



It's Time to Raise the Minimum Wage

Los Angeles

Right now, our economy isn't working for everyone. While millionaires, billionaires, and big corporations have done well in this recovery, everyday American families continue to struggle. Their wages have been stagnant for decades, even as the cost of living keeps rising. We need to create an economy that works for everyone, not just the wealthy few. We can achieve this by boosting wages for working- and middle-class families and by putting economic security for the middle class within reach again.

Increasing the minimum wage is an important step in providing hardworking Americans with a better opportunity to get ahead while giving the economy a much-needed boost. With a higher minimum wage, workers will have more money to spend, which in turn gives businesses more customers—helping them hire more workers. This cycle will lead to greater economic growth, creating more opportunities for those who work hard.

Raising the minimum wage will put money into the pockets of workers and may boost the economy

- **People working in Los Angeles need a raise.** Los Angeles has a high poverty rate—22 percent—among major metropolitan areas, and 58 percent of single working parents in Los Angeles are living in poverty.¹
- **Increasing the minimum wage would help working families, who will spend their additional income on goods and services such as housing, food, and gas.** This boost in demand will stimulate the economy and help create further job opportunities for Angelenos. The money gets funneled back to local businesses, which must then hire more workers to keep up with increasing demand, reinforcing a virtuous circle that will help build an economy that works for everyone.²
- **Increasing the minimum wage would raise yearly earnings for minimum-wage workers.** Currently, a full-time, year-round worker making the minimum wage in Los Angeles earns just \$18,720 per year. For a family of three, that is \$1,370 below the federal poverty line,³ and it is more than \$37,752 below what a single parent with two children needs to afford basic monthly living expenses in Los Angeles County, including food, housing, and child care.⁴

A full-time, year-round worker making the minimum wage in L.A. earns just

\$18,720

per year—

\$1,370

below the federal poverty line for a family of three.



of voters living in Los Angeles support raising the minimum wage to \$15.25.

Businesses see value in increasing the minimum wage

- **Businesses such as Aetna,⁵ T.J. Maxx,⁶ and even Walmart⁷ recognize the benefits of increasing the minimum wage.** These benefits include reducing employee turnover and increasing employee productivity, commitment, and loyalty—all of which help boost profits.
- **A majority of small-business owners recognize that raising the minimum wage would benefit businesses.⁸** This is one reason why, according to a survey from advocacy organization Small Business Majority, 67 percent of small businesses support paying their workers more than the federal minimum wage of \$7.25.

Raising the minimum wage is important for jobs

- **Studies show that minimum-wage increases do not cause job losses.** In 2010, economists studied employment levels in neighboring counties that were in two different states with different minimum-wage rates between 1990 and 2006. The study found that minimum-wage increases did not result in job losses.⁹
- **In fact, more than half of the states that raised the minimum wage during periods of high unemployment saw their unemployment rates decrease over the next year.¹⁰**

Angelenos support raising the minimum wage

- Polling shows that the large majority of Los Angeles County voters—66 percent—strongly support raising the minimum wage to \$15.25, and support was even greater—at 69 percent—among voters living in the city of Los Angeles.¹¹
- This majority of Los Angeles County voters includes 84 percent of African American voters and 57 percent of white voters in favor of the increase.¹²

The impact of raising the minimum wage to \$13.25 for Los Angeles by 2017¹³

- Reports estimate that between 446,000 and 632,000 workers would directly benefit from increasing the minimum wage to \$13.25 by 2017.
- Reports estimate that if the minimum wage were increased to \$13.25 by 2017, workers benefiting from the increase would receive between \$1.7 billion and \$3.8 billion in additional wages.¹⁴

The impact of raising the minimum wage to \$15.25 for Los Angeles by 2019¹⁵

- Reports estimate that between 511,000 and 723,000 workers would directly benefit from increasing the minimum wage to \$15.25 by 2019.
- Reports estimate that if the minimum wage were increased to \$15.25 by 2019, workers benefiting from the increase would receive between \$2.9 billion and \$5.9 billion in additional wages.¹⁶

Raising the minimum wage to \$13.25 would benefit between **446,000 and 632,000 workers.**

Raising the minimum wage to \$15.25 would benefit between **511,000 and 723,000 workers.**



of small businesses support paying their workers more than the federal minimum wage of \$7.25.

Endnotes

- 1 Daniel Flaming and others, “Los Angeles Rising: A City That Works for Everyone” (Los Angeles: Economic Roundtable, UCLA Labor Center, and UCLA Institute for Research on Labor and Employment, 2015), available at <http://economicrt.org/wp-content/uploads/2015/03/LA-Rising-final1.pdf>.
- 2 T. William Lester, David Madland, and Jackie Odum, “Raising the Minimum Wage Would Help, Not Hurt, Our Economy,” Center for American Progress Action Fund, December 3, 2013, available at <https://www.americanprogressaction.org/issues/labor/news/2013/12/03/80222/raising-the-minimum-wage-would-help-not-hurt-our-economy/>.
- 3 Families USA, “Federal Poverty Guidelines” (2015), available at <http://familiesusa.org/product/federal-poverty-guidelines>.
- 4 Massachusetts Institute of Technology, “Living Wage Calculation for Los Angeles County, California,” available at <http://livingwage.mit.edu/counties/06037> (last accessed March 2015).
- 5 Tami Luhby, “Aetna raises its minimum wage to \$16,” CNN Money, January 13, 2015, available at <http://money.cnn.com/2015/01/13/news/economy/aetna-wages/>.
- 6 Lindsey Rupp, “T.J. Maxx Follows Wal-Mart in Boosting Wage to \$9 an Hour,” Bloomberg, February 25, 2015, available at <http://www.bloomberg.com/news/articles/2015-02-25/tj-maxx-follows-wal-mart-in-raising-employee-wages-to-9-an-hour?hootPostID=3eb14874d078edd0a7e2aa81560bff7a>.
- 7 Walmart, “Walmart to Increase Wages for Current U.S. Workers to \$10 an Hour or Higher, Launches New Skills-Based Training for Associates” (2015), available at <http://cdn.corporate.walmart.com/a1/0e/6fec066e4cf48b9ec4b9f09bcd67/associate-opportunity-fact-sheet.2.pdf>.
- 8 Small Business Majority, “Opinion Poll: Small Businesses Support Increasing Minimum Wage” (2013), available at <http://www.smallbusinessmajority.org/small-business-research/downloads/042413-minimum-wage-poll-report.pdf>.
- 9 T. William Lester, David Madland, and Nick Bunker, “An Increased Minimum Wage Is Good Policy Even During Hard Times,” Center for American Progress Action Fund, June 7, 2011, available at <https://www.americanprogressaction.org/issues/labor/news/2011/06/07/9747/an-increased-minimum-wage-is-good-policy-even-during-hard-times/>.
- 10 Lester, Madland, and Odum, “Raising the Minimum Wage Would Help, Not Hurt, Our Economy.”
- 11 CBS Los Angeles, “Poll: LA County Voters In Favor Of Raising Minimum Wage To \$15.25,” January 30, 2015, available at <http://losangeles.cbslocal.com/2015/01/30/poll-la-county-voters-in-favor-of-raising-minimum-wage-to-15-25/>.
- 12 Ibid.
- 13 Two recent studies have explored the effects that a minimum-wage increase would have on the Los Angeles workforce and economy. The approaches differ on several parameters, including data sources used, exact geographic areas of examination, and assumptions about future economic conditions. The results reported above include only directly affected workers—that is, those who are projected to earn below the proposed minimum wage. These estimates exclude the many thousands of workers referred to by the studies as indirectly affected. These are workers who earn slightly above the proposed new minimum wage and who would see their wages rise due to a ripple effect. See Michael Reich and others, “The Proposed Minimum Wage Law for Los Angeles: Economic Impacts and Policy Options” (Berkeley, CA: Center on Wage and Employment Dynamics, 2015), available at <http://irle.berkeley.edu/cwed/briefs/2015-01.pdf>; Flaming and others, “Los Angeles Rising.”
- 14 Ibid. Calculations include both directly and indirectly affected workers.
- 15 Ibid.
- 16 Ibid. Calculations include both directly and indirectly affected workers.