

San Diego's Low Wage Workforce: A Complex Portrait

One of the major policy issues being debated in San Diego is increasing the city-wide minimum wage. Any wage increase, if passed, would have ramifications for not only workers and business owners, but the regional economy as well. However, local data on wage earners has been difficult to come by, and public analysis on the topic has been limited. The National University System Institute for Policy Research (NUSIPR) conducted an analysis of San Diego's low wage workforce. Using recently released microdata files from the American Community Survey, NUSIPR developed a clearer profile of the City of San Diego's low wage workforce.

Overall, we found that:

- **San Diego low wage earners are mostly young, single, and early in their careers.** Based on demographic factors and school enrollment figures, NUSIPR concludes that many low income workers are in a transitory period of their careers.
- **Latinos make a disproportionate share of the low wage workforce.** Latinos make a greater percentage of the low wage workforce than their share of the overall workforce or citywide population.
- **Low wage earners have less formal education than wage earners citywide.** Low wage earners make up the majority of workers citywide that have not earned a high school diploma, or whose high school diploma is their highest attained education level.
- **Restaurant, hospitality and sales positions are the most common low wage occupations.** Potential changes to the local minimum wage rate would have broad implications for San Diego's visitor industry, retail businesses and restaurants.
- **There are a significant number of minimum wage workers that are part of high-income households.** While most low income workers are members of low income households, many are not. NUSIPR found that 29% of low wage workers are members of households making more than 70,000 a year and more than 40,000 low wage workers belong to households making in excess of \$100,000.

Introduction

Data availability imposes certain limits on research on who makes the minimum wage and how any increase might impact these workers. U.S. Census data collects information only on total wages earned, not the hourly rate at which they are paid.ⁱ So, for example, a worker earning \$16 an hour but who only works 20 hours a week will earn the same total wages as a near-minimum wage worker earning \$8 an hour who works 40 hours a week. The consequence is that it is likely the case that our analysis, as well as others, over states the overall number of workers in this category since we know a significant number of workers in San Diego County work less than 40 hours a week; as of March 2014, the average hours worked per week for private sector employees in the San Diego Metropolitan Statistical Area (MSA) was 35.5 hours. Furthermore, due to data file limitations, the geography we analyzed for the City of San Diego had a minor amount of overlap with bordering municipalities. Still, NUSIPR is confident in the accuracy of the data being used for this report and with the conclusions reported herein.

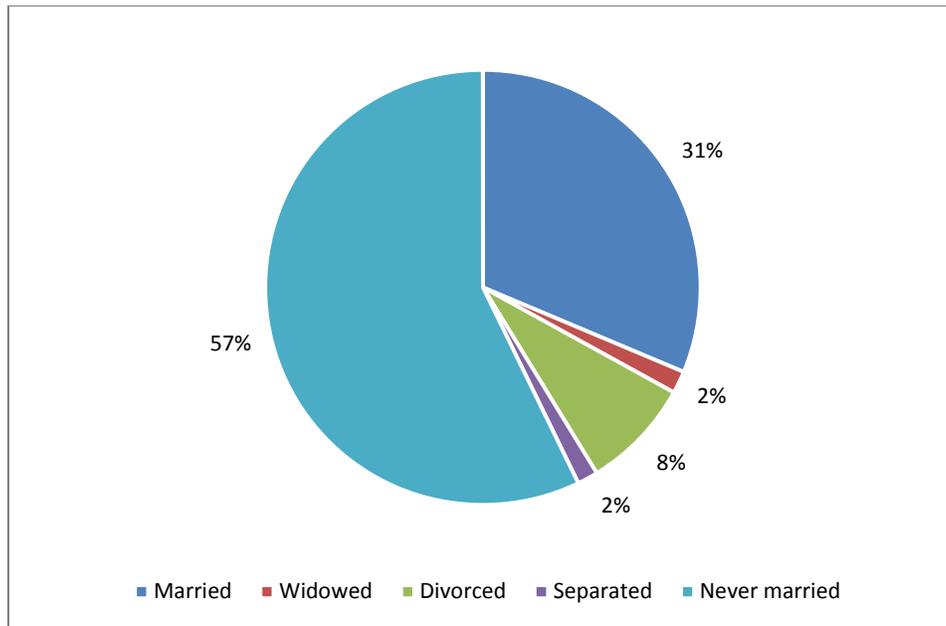
Who Makes Low Wages

In 2012 there were a total of 691,117 wage earners, aged 15 years and older in the City of San Diego area. Approximately 28% (192,057) earn the equivalent of a full-time minimum wage salary or less (\$1 to 16,000 annually). 37% of workers in the City make the full-time equivalent of \$11 an hour or less (\$1-22,000 annually).

NUSIPR found that within the dataset, there are distinct gender differences. There are slightly more women than men (52% vs. 48%, respectively) in the low wage workforce. Among all wage earners the opposite is true – the overall ratio is 54% men to 46% women.

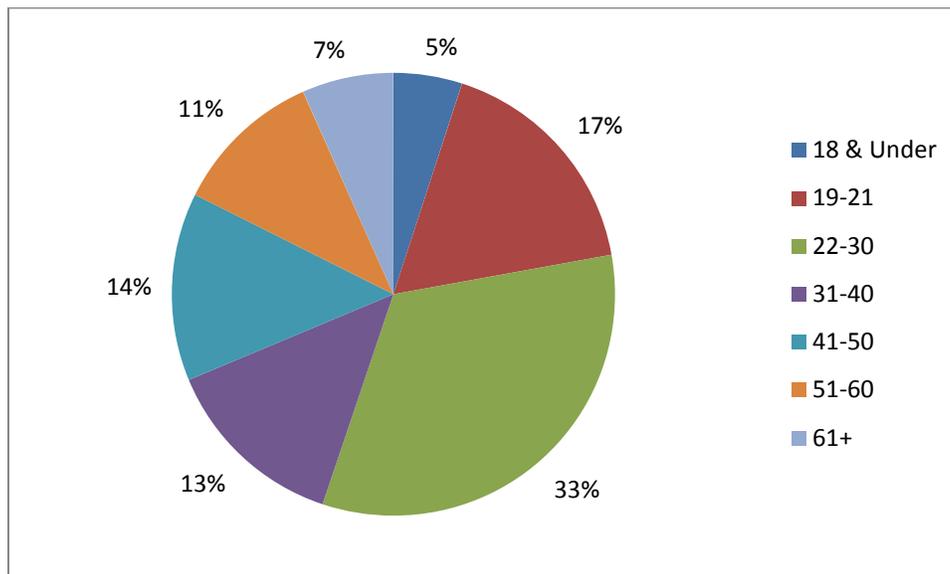
Slightly more than 3 out of 10 (31%) are married. Most (57%) however have never been married and the remainder (12%) are either divorced, widowed, or separated.

Chart 1: Marital Status of San Diego Low Wage Earners



One out of 10 (10%) low wage earners are military veterans. This rate is higher than the overall percentage of residents who are military veterans (7%). Most low wage earners in the City of San Diego are young – 55% are 30 years of age or younger and a fifth (22%) are 21 and younger.

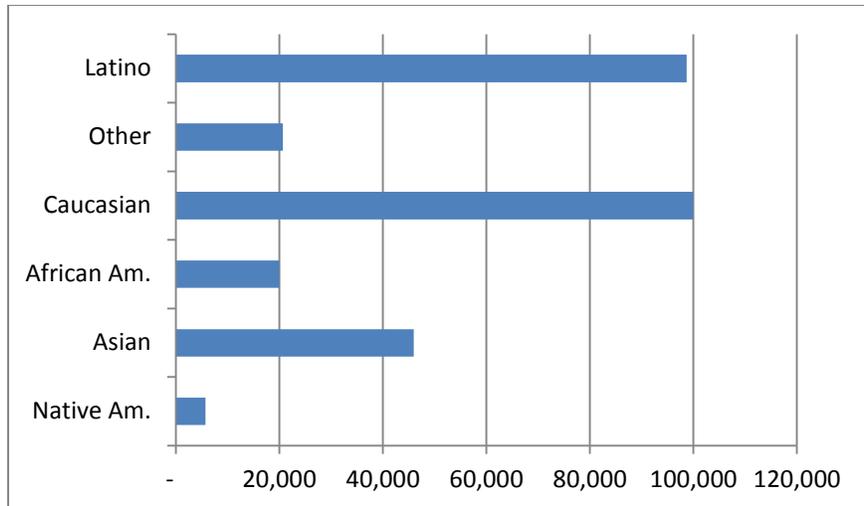
Chart 2: Age of Low Wage Earners in San Diego



The majority (more than 53%) of San Diego’s low wage earners live South of Interstate 8. Most of San Diego’s low wage earners are Latino (98,695) or Caucasian (99,941). Latinos are disproportionately

overrepresented. They comprise a greater percentage of the low wage workforce (38%) than the overall city population (30%) or the total city workforce (28%).

Chart 3: Ethnicity of San Diego Low Wage Workforce



Low wage jobs are mostly taken by citizens born in the United States. Two-thirds (67%) of low wage earners are US born citizens, 12% are naturalized citizens, and 18% are non-U.S. citizens. Of those wage earners born outside the United States, most were born in either Latin America (50%) or Asia (37%). In comparison, 74% of city residents overall are native to the United States, and 26% were foreign born. Of those who were born outside the US, nearly half (47%) were born in Asia, and 39% are from Latin America.

Education and Occupational Skills

While most low wage earners only speak English at home (53%), nearly a third (30%) speak Spanish, while 16% speak another language. The percentage of those speaking a non-English language at home is slightly larger than that of the overall city population (46% vs. 41%). There is limited data on English proficiency. At least 28,322 low wage workers (11%) have an English speaking ability that is rated as either “not well” or “not at all.”

Disability rates are relatively low among the low wage workforce. Just 2% (4,994) have a physical difficulty and only 5% (12,796) are disabled. In comparison, 9% of the citywide population is disabled. This is likely more of a function of age – American Community Survey data shows that disability rates increase with advanced age.

Low wage workers, overall, have less education than the rest of the San Diego workforce. Nearly a quarter (23%) have a high school diploma or its equivalency as their highest attained level of education, and 17% have not graduated from high school altogether. Only 16% have a bachelor’s degree as their highest level of education, and 7% have earned a graduate degree. In comparison, wage earners

citywide have a substantially higher number of bachelor's degree holders (25%) and graduate degree holders (15%), and far fewer individuals who have not earned a high school diploma (10%).

As illustrated by the following charts, low wage earners make up the majority of workers citywide that have yet to earn a high school diploma (43,155 out of 66,092), or whose high school diploma is their highest attained education level (59,228 out of 118,783).

Chart 4: Highest Education Level Attained by Low Wage Earners

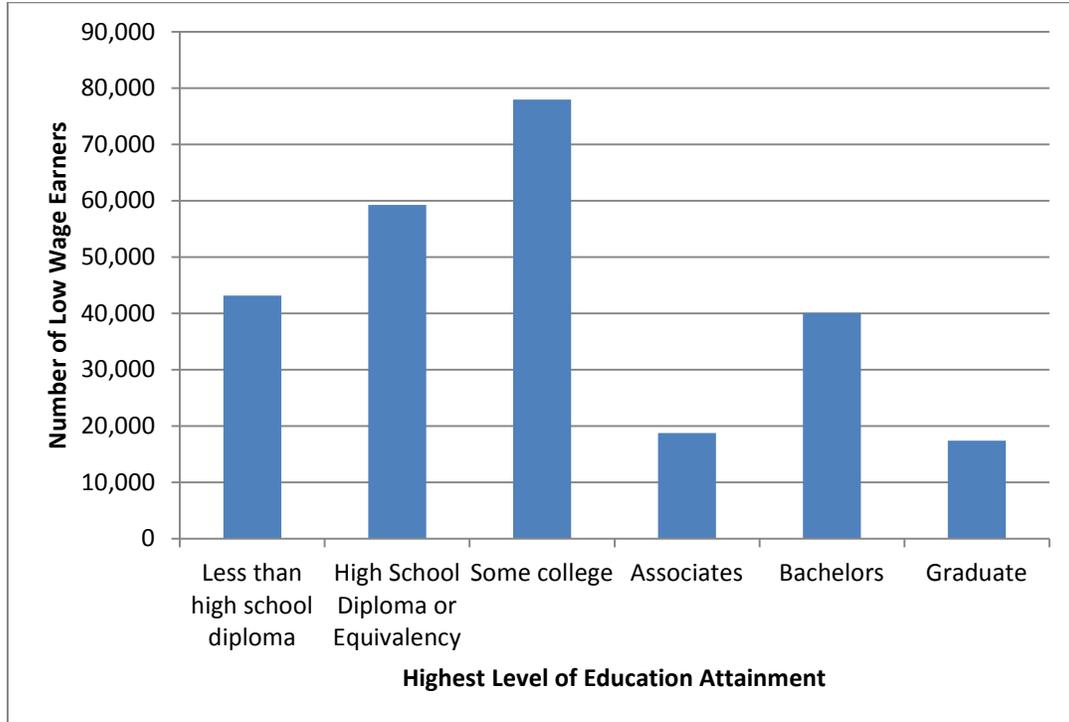
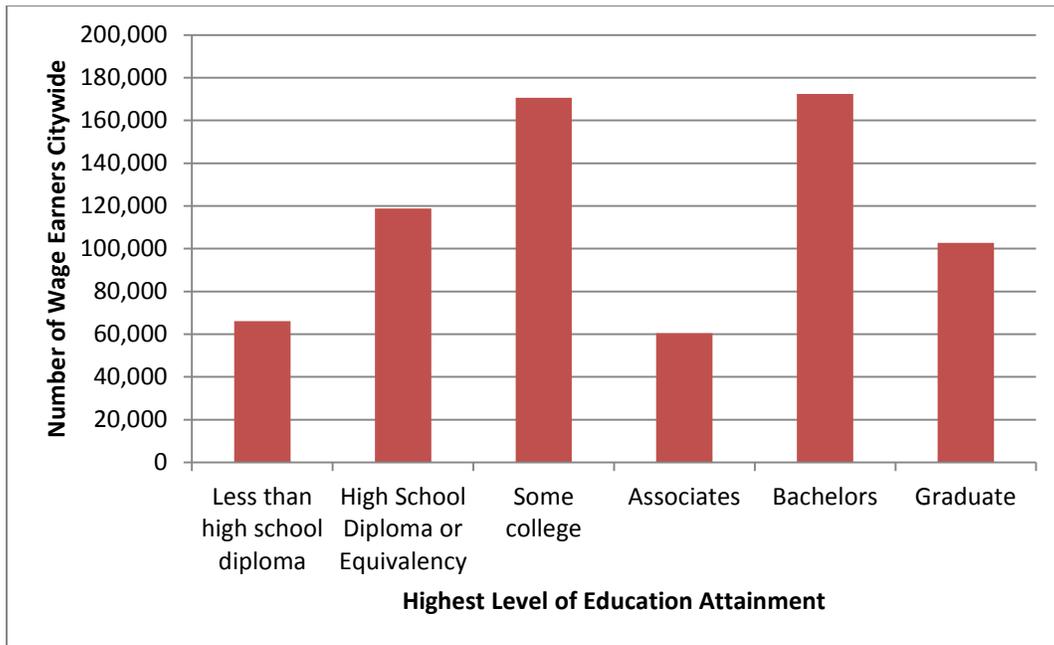


Chart 5: Highest Education Level Attained by Workers Overall

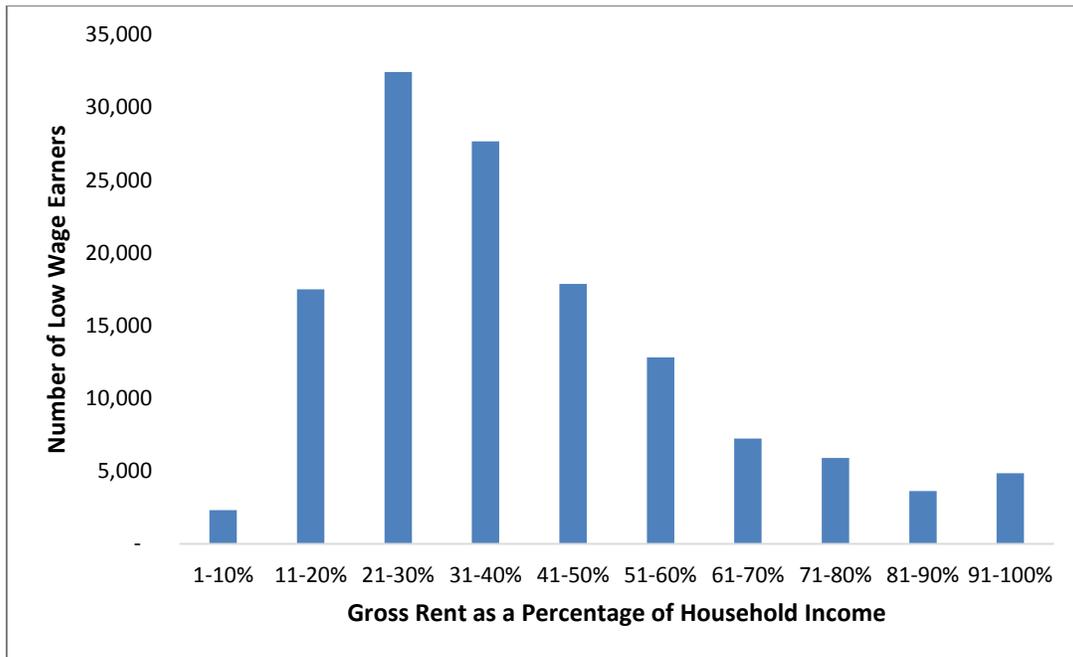


It is important to note that a significant number of low wage workers are working towards completing a degree in higher education. 28% (71,411) of workers annually earning less than \$22,000 are currently enrolled in a public or private school or college. This figure is larger than the overall salaried workforce (16%) or the citywide population (27%).

Housing & Household Income

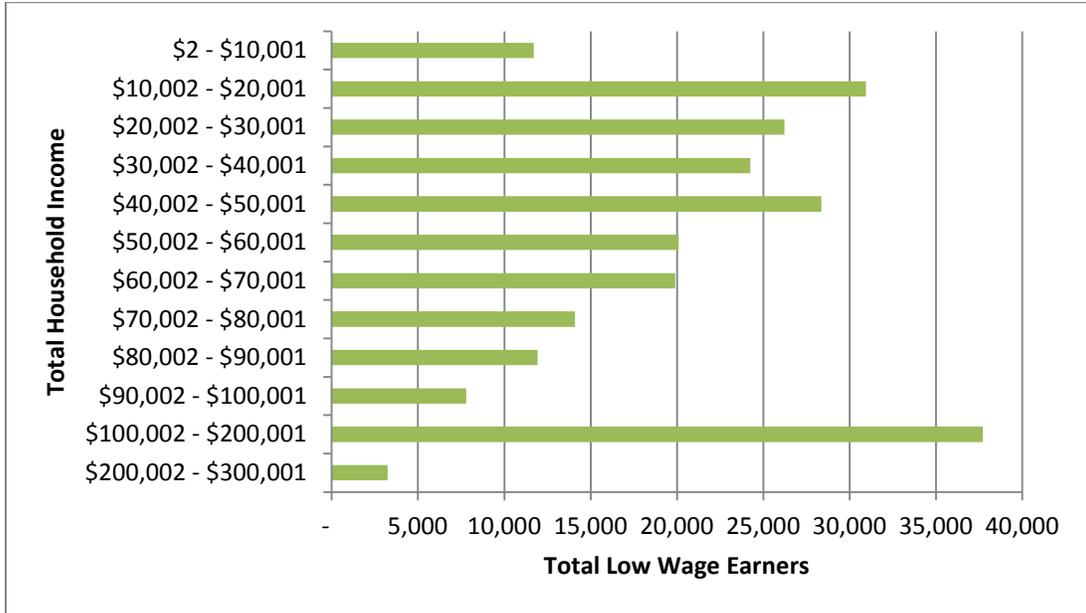
Most, but not all, of low wage earners in San Diego are renters. Nearly 6 in 10 (59%) pay rent, 27% pay a mortgage, and 6% own a home free and clear. The homeownership rate of low wage earners is lower than the rate for city residents overall (48.3%). Among renters, gross rent is 40% or less of household income for the majority of low wage earners. A plurality of workers pay between 21%-30% of their household income for rent.

Chart 6: Gross Rent as a Percentage of Household Income



San Diego's low wage workforce lives mostly in low income households. Overall, 29% have household incomes which are under the federal poverty guidelines for a household of four people or less. More than 60% live in households that make less than San Diego's annual median household income rate (\$63,990). Still, more than 1 out of 4 (29%) have total household incomes greater than \$70,000 a year. More than 40,000 of these workers live in households making more than \$100,000.

Chart 7: Total Household Income of Low Wage Earners



Where Low Wage Workers Are Employed

There are more part-time low wage earners (54%) than full-time earners (46%) in the low wage workforce. A higher percentage of these workers are employed by for-profit businesses (73%) than the overall city workforce (63%). Still, 7% are non-profit employees, nearly 1 out of 5 (17%) are government employees, and 3% are self-employed.

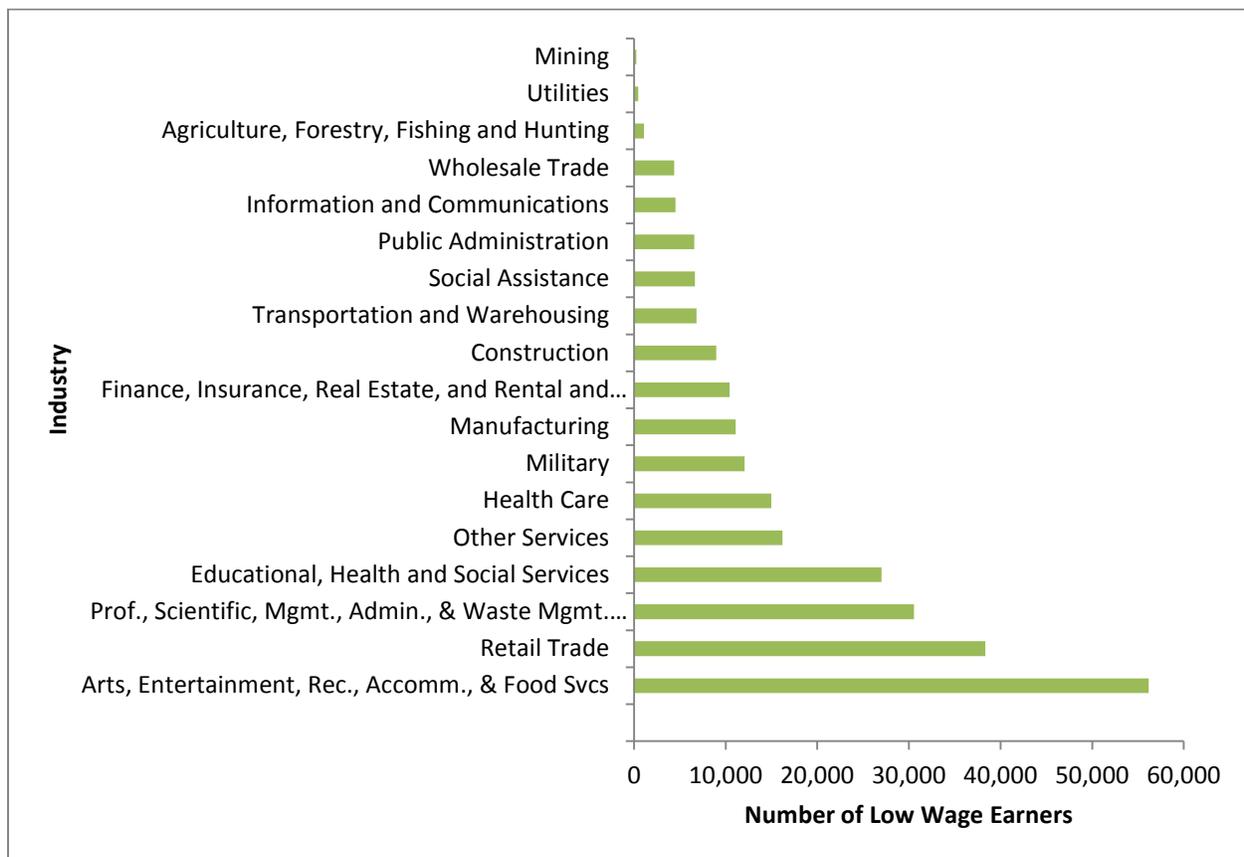
Table 1: Comparison of Class of Worker, Low Wage Workforce vs. Overall City Workforce

	Overall Workforce	Low Wage Workforce
Employee of a private for-profit co. or bus., or of an individual, for wages, salary, commissions	63%	73%
Employee of a private not-for-profit, tax-exempt, or charitable organization	7%	7%
Local government employee (city, county, etc.)	6%	6%
State government employee	4%	4%
Federal government employee	9%	7%

Self-employed in own not incorporated business, professional practice, or farm	7%	1%
Self-employed in own incorporated business, professional practice or farm	3%	2%
Working without pay in family business or farm	0%	0%

More than 1 out of 5 jobs are categorized as under the “arts, entertainment, recreation, accommodation and food services,” a broadly defined term that is mostly hospitality, tourism and restaurant jobs. Retail jobs and professional jobs also are prominent among the major industry categories listed.

Chart 8: Low Wage Earners in San Diego, by Industry



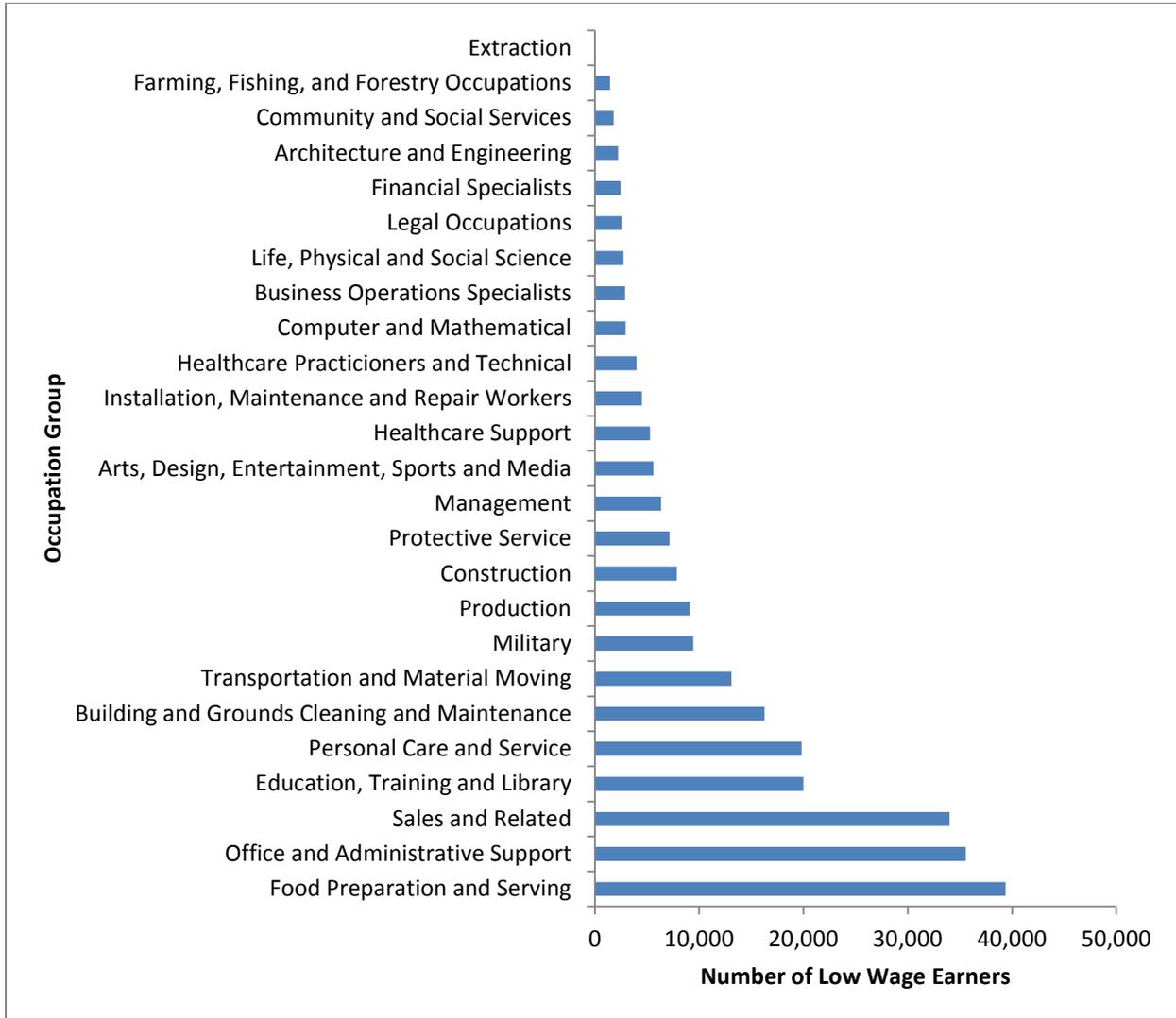
By far, restaurants and food serving establishments are the most common employers of low wage earners in San Diego. Educational institutions are a distant second and third, followed by construction industry cleaners and grocery stores.

Table 2: Top Ten Employers of Low Wage Earners in San Diego

Restaurants and Other Food Services	40,404
Elementary and Secondary Schools	14,166
Colleges and Universities, Including Junior Colleges	10,501
Construction and Construction Industry Cleaning	8,977
Grocery Stores	7,602
U.S. Marines Corps	6,776
Other Amusement, Gambling and Recreation Industries	6,263
Department and Discount Stores	5,707
Hospitals	5,097
Clothing Stores	5,001

Taking a closer look at low wage workers by occupational categories, most are hired for food preparation and serving, office and administration support, and sales.

Chart 9: Low Wage Earners in San Diego, by Occupation



Low wage earners have a broad range of specific occupations. The most common jobs are cashiers, retail sales representatives, cooks, waiters/waitresses, and janitors.

Table 3: Top Ten Occupations of Low Wage Earners in San Diego

Cashiers	12,258
Retail Salespersons	11,760
Cooks	11,009
Waiters and Waitresses	8,863
Janitors and Building Cleaners	7,455
Customer Service Representatives	6,653
Personal Care Aides	6,299
Military	5,330
Security Guards and Gaming Surveillance Officers	5,275
Postsecondary Teachers	5,272

Conclusion

San Diego's low wage earners are diverse, complex, and have varying levels of education and household income. Future references to low wage earners in policy debates should avoid painting the workforce in broad brush strokes, as that would egregiously ignore important nuances and differences among workers. Rather, workers and their nuances should be acknowledged for what they are.

With regard to the minimum wage debate, NUSIPR believes more data and analysis is needed before considering major economic policy changes. Absent local longitudinal studies, it is difficult to determine how long low wage earners continue to make low wages or work in low wage occupations. Given the relatively large number of these workers enrolled in higher education, for some it is a transitory step in their career path. Furthermore, as prior NUSIPR studies have shown, there is a certain percentage of workers, particularly those in the restaurant and hospitality industries, which earn tips that are unreported for tax purposes.

About the National University System Institute for Policy Research

The National University System Institute for Policy Research (NUSIPR) is a non-partisan, non-profit organization that formulates and promotes high quality economic policy, and public opinion research so as to improve the efficiency and effectiveness of local governments in San Diego County and to improve the quality of life enjoyed by the region's residents.

NUSIPR publishes regular independent research and analysis for the public on a range of topics, including unemployment, business growth, and the San Diego housing market. The Institute also works collaboratively with clients to develop high quality research products that are tailored to their policy needs.

ⁱ. This data comes from the 2012 American Community Survey (ACS) Public Use Microdata Sample (PUMS) files: http://www.census.gov/acs/www/data_documentation/public_use_microdata_sample/