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Why \$15 Now in California?

by Martin J. Bennett

Governor Jerry Brown recently signed legislation to boost the California minimum wage from \$10/hr. to \$15/hr. — a 50 percent increase, which will affect more than one-third of the workforce, making the state's minimum the highest in the nation. This minimum wage hike will be phased in over six years, then automatically adjusted annually to offset rising costs of living.

Immediately after California, New York adopted a \$15/hr. minimum followed by the District of Columbia. Legislatures in Connecticut, Massachusetts, and New Jersey are now considering \$15/hr. minimum wage measures.

However, a political puzzle needs examination. Last year the Governor and the legislature's Democratic leadership opposed a \$13/hr. minimum wage bill (phased in by 2017) introduced by State Senator Mark Leno.

Why a \$15 minimum wage a year later? To answer that question we must analyze the grassroots movement for economic justice that began in the mid-1990s and has now 'scaled up,' forcing the Governor and legislature to act.

Who Will Receive Higher Wages?

The new California minimum is historic--it's the largest increase in the state's history affecting more than one-third of the state's workforce, or about 5.6 million workers.

According to the UC Berkeley Labor Center, affected workers will receive an average 24 percent annual earnings increase, or about \$3700 per year adjusted for inflation. 95 percent of workers receiving pay raises are adults over 20; more than half are women and Latinos; and affected workers contribute, on average, at least half of their families' total annual income.

A Generation of Widening Inequality

Over the last three decades California and the nation have experienced a 'generation of widening inequality.' Declining wages are one of the main causes for rising inequality. The UC Berkeley researchers found that between 1979-2014 the inflation-adjusted hourly wages for the upper 10 percent of California workers soared by 35 percent, while wages for the bottom 60 percent fell. Wages for the lowest paid workers dropped by 6 percent.

Moreover, according to the National Employment Law Project (NELP), 44 percent of the jobs created between 2010-2014 were low-wage, paying less than \$14/hr. The number of California workers earning such low wages jumped from 26 percent in 2006 to 33 percent in 2014. Only one in five jobs created after 2010 were mid-wage, paying between \$14/hr. and \$20/hr.

The California Employment Development Department projects that between 2012-2022 *seven of the ten top job growth occupations will be low-wage service sector jobs.*

Neither the state nor federal governments have acted to reverse declining wages, particularly to address the falling value of a minimum wage that is not annually adjusted for inflation. If the California minimum wage were adjusted each year since its peak value in the late 60s, it would be nearly \$12/hr. today.

Living Wage Laws and A Grassroots Higher Wages Movement

Consequently, a movement began to raise the wage floor at the local level when Baltimore implemented the first Living Wage Ordinance in

1996, requiring that city workers and city contractors' employees receive a wage commensurate with the cost of living.

Los Angeles enacted California's first Living Wage law in 1997, and 34 California cities and counties have followed suit, including Sebastopol, Sonoma, Petaluma, by mandating that covered workers receive a wage of at least \$15/hr.

Last year the County of Sonoma approved a \$15/hr. Living Wage law after a broad community coalition's two-year campaign had gathered several thousand signatures, brought hundreds to board meetings, and organized dozens of community leaders, clergy, and low-wage workers to lobby board members.

Occupy Wall Street and the Fight for \$15

Second, in 2011 the low-wage recovery and the concentration of wealth and political power in the upper one percent ignited the Occupy Wall Street movement--encampments spread to more than 600 communities across the nation, including Santa Rosa. Occupy protestors pitched tents for several months in front of Santa Rosa's City Council chambers and campaigned to halt homeowner evictions.

Third, beginning in 2012, one-day strikes and mass demonstrations by fast food, Wal-Mart, homecare, adjunct professors and other low-wage workers demanded \$15/hr. and a union, driving a dynamic nationwide 'Fight for \$15.' Locally, unionized Sonoma County home care workers helped lead the Living Wage and Fight for \$15 campaigns, won widespread support, and negotiated a substantial raise from \$11.65/hr. to \$13/hr.

Public Opinion and Support for Raising the Minimum Wage

As public support for '\$15 Now' continued to grow, in 2013 Seattle approved the first \$15/hr. citywide minimum wage law covering all minimum wage workers, followed by San Francisco in 2014 and Los Angeles in 2015. More than 30 cities nationwide have implemented

citywide minimum wage laws varying from \$13- \$15/hr., of which 15 are in California.

The public no longer buys many myths peddled by opponents of minimum wage increases. According to a 2012 NELP report, large corporations such as Wal-Mart, McDonalds, Taco Bell, and Aramark with more than 100 employees, employed two-thirds of minimum wage workers, not small business. These companies dominate the low-wage food services, retail, and hospitality and leisure sectors, pay their CEOs an average \$9.4 million annually — and the *Economist* finds their “profits are at near record highs relative to GDP.”

A recent University of Massachusetts study by economists Jeannette Wicks-Lim and Robert Pollin demonstrates fast-food giants like McDonald’s could easily adjust to a \$15/hr. minimum wage without cutting profits, by slightly increasing prices (15-cent per Big Mac) and by realizing cost savings from declining employee turnover and increased worker productivity.

Low-Wage Worker Union Organizing in California

Fourth, an upsurge of successful union organizing by low-wage workers has included Silicon Valley security guards, shuttle bus drivers, and food service workers; Los Angeles basin hotel, warehouse, and port truck drivers; and casino workers and part-time private college instructors across Northern California. The high cost of living and rising worker expectations triggered the organizing drives, and strong public support enabled workers to join SEIU, the Teamsters, and UNITE HERE and to win contracts with job security, a grievance procedure, excellent wages, and comprehensive benefits.

UNITE HERE recently organized 1000 casino and restaurant workers at the Rohnert Park Graton Rancheria casino. Entry-level total compensation at the casino that includes both wages and benefits is more than \$20/hr.

Bernie Sanders Presidential Campaign

Finally, Senator Bernie Sanders won 23 Democratic primaries and caucuses by addressing inequality and proposing major reforms, such as single-payer health care, free college tuition, expanding Social Security, breaking up large banks, and increasing taxes on corporations and the wealthy. Sanders introduced federal legislation to increase the minimum wage from \$7.25/hr. to \$15/hr. and championed this issue throughout the primaries.

Sanders and his appointees on the Democratic Party platform committee pushed hard to ensure that the platform included a \$15-per-hour federal minimum wage. The committee has officially approved a \$15-an-hour federal minimum, and in her speech at the Democratic convention accepting the Presidential nomination Hillary Clinton declared, “the minimum wage should be a living wage and no one working full time should have to raise their children in poverty.” Boosting the federal minimum wage is now a major issue in the November Presidential elections.

Sanders narrowly lost the California primary but he won Sonoma County with 52 percent of the vote. His victory will likely have an enduring impact on the local Democratic Party and Democratic officeholders.

\$15 Now

In March, one California \$15 minimum wage initiative qualified for the November ballot. A second, which proposed six paid sick days and a phase-in over four years, certainly would have qualified too. A 2015 Field poll indicated that nearly 70 percent of registered voters support raising the state minimum wage to \$15/hr. by 2020.

The Governor and Democratic leaders understood this political reality and wisely acted. If they had not, voters surely would have approved a more sweeping \$15 minimum wage initiative on the fall ballot.

Major reforms and structural change in American politics occur only when a sustained grassroots movement pressures government from below and one of the two major political parties becomes a proponent for the demands of the popular movement.

In California, the Living Wage, Occupy, Fight for \$15, union organizing campaigns, and the Sanders insurgency are parts of a growing movement to raise the wage floor, which compelled the Governor and legislature to approve a \$15 state minimum wage.

Adoption of the \$15 minimum wage in states like New York, and Bernie Sanders campaign's strong second place finish demonstrate that the California minimum wage earthquake is shaking up national politics.

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