Local Minimum Wages and Local Business Conditions: Survey results from Oakland, California

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In March 2015 Oakland, California increased its minimum wage from $9 to $12.25 per hour. This paper presents a survey that asked Oakland businesses both about general business conditions and about their responses to the higher minimum wage. The survey finds widespread effects on employment, wages, and prices, with particularly significant effects in the food service sector. While the minimum wage hike appears to have been a significant factor in driving these changes, other challenges were more significant for survey respondents. These changes occurred in a city that is experiencing an influx of wealthy new arrivals and rising property values.

INTRODUCTION

In recent years, increased income inequality and rising costs in many large urban areas have motivated a nationwide movement toward higher pay for low-wage workers. One result has been minimum wage ballot measures and legislation at the state and local levels of government. For example, in Los Angeles the City Council and Mayor approved a plan to raise the minimum wage to $15 per hour by 2020, with the first increase in July 2016 to $10.50 (County of Los Angeles, 2016). Both New York and California recently enacted laws to gradually increase their state minimum wages to $15 (Deschenaux, 2016). In November 2014, Oakland, California became a part of this movement when Oakland voters passed a ballot measure increasing the city's minimum wage from $9 to $12.25 per hour.

There is a rich economics literature, spanning decades, exploring the impact of federal and state minimum wages on employment and economic activity (see, for example, Neumark and Wascher 2000, Card 1992). In recent years, as many cities have explored or imposed municipal minimum wages, several studies have used econometric techniques to analyze the impacts of local minimum wages (for example, Card and Krueger 1994, Reich, Jacobs and Bernhardt 2014, the Seattle Minimum Wage Study Team 2016). Before the vote on Oakland's minimum wage, two independent organizations produced prospective studies about how Measure FF would affect economic variables such as employment, wages, and prices in Oakland (Reich, Jacobs, Bernhardt, and Perry 2014; Hausrath Economics Group, 2014).

In this paper, we take a different approach, directly asking Oakland businesses about their experiences with the minimum wage in the context of the overall environment facing Oakland businesses. This approach provides a useful complement to data-driven analysis, and reveals key concerns and pressures facing businesses in Oakland. The survey finds that effects on employment, wages, and prices were widespread following imposition of the minimum wage, with particularly significant effects in the food service sector. While the minimum wage hike appears to have been a significant factor in driving these changes, other challenges were more significant for survey respondents.

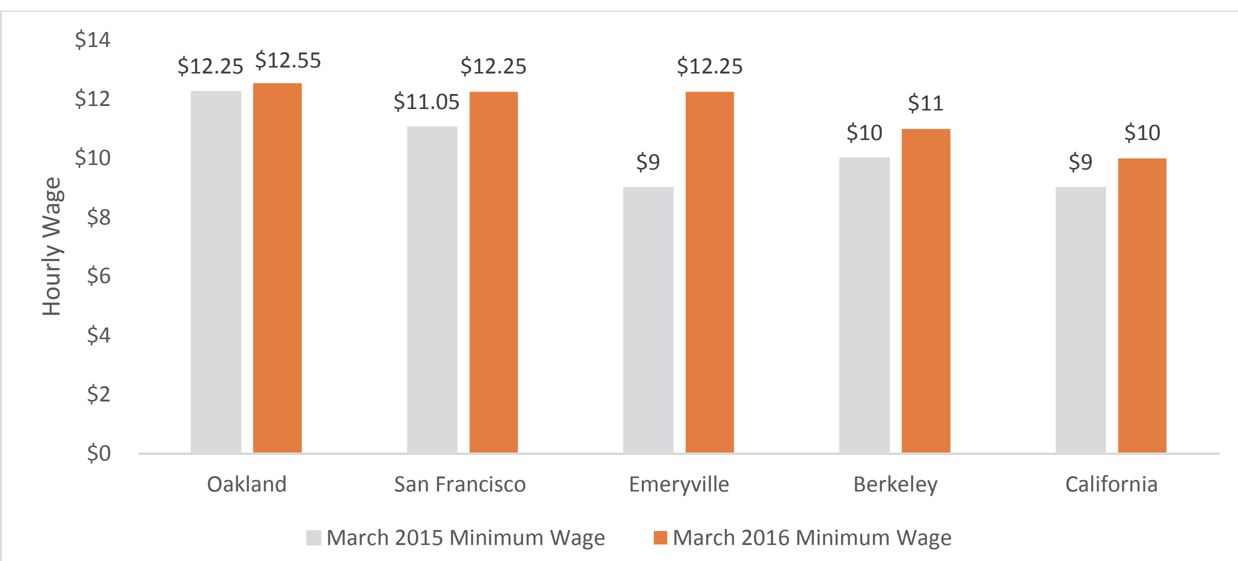
Background on Oakland's Minimum Wage

In November 2014, Oakland, California voters overwhelmingly backed Measure FF, which increased the City's minimum wage from $9 to $12.25 per hour. More than 80% of Oakland voters favored the measure, which increased Oakland's minimum wage by 36% in one step, with no phase-in or small-business exemption. In addition, the law requires Oakland businesses to provide 1 hour of sick leave for every 30 hours worked. Measure FF also provides for annual increases in the minimum wage based on changes in the Consumer Price Index (CPI) (City of Oakland City Administration, 2015).

For most cities, data on employment, wages, and prices are scant and, when available, released with a considerable time lag. The current survey provides a methodology for gathering early and highly localized information about how local businesses responded to the minimum wage, and the relative importance of the minimum wage compared with other factors in driving business' decisions about wages, employment, prices, expansion, and location.

On March 2, 2015, when Measure FF took effect, Oakland's minimum wage was significantly higher than that in neighboring cities. Since then, several nearby cities, as well as the State of California, have increased their minimum wages. Thus, the difference between Oakland's minimum wage and that of other nearby locations decreased significantly during the year after Oakland's minimum took effect (See Figure 1). San Francisco voters approved a measure raising the city's minimum wage gradually to $15 per hour by 2018 (San Francisco Office of Labor Standards Enforcement, 2015). Berkeley raised its minimum wage to $12.53 per hour in October 2015 (Berkeley Department, Housing and Community Services, 2015). In June of 2015 the Emeryville City Council and Mayor approved a plan to raise wages in July 2015 to $12.25 (the same as Oakland) with additional increases to come yearly. Emeryville's minimum wage ordinance included a sick leave mandate similar to Oakland's law (Emeryville Economic Development Department, 2015). (Both Berkeley and Emeryville share borders with Oakland.)

FIGURE 1
COMPARING MINIMUM WAGES OF NEIGHBORING CITIES IN MARCH 2015 AND MARCH 2016



Oakland's minimum wage increase was enacted in the context of a local economy that is, by many measures, booming. Housing prices provide a simple metric that captures local economic trends. The San Francisco-Oakland Bay Area has seen huge increases in its already-high housing prices. In March 2015, when Measure FF went into effect, the median house price in Oakland was $510,000, up from $300,000 in March of 2012 (Oakland Home Prices & Values, 2016) but still about half of the $1.03 million median in San Francisco (San Francisco Home Prices & Values, 2016). The influx of money into Oakland from San Francisco means that some Oakland businesses benefit from the increased incomes of their customers, while for others the predominant effect is upward pressure on costs.

In general, a minimum wage has the potential to affect business decisions in several ways. The higher minimum could cause businesses to reduce employment or increase the prices they charge. When a community's minimum is higher than its neighbors', these effects can be amplified. Businesses may relocate to nearby communities with lower minimum wages or go out of business entirely. We did not attempt to sort out these effects, since they are complicated both by the context of overall strong growth in the local economy and by the fact that the minimum wages in nearby locations changed shortly after Oakland's minimum wage hike. Rather, we focused on gathering information about business' actions following the minimum wage hike and their motivations for those actions.

SURVEY METHODOLOGY

Distribution

The survey was conducted online using SurveyMonkey. It was distributed via email and posted on Townsquared, an online social network platform connecting local businesses. Since the researchers did not have a comprehensive mailing list of Oakland businesses, the survey link was sent to contacts at the Oakland Chamber of Commerce, the Sustainable Business Alliance (an association of locally-owned businesses, with most members located in Oakland), and all ten Oakland Business Improvement Districts (BIDs) and Community Benefit Districts (CBDs). The survey was sent out to corresponding email lists by the Oakland Chamber, the Sustainable Business Alliance, the Lakeshore/Lake Park BID, Koreatown/Northgate CBD, Downtown CBD, and Lake Merritt/Uptown CBD. The researchers monitored responses and, after the first week, noted that there were few responses from the Fruitvale and Temescal neighborhoods. Therefore, they used online resources to compile a supplemental email list with 94 businesses including 29 businesses in Fruitvale and 31 businesses in Temescal. The survey went online on July 1st, with the deadline of July 17th. It remained open and responses were collected until July 27th. One hundred thirteen Oakland businesses responded to the survey.

Survey Design

The survey was designed to be easy for businesses to complete within 10 minutes. A small number of businesses participated in a pilot survey to verify ease of response and to provide input on survey methodology prior to wider distribution of the survey. Questions about general business conditions in Oakland preceded specific questions about the minimum wage hike in order to decrease bias regarding the minimum wage increase. The survey included 25 questions aimed at assessing current and future business conditions in Oakland with focus on the minimum wage increase. The full text of the survey is provided in the Appendix. The survey respondents were assured that their responses would be confidential and anonymous, so the results below are compiled in a way that preserves the anonymity of respondents.

Limitations

Conducting the survey online and distributing it via email was far less costly in both dollars and time than a phone or mail survey. However, an online survey excludes potential respondents who do not use email for communication, or whose owners/managers are less likely to connect online. We expect that the online nature of the survey reduced the response rate amongst some targeted businesses, but given the limited time and funds for this project, online surveying was the best option for this study. With 113 responses, the survey responses clearly are not representative of all businesses in Oakland. Nevertheless the survey provides useful insights regarding businesses' responses to the minimum wage.

CHARACTERISTICS OF SURVEY RESPONDENTS

Industries Represented

The industries with the highest representation in the sample of respondents were food services making up 26% (29/113) and retail trade with 22% (25/113) of respondents. Health and social services made up 10% (9/113) of the respondents. The remaining categories had fewer respondents ranging between 1% and 4% and included administrative and waste management services, arts entertainment and recreation, manufacturing, professional scientific and management, public administration, real estate rental and leasing, educational services, finance and insurance, information and communications, wholesale trade and construction. The "other" category, which makes up 8% (11/113) of the total respondents, includes religious services, personal care, repair/maintenance, design, childcare, and photography businesses. Additionally 10% (11/113) of the total respondents reported that their organizations were nonprofits. Nonprofit respondents included health, arts, education, religious, and cultural organizations.

Geographical Distribution

The number of responses to the survey varied greatly based on zip code. Downtown (94612) at 29% (35/120) is the zip code with the largest number of responses. This is consistent with downtown's large share of Oakland businesses. The West Oakland and Embarcadero neighborhoods (94607) follow at 14% (17/120). 94610 which represents Adams Point, Grand Avenue, and Lakeshore had 13% (15/120) of respondents. Twelve percent (14/120) of responses came from 94609, which includes parts of North Oakland, Lower Rockridge, and Temescal. Zip codes representing the remaining neighborhoods account for between 1% and 8% of responses. A number of respondents reported locations in multiple zip codes, as such the sample size for zip codes is 120 which is greater than the total survey sample size of 113.

Length of Time in Business

Respondents were asked how long they have been in business and could choose between the answers listed in the first column of Table 1. Most of the business are well established, with 70% (79/113) of respondents reporting that they have been established for 5 years or longer.

TABLE 1
LENGTH OF TIME IN BUSINESS

How long in business?	Count	Percentage
More than 5 years	79	69.9%
3 to 5 years	10	8.8%
1 to 3 years	20	17.7%
Less than 1 year	4	3.5%
Total	113	100%

CHANGES FROM NOVEMBER 2014 TO JULY 2015

Number of Employees

A majority of respondents employed 10 or fewer employees. The questions comparing size between November 2014 (before the Measure FF went into effect) and July 2015 (when the survey was completed) were intended to determine whether there has been significant shrinkage or growth in size of businesses. As shown in the first column of Table 2, the responses were recorded in size classes rather than specific numbers. As such, the question does not capture businesses that experienced changes within a given size class. Amongst businesses surveyed there is evidence of growth as 10% moved to a larger size class, while only 2% moved to a smaller size class. Eighty eight percent reported no change.

TABLE 2
NUMBER OF BUSINESSES BY SIZE CLASS
(MEASURED BY NUMBER OF EMPLOYEES)

Size Class (# employees)	Count November 2014 (# businesses)	Count July 2015 (# businesses)
0-10	68	62
10-20	16	17
20-50	14	17
50-100	4	3
100-300	4	5
300 or more	1	3
Total	107	107

Number of Full-Time Employees

Most respondents had 4 or fewer full-time workers (who worked 35 hours or more), as shown in Table 3. Of the 97 respondents who answered this question, 17% reported that they moved into a larger size class between November 2014 and July 2015, 79% reported no change, while 4% reported moving to a smaller size class. The respondents were given the categories shown in the first column of Table 3 to choose from, so a business could have grown (for example, from 6 full-time workers to 8) but would remain in the same size class.

TABLE 3
NUMBER OF BUSINESSES BY SIZE CLASS
(MEASURED BY NUMBER OF FULL-TIME EMPLOYEES)

Size Class (# full-time employees)	Count November 2014 (# businesses)	Count July 2015 (# businesses)
0-4	68	65
5-9	9	11
10-14	8	7
15-19	2	1
20-24	2	5
25-29	2	2
30 or more	5	6
Total	97	97

Changes in Payroll Costs

Seventy percent (72/103) of respondents reported an increase in their payroll costs between November 2014 and July 2015 with 32% (33/103) reporting payroll increases of 10% or more. Thirty percent (31/103) of respondents reported payroll increases between 2% and 10%. Eight percent (8/103) reported decreased payroll, while 22% (23/103) reported no change at all.

Tables 4 and 5 provide detail for the businesses that reported increases in their payrolls. Respondents were provided with a list of possible components and could choose only one. As shown in Table 4, of those who reported increase in payroll 69% (50/72) chose "change in hourly pay," which is consistent with the higher minimum wage. Respondents were given space to provide open-ended responses explaining the reason for the change in their payroll costs. Table 5 displays the reasons cited by 72 respondents who reported their payroll costs increasing. Some of these respondents provided multiple reasons in response to this question. Thirty three percent of respondents (24/72) cited the new minimum wage law as a reason, and 17% (12/72) of respondents cited increase in employee compensation (not mentioning minimum wage) as a reason for their payroll costs increasing.

TABLE 4
COMPONENTS OF PAYROLL INCREASE

Components of Payroll Increase	Count	Percentage
Change in hourly pay	50	69.4%
Change in number of workers	18	25.0%
Change in hours per worker	2	2.8%
Payroll costs have not changed in the past 6 months	1	1.4%
No response	1	1.4%
Total- increase payroll	72	100%

TABLE 5
REASONS FOR PAYROLL INCREASE

Reasons for Payroll Increase	Count	Percentage
Minimum wage increase	24	33.3%
Increase in employee compensation	12	16.7%
Additional employees	10	13.9%
Other	9	12.5%
No response	28	38.9%

Note: Total number of reasons is greater than the number of respondents as respondents could provide multiple reasons for the payroll increase.

Tables 6 and 7 provide detail for businesses that reported decreases in their payrolls. Table 6 shows that for 38% (3/8) of respondents who reported decreases in their payroll, "change in the number workers" was the chosen component. Thus, a handful of firms reduced the number of workers after the minimum wage took effect. One respondent (out of 8) who reported a decrease in payroll cited laying off employees due to the minimum wage increase.

TABLE 6
COMPONENTS OF PAYROLL DECREASE

Components of Payroll Increase	Count	Percentage
Change in hourly pay	2	25.0%
Change in number of workers	3	37.5%
Change in hours per worker	1	12.5%
Payroll costs have not changed in the past 6 months	1	12.5%
No response	1	12.5%
Total - increase payroll	8	100%

TABLE 7
REASONS FOR PAYROLL DECREASE

Reasons for Payroll Decrease	Count	Percentage
Reduced staff or cut hours	4	55.6%
Minimum wage increase	1	11.1%
Other	1	11.1%
No response	2	22.2%

Changes in Price

Fifty four percent (55/102) of respondents reported an increase in their prices since November with 32% reporting price increases of 5% or more. Seven percent (7/102) reported decrease in prices and 39% (30/102) of respondents reported no changes in prices. Table 8 summarizes these findings. By way of comparison, the San Francisco Area Consumer Price Index increased by 2.6% during the year from August 2014 to August 2015 (Consumer Price Index, San Francisco Area, 2015). Businesses that increased their prices were asked an open-ended question about the reasons for the increase. Of the 55 businesses with price increases 20% (11/55) cited the new minimum wage law in the comments as a reason. Table 9 lists all of the reasons businesses gave for raising their prices. The total number of responses is greater than the number of respondents because some respondents provided multiple reasons for increasing their prices. Forty four percent (24/55) of those who reported raising prices did not specify a reason.

TABLE 8
PRICE COMPARISON BETWEEN NOVEMBER 2014 AND JULY 2015

Price Comparison	Count	Percentage
Up more than 10%	12	11.8%
Up 5-10%	20	19.6%
Up 2-5%	10	9.8%
Up 0-2%	13	12.7%
No Change at all	40	39.2%
Down 0-2%	1	1.0%
Down 2-5%	2	2.0%
Down 5-10%	2	2.0%
Down more than 10%	2	2.0%
Total	102	100%

TABLE 9
REASONS FOR PRICE INCREASE

Reasons for Price Increase **	Count	Percentage
Minimum Wage Increase	11	20.0%
Increase in non-labor costs of business	11	20.0%
Keep up with going rate	7	12.7%
Rent	3	5.5%
Other	3	5.5%
No response	24	43.6%

Note: Total number of reasons is greater than the number of respondents as respondents could provide multiple reasons for the price increase.

BUSINESS ENVIRONMENT

Anticipated Future Changes

When asked if respondents expected to make changes in their prices, employment, or wages during the next six months, 59% (66/111) answered yes, and 40% (45/111) said no. Respondents were asked to provide open-ended explanations of the anticipated future changes. Of those who plan to make changes, 27% (18/66) expect to increase their prices. Fifteen percent (10/66) reported plans to increase wages and 14% (9/66) plan to add more employees or increase hours. Some respondents expect to make multiple changes in the future. Table 10 summarize these results.

TABLE 10
EXPLANATION FOR EXPECTED CHANGES IN PRICES, EMPLOYMENT, OR WAGES IN THE NEXT SIX MONTHS

Explanation if Yes	Count	Percentage
Price Increase	18	27.3%
Wage Increase	10	15.2%
More employees or added hours	9	13.6%
Reduced staff or cut hours	7	10.6%
Other	17	25.8%
No Response	11	16.7%

Note: Total number of explanations is greater than the number of respondents as respondents could provide multiple explanations in their response.

Future Move or Expansion Outside Oakland

Forty seven percent (53/112) of respondents stated that they had considered either moving or expanding outside of Oakland. The question did not distinguish between those who wanted to leave Oakland and those who wanted to establish additional locations outside of Oakland. Of those who said yes (to either moving or expanding) 26% (14/53) indicated expansion in their open-ended comments as one reason for a possible future location outside of Oakland. 15% (8/53) would consider moving due to the high cost of doing business. 11% (8/53) cited crime and 11% (8/53) believe Oakland is not a business friendly city. Four percent (2/53) of respondents cited the minimum wage increase as a reason for a potential move or expansion outside of Oakland. Some respondents provided multiple explanations for a possible move or expansion. Table 11 displays these results.

TABLE 11
EXPLANATION FOR CONSIDERED MOVE OR EXPANSION OUTSIDE OF OAKLAND

Explanation if Yes	Count	Percentage
Expansion	14	26.4%
High cost of doing business	8	15.1%
Crime	6	11.3%
Oakland not business friendly	6	11.3%
Increasing wages	4	7.5%
High rents	3	5.7%
Minimum wage increase	2	3.8%
Other	12	22.6%
No Response	14	26.4%

Note: Total number of explanations is greater than the number of respondents as respondents could provide multiple explanations in their response.

Challenges Facing Oakland Businesses

Respondents were asked to provide open-ended responses describing their biggest challenges. Table 12 shows the results. Need for a more business friendly city and crime and safety were cited as top challenges. Marketing and advertising, employee recruitment, training and retention, high cost of doing business, and high rents were other top challenges. Six percent (7/113) of respondents cited minimum wage as one of their biggest challenges. The total number of responses to this question exceeds the sample size of the survey as many participants cited more than one challenge in their answer.

TABLE 12
BIGGEST CHALLENGES FACING OAKLAND BUSINESSES

Biggest Challenges	Count	Percentage
Need for a more business friendly city	17	15.0%
Crime and safety	16	14.2%
Marketing and advertising	14	12.4%
Employee recruitment, training and retention	14	12.4%
High cost of doing business	13	11.5%
High rent	12	10.6%
High Taxes	10	8.8%
Homelessness	8	7.1%
Street façade, graffiti, trash and blight	8	7.1%
Increasing competition	7	6.2%
Minimum wage increase	7	6.2%
Inconsistent sales/ profits	5	4.4%
Oakland's poor reputation	5	4.4%
Parking	5	4.4%

Lack of access to capital	4	3.5%
Inconsistent pedestrian traffic	3	2.7%
Lack of business connections	3	2.7%
Other	10	8.8%
No response	21	18.6%

Note: Total number of challenges cited is greater than the number of respondents as respondents could reference multiple challenges in their response.

FINDINGS REGARDING MINIMUM WAGE (MEASURE FF)

After asking general questions about business conditions and city government services and support, respondents were asked specifically about the impact of Measure FF on their businesses.

Changes Made in Response to Minimum Wage Law

Forty five percent (47/105) of respondents answered yes when asked if they had made any changes as a result of the minimum wage hike. Of the business that made changes due to Measure FF, 45% (21/47) reported raising their prices, 26% (12/47) reduced their staff or hours of operation, 11% (5/47) added paid sick leave, 9% (4/47) adjusted their pay structure and 9% (4/47) changed their hiring and scheduling practices. The categories listed in the first column of Table 13 are based on open-ended answers. Some respondents reported more than one change as a result of the minimum wage hike.

TABLE 13
EXPLANATION FOR CHANGES MADE IN RESPONSE TO MINIMUM WAGE LAW

Explanation if "yes" to Making Changes	Count	Percentage
Increased price	21	44.7%
Reduced staff or cut hours	12	25.5%
Added paid sick hours	5	10.6%
Adjusted pay structure	4	8.5%
Changed hiring and scheduling practices	4	8.5%
Changed tip scale	2	4.3%
Other	5	10.6%
No response	5	10.6%

Note: Total number of explanations is greater than the number of respondents as respondents could reference multiple explanations in their response.

Reactions to the Minimum Wage Law

Recognizing that the minimum wage can be an emotionally charged issue, we asked respondents about their response to the minimum wage hike in addition to asking questions about how the minimum wage hike has affected their business decisions.

A majority (53%, or 25/47) of those who indicated they had made changes in response to the minimum wage increase expressed a negative reaction to the law. Some stated that the increase was significant and sudden, thus raising their costs significantly. Others would have liked more engagement and discussion between city government and the business community. Businesses expressed worry over customer reaction to raised prices and its effect on their profits.

Thirty two percent (15/47) of respondents who made changes expressed a mixed response. Respondents with mixed reactions expressed personal views that are aligned with higher wages for employees, however they also expressed great concern for the viability of their businesses.

Amongst those who said no to having made any changes in response to the law, 52% (30/58) expressed a positive reaction to the higher minimum wage requirement. These respondents expressed their approval of the change at a time of rising rents and living expenses in Oakland. Others expressed their own personal belief that employees should be earning higher than the old minimum wage. Table 14 summarize these results.

TABLE 14
REPORTED REACTIONS TO THE MINIMUM WAGE LAW

"Yes" to Making Changes	Count	Percentage	"No" to Making Changes	Count	Percentage
Positive reaction	4	9%	Positive reaction	30	52%
Negative reaction	25	53%	Negative reaction	7	12%
Mixed reaction	15	32%	Mixed reaction	6	10%
Neutral	2	4%	Neutral	14	24%
No response	1	2%	No response	1	2%
Total- yes	47	100%	Total- no	58	100%

FINDINGS BY INDUSTRY

In this section, survey results for selected question are analyzed by industry. Retail trade and food services are well represented in the sample of respondents as compared to other industries. As such these two industries are compared to all others, which are combined into one category called "other industries." The "other industries" category includes manufacturing, arts entertainment & recreation, public administration, finance & insurance, administrative & waste management services, health & social services, educational services, information & communications and others.

Changes in Payroll Costs

Table 15 compares changes in payroll costs amongst food services, retail trade and other industries. Businesses in the food services industry were most likely to experience an increase in payroll costs. Eighty five percent (23/27) of food service respondents reported increases in their payroll costs between November 2014 and July 2015, as compared with 75% (18/24) of retail trade businesses. Seventy percent (16/23) of respondents in the food services industry identified the minimum wage law as a reason their payroll had increased as compared with 22% (4/18) in retail trade and 13% (4/31) in other industries.

TABLE 15
CHANGES IN PAYROLL COSTS BY INDUSTRY

Food Services - Payroll Changes	Count	Percen-tage	Retail Trade - Payroll Changes	Count	Percen-tage	Other Industries - Payroll Changes	Count	Percen-tage
Total Up	23	85.2%	Total Up	18	75.0%	Total Up	31	59.6%
Total Down	1	3.7%	Total Down	1	4.2%	Total Down	6	11.5%
No Change	3	11.1%	No Change	5	20.8%	No Change	15	28.8%
Total	27	100%	Total	24	100%	Total	52	100%

Changes in Price

Table 16 compares price changes amongst the given three categories of industry. Seventy eight percent (22/28) of respondents in the food services industry increased their prices as compared with 45% (25/56) in other industries and 35% (8/23) in retail trade. Forty five percent (10/22) of those in the food industry cited the minimum wage increase as a reason for increasing prices, as compared to 4% (1/25) in the other industries category and none in the retail trade group.

TABLE 16
CHANGES IN PAYROLL PRICES BY INDUSTRY

Food Services - Price Changes	Count	Percen-tage	Retail Trade - Price Changes	Count	Percen-tage	Other Industries - Price Changes	Count	Percen-tage
Total Up	22	78.6%	Total Up	8	34.8%	Total Up	25	44.6%
Total Down	3	10.7%	Total Down	1	4.3%	Total Down	3	5.4%
No Change	3	10.7%	No Change	14	60.9%	No Change	28	50.0%
Total	28	100%	Total	23	100%	Total	56	100%

Response to Minimum Wage Law

Table 17 compares the number of businesses in the three given industry groups that reported making changes in response to Measure FF. It is shown that businesses in the food services industry made the most changes in response to the minimum wage hike, specifically 74% (20/27) reported making a change as compared with 36% (20/55) in other industries and 30% (7/23) in retail trade.

TABLE 17
RESPONSE TO MINIMUM WAGE LAW BY INDUSTRY

Food Services - Made Changes?	Count	Percen-tage	Retail Trade - Made Changes?	Count	Percen-tage	Other Industries - Made Changes?	Count	Percen-tage
Yes	20	74.1%	Yes	7	30.4%	Yes	20	36.4%
No	7	25.9%	No	16	69.6%	No	35	63.6%
Total	27	100%	Total	23	100%	Total	55	100%

FINDINGS ON CITY GOVERNMENT SERVICES AND SUPPORT

Contacted/ Used City Services in Response to the Minimum Wage Law

Twenty one percent (22/104) of respondents reported contacting the city or using city services (workshops, resources, customized business assistance) to respond to the new minimum wage requirements, while 79% (82/104) did not. 14 of the 22 participants who answered yes also gave explanations, which are listed in Table 18. Some of these respondents provided explanations with multiple parts within their individual answer.

Seven of the 82 respondents who did not contact or use city services expressed their belief that such services are not useful to businesses, while 4 reported not knowing about any services or points of contact. These results are shown in Table 19.

TABLE 18
EXPLANATION FOR CONTACTING OR USING CITY SERVICES IN RESPONSE TO THE MINIMUM WAGE LAW

Explanation if "yes"	Count	Percentage
Attended workshops	5	22.7%
Little or no information at first	2	9.1%
Used City Website	2	9.1%
Contacted Oakland business assistance center	2	9.1%
Talked to Councilmember	1	4.5%
Got involved with Community networks	1	4.5%
Got an answer to question via email	1	4.5%
No response	10	45.5%

Note: Total number of explanations is greater than the number of respondents as respondents could reference multiple explanations in their response.

TABLE 19
EXPLANATION FOR NOT CONTACTING OR USING CITY SERVICES IN RESPONSE TO THE MINIMUM WAGE LAW

Explanation if "no"	**Count**	**Percentage**
City services are not useful to businesses	7	8.5%
Did not know of any services or who to contact	4	4.9%
No need	3	3.7%
No response	68	82.9%

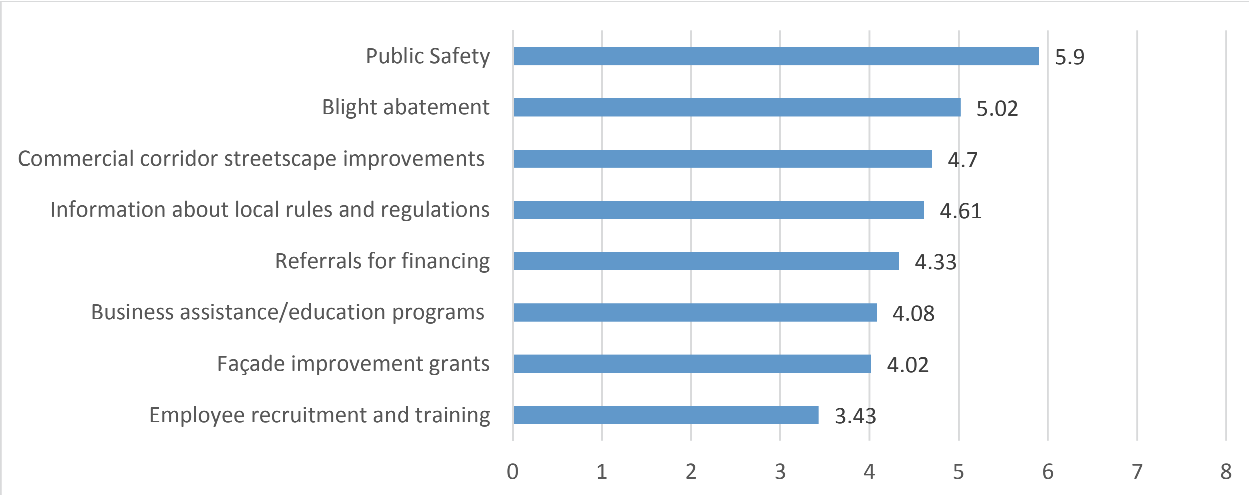
Note: Total number of explanations is greater than the number of respondents as respondents could reference multiple explanations in their response.

Ranking of Government Services

Respondents were asked to rank eight city services in order of importance. Figure 2 shows these services and their corresponding score based on rankings of participants. Scores are weighted based on number of respondents and ranking. If all respondents rate a particular service "most important" its score would be 8, whereas if all respondents rate a service "least important" its score would be 1.

Respondents ranked public safety and blight abatement as the most important city services. The range of scores for the different services is relatively narrow, with all services scoring between 3.4 and 5.9 on a scale of 1 to 8. While employee recruitment and training programs received the lowest score in terms of city services, employee recruitment and training was identified as a major challenge by respondents. A possible explanation for this inconsistency is that some respondents may not see government as the entity to address the challenge of recruiting and training employees.

FIGURE 2
RANKING OF GOVERNMENT SERVICES
SCALE OF 1 = LEAST IMPORTANT TO 8 = MOST IMPORTANT



Ideas for Support from the City

Respondents' ideas for support from the City of Oakland are shown in Table 20. A total of 137 ideas were recorded with many respondents providing multiple ideas. Eleven percent (12/113) identified increased safety and police presence as ways the city could support businesses. Seven percent (8/113) identified the need for more support from the city and 6% (7/113) asked for lower taxes and fees. Parking was also identified as an area where the city could be more supportive with 5% (6/113) suggesting more short term parking meters, lowering parking tickets and increasing the availability of free parking in dense business areas.

TABLE 20
HOW CITY CAN HELP OAKLAND BUSINESSES

Ideas	Count	Percentage
Make Oakland more safe/ more police	12	10.6%
More supportive of businesses	8	7.1%
Lower taxes and fees	7	6.2%
Parking	6	5.3%
Engage small businesses	4	3.5%
Street façade, graffiti, trash and blight	4	3.5%
Marketing and advertising	4	3.5%
Make Business Improvement Districts more effective	4	3.5%
Effectively deal with homelessness	3	2.7%
Free buses or shuttles to shopping areas	2	1.8%
Other	36	31.9%
No answer	47	41.6%

Note: Total number of ideas for help from the city is greater than the number of respondents as respondents could reference multiple ideas in their response.

CONCLUSIONS

The survey results suggest that between November 2014 and July 2015, the period during which the higher minimum wage went into effect, many Oakland businesses increased prices and experienced increased payroll costs. Seventy percent of respondents reported increased payroll costs, and of those 69% were due to higher hourly pay. Of the 8% of respondents who reported decreased payroll costs, 50% reported that their payroll costs had fallen due to a reduction in the number of employees or the number of hours.

The minimum wage hike appears to have been a significant factor in driving these changes. When specifically asked whether they had made changes as a result of the minimum wage hike, 45% of respondents answered yes. These changes were particularly prevalent in the food services industry. Our results provide no evidence of greater impacts in some neighborhoods than in others.

At the same time, when Oakland businesses were asked about the greatest challenges that they face, they cited other challenges more frequently than the city's minimum wage. Reflecting a general economic environment of dramatically increasing wealth and property values, nearly half of respondents (47%) have considered moving or expanding outside of Oakland.

APPENDIX – TEXT OF SURVEY

This survey is being conducted to assess current and future conditions for businesses operating in Oakland. All feedback is greatly valued and will be used to identify the main challenges facing business owners and inform city officials about the overall business environment in Oakland. The results of this survey will guide the city's efforts in supporting Oakland businesses.

1. What is the name of your business/organization?
2. What is the street address of your business/ organization?
3. What zip code is your business/organization located in? Please check all that apply.
   Answer choices:
   - 94601
   - 94602
   - 94603
   - 94605
   - 94606
   - 94607
   - 94608
   - 94609
   - 94610
   - 94611
   - 94612
   - 94613
   - 94618
   - 94705
4. Is your business/organization a nonprofit?
   Answer choices:
   - Yes
   - No

5. Please select the industry that best fits your business. If none of the categories apply, choose "other" and explain.
   Answer choices:
    - Agriculture, Forestry, Fishing, Hunting, and Mining
    - Construction
    - Manufacturing
    - Wholesale Trade
    - Retail Trade
    - Transportation, Warehousing, and Utilities
    - Information and Communications
    - Finance and Insurance
    - Real Estate and Rental & Leasing
    - Professional, Scientific, and Management
    - Administrative and Waste Management Services
    - Educational Services
    - Health and Social Services
    - Arts, Entertainment, Recreation
    - Accommodations
    - Food Services
    - Public Administration
6. How long have you been in business?
   Answer choices:
    - Less than 1 year
    - 1 to 3 years
    - 3 to 5 years
    - More than 5 years
7. How many workers do you currently employ (as of June 1, 2015)?
   Answer choices:
    - Up to 10
    - 10-20
    - 20-50
    - 50-100
    - 100-300
    - 300 or more
8. Approximately how many of your current employees worked 35 hours or more a week?
9. How many workers did you employ on November 1, 2014?
   Answer choices:
    - Up to 10
    - 10-20
    - 20-50
    - 50-100
    - 100-300
    - 300 or more
10. Approximately how many of these employees (November 1, 2014) worked 35 hours or more a week?

11. How does your current total payroll cost compare with the total payroll cost on November 1, 2014?
    Answer choices:
    - Down more than 10%
    - Down 5-10%
    - Down 2-5%
    - Down 0-2%
    - No Change at all
    - Up 0-2%
    - Up 2-5%
    - Up 5-10%
    - Up more than 10%
    - Please Explain:
12. If your payroll costs have changed since November 1, 2014 what are the reasons?
    Answer choices:
    - Change in number of workers
    - Change in hours per worker
    - Change in hourly pay
    - Payroll costs have not changed in the past 6 months
    - Please Explain:
13. If you have changed your prices since November 1, 2014, by how much?
    Answer choices:
    - Down more than 10%
    - Down 5-10%
    - Down 2-5%
    - Down 0-2%
    - No Change at all
    - Up 0-2%
    - Up 2-5%
    - Up 5-10%
    - Up more than 10%
    - Please explain the reasons:
14. Do you expect to make changes in your prices, employment, or wages during the next six months?
    Answer choices:
    - Yes
    - No
    - If yes, describe what changes you expect to make:
15. Have you considered moving or expanding your business/organization outside of Oakland?
    Answer choices:
    - Yes
    - No
    - Please explain the reasons:
16. As a business owner in Oakland, what do you see as your biggest challenge(s)?

17. Please rank the following city government services 1 to 8 in order of importance to your business:
    Answer choices:
    - Blight abatement
    - Business assistance/education programs
    - Commercial corridor streetscape improvements (bike lanes, banners)
    - Employee recruitment and training programs
    - Façade improvement grants
    - Information about local rules and regulations affecting businesses
    - Public Safety
    - Referrals for financing, i.e. small business loans
18. Do you have any other ideas for how the City of Oakland can help businesses such as yours?

The Minimum Wage in Oakland rose to $12.25 this year through a voter-approved initiative, which also included paid sick leave and service charge requirements.

19. When you found out that Oakland was raising its minimum wage, what was your reaction?
20. Have you made any changes to your business in response to the new minimum wage and benefits?
    Answer choices:
    - Yes
    - No
    - Please Explain:
21. Have you contacted the City of Oakland or made use of any city services (workshops, resources, customized business assistance) to help your business respond to the new requirements?
    Answer choices:
    - Yes
    - No
    - Please Explain:
22. May we contact you if we have any questions regarding your survey responses?
    Answer choices:
    - Yes
    - No

If Answered Yes to Question 22:

23. Please enter your name:
24. What is the best number to contact you?
25. Please enter your email address:

Oakland Minimum Wage Resources:
http://www2.oaklandnet.com/Government/o/CityAdministration/d/MinimumWage/OAK051451
Minimum wage hotline (510) 238-6258, email minwageinfo@oaklandnet.com

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