

Opinion: Calif. wages not the problem; cost of housing is

By Kerry Cavanaugh, Los Angeles Times

California's new minimum wage increase is pushing some businesses out of the state, at least according to one clothing manufacturer, who plans to move his operation to Las Vegas. The state's base pay increased to \$10.50 on Jan. 1. It's the first in a series of hikes that will eventually set the minimum wage at \$15 an hour in 2022.

That is simply too much for some employers, particularly those who compete in a global marketplace, argued Housman Salem, chief executive of ARGYLE Haus of Apparel, which is based in San Fernando. In a recent op-ed, Salem laid out the math: He currently pays his workers \$10.50 an hour, plus productivity bonuses. The planned wage increase to \$15 an hour in 2022, plus additional worker compensation and payroll taxes, will cost him just under \$40,000 a year per full-time employee.

His math makes a compelling case, but there's an equaling compelling reason why California had to raise the minimum wage: It's nearly impossible to live on so little income given the incredibly high cost of housing. A new report from the state's Housing and Community Development Department says that 1 in 3 Californians pays more than half his income for housing, with less to spend on transportation, education, healthcare or to put into savings. The burden of high housing costs falls especially hard on the lowest-paid workers.

Read the whole story