

From: Governor's Press Office <govpressoffice@gov.ca.gov>

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Subject: ICYMI: Another study shows fast food minimum wage increase delivered higher pay without reducing jobs

Reply-To: Governor's Press Office <govpressoffice@gov.ca.gov>



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ICYMI: Another study shows fast food minimum wage increase delivered higher pay without reducing jobs

SACRAMENTO – A new [study](#) has again confirmed that California's \$20-per-hour minimum wage increase is delivering substantial benefits for thousands of workers across the state without reducing work hours, staffing, or employee benefits, according to research conducted by the Harvard Kennedy School and the University of California San Francisco (UCSF).

Here's what the study said:

- **"California fast food workers experienced substantial wage increases.** Immediately after the new minimum wage went into effect, hourly wages for California fast food workers increased by at least \$2.50, and the share of California fast food workers earning less than \$20/hour declined by about 60 percentage points."
- **"We find no evidence that wage increases had unintended consequences on staffing, scheduling, or wage theft.** In response to the sizeable wage increase for California fast food workers, we do not find evidence that employers turned to understaffing or reduced scheduled work hours to offset the increased labor costs. Rather, weekly work hours stayed about the same for California fast food workers, and levels of understaffing appeared to ease. We also find that unstable scheduling practices and wage theft were unaffected by the wage increase."
- **"We find no evidence that wage increases were accompanied by a reduction in fringe benefits.** In response to wage increases, California fast food employers could have looked to cut costs by reducing fringe benefits such as health or dental insurance, paid sick time, or retirement benefits. We find no evidence of reductions in any of 7 types of fringe benefits in response to the California fast food wage increase."

The study also noted that some fast food workers still face issues that existed before the minimum wage increase related to underemployment and unpredictable schedules.

The Harvard/UCSF study follows [research](#) released by UC Berkeley's Institute for Research and Labor Employment showing that the minimum wage increase led to significant benefits for workers and no significant reduction in employment in the fast-food sector, and only a modest increase in menu prices.

In July, California set a record for the [most fast food jobs ever before in state history](#). Since the law went into effect in April, the state has gained 7,400 fast food jobs, with consistent increases throughout the year.

The latest research validating California's approach comes after corporate restaurant industry groups pushed out "[fake](#)" numbers to make it seem like thousands had been fired because of the wage increase.



Early Effects of California's \$20 Fast Food Minimum Wage:

Large Wage Increases with No Effects on Hours, Scheduling, or Benefits

Key Points

California has been at the vanguard of progressive and innovative protections for fast food workers. Alongside establishing a first-in-the nation Fast Food Council, the state raised the minimum wage for California fast food workers to \$20/hour effective April 1, 2024. The \$20 minimum wage represents a \$4 increase, making it the largest minimum wage increase in recent U.S. history. This brief draws on Shift Project survey data collected from 3,420 fast food workers in California, and comparison samples of 6,194 retail workers in California and 14,416 fast food and retail workers in other Western states. By comparing California fast food workers with their counterparts in retail jobs or employed at the same firms outside of California, we provide strong evidence of the effects of the new California minimum wage above and beyond industry and labor market trends. We find:

- **California fast food workers experienced substantial wage increases.** Immediately after the new minimum wage went into effect, hourly wages for California fast food workers increased by at least \$2.50, and the share of California fast food workers earning less than \$20/hour declined by about 60 percentage points.
- **We find no evidence that wage increases had unintended consequences on staffing, scheduling, or wage theft.** In response to the sizeable wage increase for California fast food workers, we do not find evidence that employers turned to understaffing or reduced scheduled work hours to offset the increased labor costs. Rather, weekly work hours stayed about the same for California fast food workers, and levels of understaffing appeared to ease. We also find that unstable scheduling practices and wage theft were unaffected by the wage increase.
- **We find no evidence that wage increases were accompanied by a reduction in fringe benefits.** In response to wage increases, California fast food employers could have looked to cut costs by reducing fringe benefits such as health or dental insurance, paid sick time, or retirement benefits. We find no evidence of reductions in any of 7 types of fringe benefits in response to the California fast food wage increase.
- **Many California fast food workers continue to contend with underemployment and just-in-time work schedules.** Although California fast food workers have experienced large wage increases, one-third of these workers are working part-time and would prefer more work hours. Nearly two-thirds of these workers receive less than two weeks' notice of their work schedule, and experience last-minute changes to the timing of their work shifts.



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