

San Francisco Residents Oppose Minimum Wage Hike

Overview

News stories have reported strong support for an increased wage mandate in the City of San Francisco. However, more in-depth research shows that previous polls only scratched the surface of residents' opinions.¹ When asked for their support level for an increased wage mandate coupled with other economic factors, residents **overwhelmingly oppose a proposed \$8.50 minimum wage that applies to all employers**. When presented with alternatives, **residents prefer targeted solutions to poverty**.

On April 13, 2003 the *San Francisco Chronicle* reported poll results that showed 79 percent of likely voters were in favor of a city-wide minimum wage of \$8.50.² EPI's recent poll likewise found nearly 61 percent of San Francisco residents support the concept of a minimum wage of \$8.50. However, support for this ordinance drops much further when residents learn of unintended consequences that result from this policy.

Decreased Assistance to the Low Income Community

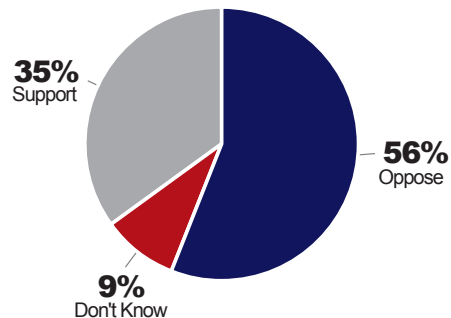
A minimum wage fails to gain a majority of support when residents realize that low-income individuals will only receive a portion

of the increased wage due to increased taxes and decreased government assistance. **Only 42 percent of residents supported a minimum wage after learning that low-skill workers would lose government assistance.**

Job Loss

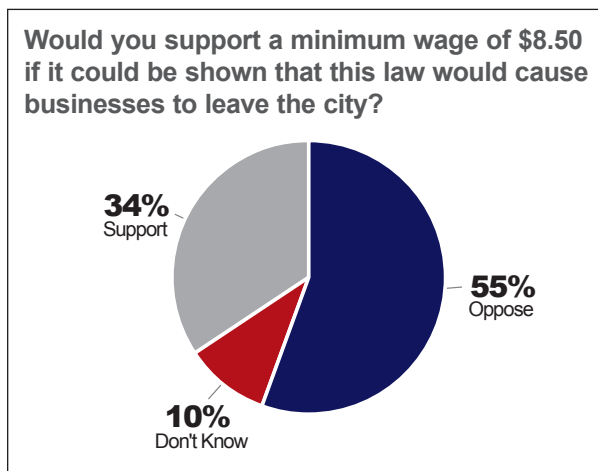
Respondents were similarly concerned about the entry-level job loss resulting from an increased wage mandate. When asked if they would support a minimum wage of \$8.50 if it meant that some low-skill workers would lose their jobs, only 35 percent of residents support such a mandate. **A majority of residents (56%) opposed an increased minimum wage based on knowing that some low-skill workers would lose their jobs.**

Would you support a minimum wage of \$8.50 if it could be shown that this law would cause job loss for low-skill workers?



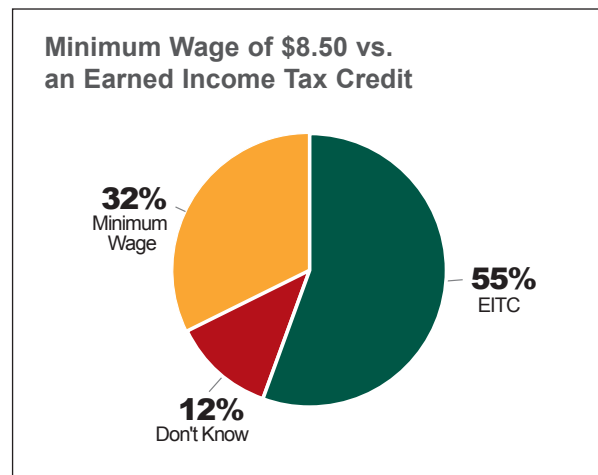
Business Flight

Any support for an increased wage mandate is trumped by concern for the business climate in the city. When respondents were asked if they would support a minimum wage if it meant a loss of business in the city, only 34 percent of respondents supported the \$8.50 proposed minimum wage. **A majority of residents (55%) oppose an increased minimum wage due to the potential loss of businesses.**



An Alternative: the Earned Income Tax Credit

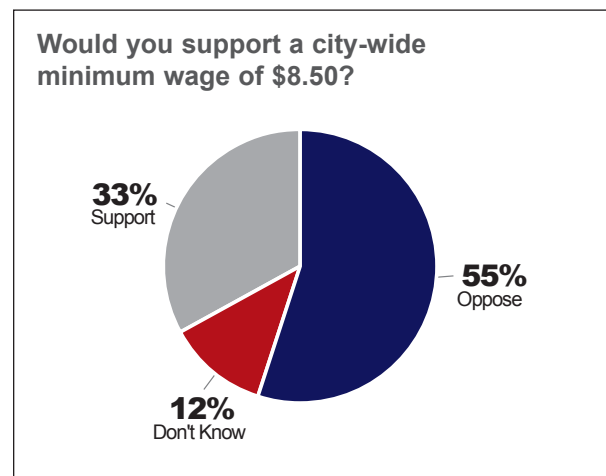
A majority of San Francisco residents (55%) prefer the concept of a local earned income tax credit to an increased minimum wage.



Only 32 percent of residents support a minimum wage over an EITC. Approximately 60 percent of the residents that oppose an increased wage floor because of potential job loss or capital flight support an EITC over an increased minimum wage.

Final Results

Respondents were asked again if they would support a minimum wage of \$8.50 for all businesses in San Francisco. **Only 33 percent of residents either support or strongly support an \$8.50 minimum wage.** Over 36 percent of respondents who “strongly support” the minimum wage now oppose such an ordinance after learning of its unintended consequences, i.e., job loss, loss of government assistance.



1. Feather, Larson and Synhorst DCI (FLS-DCI) conducted the telephone survey between April 30 and May 1, 2003. FLS-DCI contacted a random sample of San Francisco City Residents over the age of 18. The total sample size was 412 for a margin of error of 4.8 percent.

2. “S.F. supervisor puts minimum wage on front burner;” Philip Matier and Andrew Ross, *San Francisco Chronicle*, 4/13/2003: A17.

The Employment Policies Institute is a non-profit research organization dedicated to studying public policy issues surrounding employment growth. In particular, EPI focuses on issues that affect entry-level employment.