

Editorial

Editorial A higher minimum wage makes sense for L.A., but it's no cure-all



Mayor Eric Garcetti has proposed Los Angeles' first-ever citywide minimum wage. (Los Angeles Times)

By **THE TIMES EDITORIAL BOARD**
contact the reporter

SHARELINES

🐦 ▾ The L.A. City Council should approve Mayor Garcetti's minimum wage hike, but it's not a fix-all

🐦 ▾ L.A.'s business and poverty issues will remain even after the City Council approves minimum wage hike

Hardly a week goes by without some new study, quarterly report or economic forecast proclaiming the same troubling news — a combination of stagnant, low wages and a

high cost of living has left far too many Angelenos struggling to make ends meet. About 25% of families with children in the city of Los Angeles live below the federal poverty line. Half of households in the

metropolitan area spend more than a third of their income on housing. And the money that is left over has significantly less purchasing power here than it would in a less expensive city; the L.A. region is among the most pricey in the nation.

Now, Mayor Eric Garcetti has proposed Los Angeles' first-ever citywide minimum wage. If approved by the City Council — which is expected — workers here would earn at least \$10.25 an hour in 2015, \$11.75 in 2016 and \$13.25 in 2017. In future years, the wage would increase with inflation. Unlike council members' ill-thought-out proposal to set a \$15.37-an-hour wage just for hotel workers, Garcetti's plan is a more gradual increase that raises all boats (rather than just those carrying hotel workers.) More than half a million workers in L.A. would get a raise, and 97% of those are breadwinners in their 20s and older, often with some college experience — not just teenagers working a part-time minimum wage job.

This page has supported an increase in the minimum wage at the state and federal level because we believe it is an effective way to help lift people out of poverty, and an additional increase makes sense in higher-cost-of-living cities. Seattle, San Francisco, San Diego, New York and Chicago have all raised or are considering raising minimum pay to \$12 to 15 an hour. The L.A. City Council should approve Garcetti's proposal.

No one should believe that a minimum wage ... is the solution to the city's larger problem of poverty and lack of economic mobility.-

But no one should believe that a minimum wage hike is either cost free or that it is the solution to the city's larger problem of poverty and lack of economic mobility. While the minimum wage hike will certainly help the lowest-wage workers in the city, it should not be seen as the centerpiece of a meaningful jobs creation strategy. The fact is that far too many jobs in the city are low-wage jobs — some 37% of workers currently earn less than \$13.25 an hour, according to the mayor's estimates — and even after the proposed increase, they would still be living on the edge of poverty. What's more, 8.5% of the city's population is unemployed and wouldn't be helped by the wage hike at all. What the city really needs to do is to create more good, sustainable middle-class jobs as well as a workforce that is prepared to fill them.

It's also important to remember that the minimum wage hike comes at a significant direct cost to business — well over a \$1 billion a year, according to the mayor's analysis — and it would be foolish to pretend that it won't lead to some job losses and business closures. How many new restaurants, retail or other businesses that typically pay minimum wage will choose to locate just over the city line? Will some existing industries such as apparel manufacturing leave L.A.? To what extent will businesses cut staff or hours to cover the new labor expenses, hurting the very workers the proposal is aimed at helping? These are real concerns that should not be downplayed in the effort to sell the proposal to the public.

Nevertheless, a growing body of research on higher wage mandates in cities such as San Jose, San Francisco and Santa Fe has found no significant effect on employment. It's true that Garcetti's pay increase is larger than minimum wage hikes already in effect in other cities studied, and L.A. has more low-wage workers as well, so the city is headed into uncharted territory. Still, we think the economic and societal benefits of putting more money into the hands of the lowest-paid workers will probably outweigh the negative impacts.

It's important that Los Angeles not go it alone. Garcetti should use his self-described talent for building coalitions to get city leaders throughout the region to enact higher minimum wages through ordinance or ballot initiatives, if necessary. This is important to keep the city from becoming an island of high wages and to keep businesses from fleeing to cheaper locations outside L.A.'s borders.

The minimum wage is an important safety net protection for the working poor, but it is not a strategy for creating the kinds of \$20- and \$30-an-hour jobs Los Angeles needs. The mayor should be looking at shorter-term strategies to make L.A. more welcoming to investment and more competitive with neighboring cities. He could push to streamline the Byzantine permitting process that sends businesses to multiple

departments with conflicting directives; to update the city's zoning code, which often necessitates inordinate staff time and expense simply because it's outdated; to create a culture of customer service in which calls get returned; and to phase out the gross receipts tax, which is higher than surrounding cities. Past mayors have attempted all of these reforms, but none has been able to make L.A. business friendly.

Garcetti can also lead on longer-term strategies for job growth. He can be a convener of the powerful and an advocate for change outside the city boundaries, pushing regional leaders to work more cooperatively on economic development and to invest in the infrastructure (including the ports and the airport but also rail and energy) that makes it easier to grow and do business. It's critical that the state's K-12 and college systems be strengthened so there are more educated young people and skilled workers prepared to step into better-paying jobs.

Garcetti made job creation his top priority during his campaign for mayor, and he should not lose sight of that all-important goal. L.A.'s low-wage workforce may benefit from a citywide pay raise, but the real moral imperative is to reform Los Angeles so that a minimum wage job is merely a temporary steppingstone on the way to a fulfilling and sustaining career.