

Raising San Francisco's Minimum Wage Could Cost Thousands Of Jobs

By: Connor D. Wolf
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Raising San Francisco's minimum wage to \$15 an hour would cause the loss of 15,270 jobs by 2019, according to a report by the Office of Economic Analysis.

"The proposed legislation is estimated to reduce the city's employment by approximately 15,270 private sector jobs by 2019, compared to REMI's baseline projection for that year. This represents approximately 2% of private employment in the city," says the report.

"These employment reductions are distributed across the city's economy, but food services and retail trade account for nearly half of the total," the report continues

Diana Furchtgott-Roth, the director of Economics21 and senior fellow at the Manhattan Institute, told The Daily Caller News Foundation, "People who sustain the most damage will be low-skilled workers."

"No one knows the precise number," Furchtgott-Roth continues, adding that the wage increase "could cost more jobs."

Michael Tanner, a senior fellow at the Cato Institute, agrees, telling TheDCNF that such a report couldn't possibly be that exact in predicting jobs loss, but "it's almost certain that" a minimum wage increase will "cost a certain amount of jobs."

Tanner argues that such policies are based on emotional appeal more than sound economics, adding, "generally the problem with minimum wage increases is its popular."

The jobs impact of the minimum wage has been debated nationally and a report by the Congressional Budget Office (CBO) recommended two options for increasing the minimum. One option would be to increase it to \$9.00 or the other option is to increase it to \$10.10, both by 2016.

Both recommended increases are far below the San Francisco wage increase and in the case of the \$10.10 option, it "would increase the federal minimum wage from its current rate of \$7.25 per hour to \$10.10 per hour in three steps—in 2014, 2015, and 2016. After reaching \$10.10 in

2016, the minimum wage would be adjusted annually for inflation as measured by the consumer price index.”

In a response, the White House said in a statement the recommendation by the CBO, “would help millions of hard-working families, reduce poverty, and increase the overall wages going to lower-income households.”

Even with this recommendation, the CBO estimates that a \$10.10 minimum wage “would reduce employment by roughly 500,000 workers in the second half of 2016.”