion} \text{ in additional wages paid to workers since minimum wage policy began 10 years ago.}

78,000 workers received pay increases.

76% of private employers with 20 or more workers were required to improve health care spending or coverage.

More than 25 percent of firms expanded or added paid sick leave, covering more than 59,000 additional workers.
Minimum Compensation in SF, CA, and US

SF minimum wage enacted
Paid sick leave enacted
Health spending requirement* enacted

SF minimum compensation** $13.12
CA minimum wage $8.00
US minimum wage $7.25

* Health care spending level shown for a large employer (100+ workers)
** Shows average minimum compensation for a large employer, adjusted to reflect that most employees do not use the maximum amount of paid sick leave, and that employers have alternative behavioral responses to the health spending requirement.
Real wages fell for the lowest-paid workers in the rest of the Bay Area, but grew in SF

Inflation-adjusted hourly wages for the lowest 10th of Bay Area workers

10th percentile hourly real wages, 2003-2012 in 2012 dollars
Surrounding counties include San Mateo, Santa Clara, and Alameda counties
Comparisons show that labor standards policies did not affect overall employment.
The effects of the SF policies: surrounding counties make a good comparison group

• Overall employment trends in SF and surrounding counties are similar—the employment lines are roughly parallel.
• Overall employment in both groups goes down during recessions and up during expansions.
• Since the SF policies affect only a fraction of the population, we do not expect differences in overall employment trends.
• Since overall trends before and after the policies were implemented are similar, the surrounding counties are a good comparison group.
Even at restaurants, employment in San Francisco remained strong relative to surrounding counties.

San Francisco Bay Area restaurant employment by county

- Minimum wage
- Paid sick leave
- Health spending requirement

Surrounding counties include San Mateo, Santa Clara, and Alameda counties.
Even at restaurants, employment in San Francisco remained strong relative to surrounding counties.

- If we were to see a negative effect on employment, we would expect to see it at restaurants. Restaurants employ a high share of low-wage workers and so they are most affected by these laws.
- However, we do not see evidence of a decline in restaurant employment in SF relative to surrounding counties.
- Restaurant employment in both groups is somewhat seasonal, but generally trends upward.
- Restaurant employment in SF grew slightly faster towards the end of this period, though this may not be statistically significant.
How was the cost absorbed?

**Lower turnover**

Higher wages increased retention rates of airport, restaurant, and homecare workers

**Small price increases**

2.8% increase in restaurant prices due to minimum wage

**Higher productivity**

SFO employers reported improvements in worker performance, morale, absenteeism, grievances, disciplinary issues, and customer service

**Lower employer profits?**
Workers treat Paid Sick Leave as insurance

Of workers with Paid Sick Leave:
Only 73% used any sick leave in the previous year

Of those who used Paid Sick Leave:
Median days taken was 4—less than the maximum of 9 days for workers in large firms or 5 days in small firms
Office of Labor Standards Enforcement

- Dedicated staff and funding
- Thorough, company-wide investigations
- Over $17 million in back wages and $2 million in penalties collected
How did San Francisco do it?

- Labor-community coalitions
- Ballot initiatives
- District elections
San Francisco’s economy is very similar to other large cities

Sectors correspond as closely as possible to NAICS

Source: American Community Survey and Decennial Census
San Francisco’s economy is very similar to other large cities

• While every city has a unique mix of industries, San Francisco is not hugely different from many other large cities. Moreover, the trends in each sector over the last 20 years are similar in San Francisco and other large central cities.

• For example, while San Francisco has a relatively low share employed in manufacturing, other cities have been following its lead and have also seen declines in the sector.

• It is not only high-wage sectors where San Francisco is more concentrated than average. The city also has a higher share in the low-wage hotel and restaurant sector, “Accommodation and Food Services.”
Spreading local labor policies

Airport living wage laws around the country
Spreading local labor policies

Contractor pay-or-play health policy

San Francisco
New Mexico
Houston
Spreading local labor policies

States with minimum wage higher than federal
Spreading local labor policies

Cities with minimum wage higher than federal…

*Localities with industry-specific wage laws*
Spreading local labor policies

...and cities and states with new campaigns underway
Spreading local labor policies

Paid Sick Leave

[Map showing states with paid sick leave policies]
Spreading local labor policies

Paid Sick Leave campaigns underway
WHEN MANDATES WORK
Raising Labor Standards at the Local Level

Edited by Michael Reich, Ken Jacobs and Miranda Dietz