

**BREAKING NEWS** 5 dead, 8 wounded in airport shooting; US veteran arrested

Business

## Minimum wage: Bay Area cities prepare for increases in 2017

10



A large group of protesters made up of fast food, home care and child care workers and organizers take over the intersection of 98th Avenue and International Boulevard on Tuesday, Nov. 29. The protest was part of a national day of

action to bring the minimum wage up to \$15 per hour. (Laura A. Oda/Bay Area News Group)

By **ANNIE SCIACCA** | [asciaccia@bayareanewsgroup.com](mailto:asciaccia@bayareanewsgroup.com)

PUBLISHED: December 30, 2016 at 12:24 pm | UPDATED: December 31, 2016 at 3:46 am

Minimum-wage rates are increasing for cities around the Bay Area on the first day of the new year, bringing with them the continued debate over whether they're an effective means of addressing the region's cost-of-living woes, or an undue burden on businesses trying to stay competitive.

Some cities are implementing the changes as part of a plan to reach \$15 per hour in several years, ahead of the statewide mandate to hit that rate by 2023.

San Jose's \$10.30 minimum wage goes up by 20 cents Sunday before increasing to \$12 on July 1, 2017, and \$13.50 on Jan. 1, 2018, and reaching \$15 on January 1, 2019.

The cities of Los Altos, Palo Alto and Cupertino adopted legislation to reach \$15 by January 2019. Mountain View and Sunnyvale have ordinances to reach \$15 a year sooner, by 2018. Cupertino's rate will rise by \$2 from \$10 to \$12 per hour Sunday, while minimum wages in both Sunnyvale and Mountain View will increase from \$11 to \$13. Los Altos and Palo Alto will increase their rates from \$11 to \$12. Santa Clara will raise its wage from \$11 to \$11.10, following its increase from \$9 to \$11 last year.

In the East Bay, Oakland's minimum wage will reach \$12.86 per hour, a 31-cent increase over its current rate. That follows the passage of ballot Measure FF in November 2014, which provides annual increases to the city's minimum wage based on the Consumer Price Index for urban wage earners and clerical workers in the Bay Area. The measure increased the minimum wage in the city from \$9 an hour to \$12.25 in March 2015, drawing complaints from business owners that the change was too much, too quickly.

El Cerrito's minimum wage will increase to \$12.25 from \$11.60 before reaching \$15 an hour in 2018. Richmond's rate will rise to \$12.30 from its current \$11.52. San Leandro's minimum wage will increase by \$2 to \$12 per hour, before eventually hitting \$15 in January 2020.

Business owners and groups across the region have said raising the minimum wage — which also raises the cost of payroll taxes and workers' compensation premiums — can be detrimental if done too quickly and could drive away business from the Bay Area.

"We feel that expediting or moving at a rate faster than the state will negatively impact the positive business growth that has been occurring in Silicon Valley since the Great Recession," said Matthew Mahood, president and CEO of the San Jose Silicon Valley Chamber of Commerce, in a statement on the chamber's website. "We feel strongly that business owners and operators need increased flexibility to increase and lower wage rates based on economic cycles, not government mandates."

Staggering the increase across small and larger businesses could help small businesses ease into the wage transition, some say. San Mateo, for example, is trying to accommodate nonprofit businesses, which are hit hard by the rising costs of labor and rent. The minimum wage across the city will increase to \$12 from \$10 on Jan. 1, but tax-exempt nonprofits will face a smaller increase of 50 cents.

The minimum wage increases follow several years of activism by workers and labor advocates, particularly those who work in retail and fast-food positions. Coalitions like the East Bay Alliance for a Sustainable Economy and Silicon Valley Rising have for years urged Bay Area cities to raise the minimum wage.

But as housing prices have continued to skyrocket in recent years, living on even an increased minimum wage is difficult. A September report from research firm Axiometrics showed average rent in San Jose is \$2,817 per month, and for Oakland it is \$2,413. Even those who make well above the minimum wage are struggling to pay rents and afford cost of living in the Bay Area.

Businesses argue that because of a tight labor market, they are already paying above the minimum wage to attract workers, but they want the flexibility to pay less in economic downturns.

In a study from the UC Berkeley Labor Center, researchers Ken Jacobs and Ian Perry said higher wages from minimum wage increases across California would be absorbed by lower levels of expensive employee turnover, improved productivity and price increases of less than 1 percent on average. The net impact on employment is expected to be small, the researchers said, compared with the large positive effects on employee incomes.

Labor advocates say minimum wage increases make a lot of difference for low-wage workers and protect their ability to support themselves working full time in the Bay Area.

"It is critical that we raise the minimum wage for all of the Valley's workers," said Chava Bustamante of Latinos United for a New America, in a statement issued by the Silicon Valley Rising coalition earlier this year. "With the cost of living continuing to skyrocket, low-wage workers are constantly struggling to pay rent, purchase groceries, or buy clothes."

California's minimum wage will increase by 50 cents to \$10.50 per hour for businesses that have more than 25 employees, while employers with 25 or fewer workers can keep their wages as low as \$10. By Jan. 1, 2023, businesses of all sizes will be required to pay a \$15 minimum wage.



SPONSORED CONTENT

## The New Digital Frontier: Are You Ready?

By [DeVry University](#)

How are interconnectivity and tech advancements reshaping our digital landscape?

Tags: [Economy](#), [Small Business](#), [wages](#), [workers](#)



**Annie Sciacca** Annie Sciacca is a reporter at Bay Area News Group, where she writes about business and economy topics that affect consumers throughout the region. She joined the company in 2016 after three years at the San Francisco Business Times, where she covered the food, retail, manufacturing and hotels industries throughout the Bay Area. She holds an undergraduate degree from UC Berkeley and a master's degree in political science from San Francisco State University.

[Follow Annie Sciacca @AnnieSciacca](#)

**SUBSCRIBE TODAY!**  
ALL ACCESS DIGITAL OFFER FOR JUST 99 CENTS!

