EMPLOYMENT POLICIES INSTITUTE

The Effects of the Proposed Santa Fe Minimum Wage Increase

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February 2003

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Executive Summary

On February 27, 2002, Santa Fe, New Mexico passed a "living wage" law that applied to most **city employees and city contractors.** Including Santa Fe there are now more than 90 living wage ordinances across the country, and at least 100 campaigns currently underway. Living wage advocates press for larger and more inclusive living wage laws requiring employers to pay according to the perceived needs of employees, rather than basing wages on skills. This movement has gained popular appeal despite the fact that living wages have been shown to be poorly-targeted and inefficient.

In the past year, the living wage movement has pressed for locally applied mandates in places such as New Orleans, Louisiana; Santa Monica, California; and now Santa Fe, New Mexico without regard to "contractor" status. The Santa Fe city council has proposed an ambitious "living wage" law that would apply to a large number of privately-owned businesses within the city limits.[1] The $8.50 wage mandate for private employers, if enacted will go into effect July 1, 2003, and will reach $10.50 by 2007. While only about 20 percent of businesses in Santa Fe would be affected by this law, these businesses employ nearly 80 percent of the city's employees.

This report by economist Dr. David Macpherson from Florida State University reviews the Santa Fe living wage proposal as it applies to private employers. Using Current Population Survey data and labor demand estimates as reported by a consensus of economists, Dr. Macpherson's research shows that the living wage will be an expensive mandate on the employers of Santa Fe.

This study concludes a citywide $10.50 minimum wage is inefficient and also detrimental to many of those it is intended to help. First, approximately 154 of the 2,700 affected employees would be expected to lose their jobs because of this ordinance. This translates to **over 5% of affected employees or about one in every twenty employees**. Second, the employees who lose their jobs will see a loss of $1.9 million, while **employers will see their labor costs increase by $6.6 million *after* cutting back the workforce.** Third, over one in every five dollars in wage increases will go

1. The law would increase the minimum wage from $5.15 per hour to $8.50 per hour on July 1, 2003, to $9.50 in July 2005, and to $10.50 in July 2007. This increase would apply to any employer with 10 or more employees (or non-profit organization with more than 25 employees) whose minimum wage payroll would increase 65% this year to $8.50, and by a total of 104% in the next four years. Employees who receive at least $100 per month in tips would be required to receive a $5.50 hourly wage and the law would apply to individual employees, however, no tipped workers were included in the final calculations.

to low-wage employees in families earning more than $40,000 a year. Fourth, over one in four of those affected by the minimum wage live with either their parents or another relative. Finally, **fewer than one-fourth of affected beneficiaries are the sole supporter of a family with children, the often mentioned target of these wage increases.**

The outlook for the low-wage workforce is of prime importance when considering this proposal. While families that benefit receive a boost in wages, many families will ultimately lose as a result of this mandate. Families who are eligible for means-tested benefits like food stamps will lose a substantial portion of their benefits, and may lose their eligibility altogether for certain programs. However, the worst outcome occurs for the family wage earners who see their hours cut back or lose their jobs and their incomes. Of the jobs estimated to be eliminated because of this mandate, over 54% are projected to be in families earning less than $25,000 a year, 66% are Hispanic and 53% never graduated from high school. Essentially, much of the increased income for the beneficiaries comes directly out of the pockets of those who lose their jobs.

After considering job loss, employers would have to pay an additional $2,500 per low-wage employee on average every year regardless of their skill, productivity or family situation. This wage hike poorly targets sole supporters of children; instead, three-fourths of the expected beneficiaries are either single adults, teenagers living with their parents, in a family without children or the second earner in a family with children.

In lieu of passing a law that poorly targets families in need, causes job loss and discourages business investment, the city could consider an alternative program piggybacking on the federal Earned Income Tax Credit providing well-targeted assistance to single parents and other families based on their needs.

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1. Introduction.

"Living wage" laws have been enacted in an increasing number of states and cities.[1] According to their proponents, a living wage is approximately one-half of the average local or state wage. In an attempt to increase the wages of low-income workers to meet this goal, living wage supporters have proposed minimum wage levels greater than the federal minimum wage of $5.15.

This paper examines in a variety of dimensions the effects of one such proposal. In Santa Fe, the minimum wage is proposed to rise from $5.15 to $8.50 in July 2003, $9.50 in July 2005, and to $10.50 in July 2007. Tipped workers would be paid $5.50 per hour, but only if they earn $100 a month or more in tips. The law would cover municipal workers, for-profit businesses with 10 or more workers, and non-profits with 25 or more workers. The study reaches several conclusions regarding this proposed minimum wage increase. First, the workers who would be affected by this proposed increase tend to be much younger and less educated than the average Santa Fe worker. Second, less than one-quarter of the affected workers are the sole earner for a family supporting one or more children. Third, over one-fifth of the wage gains would go to families earning more than $40,000 per year. Fourth, the minimum wage increase is projected to cause 154 workers to lose their jobs with two-fifths of the job losses in retail trade. This would cause an annual income loss to these workers of $1.9 million. Fifth, the cost to employers would be substantial. It is estimated to raise their labor costs by $6.6 million per year.

...[L]ess than one-quarter of the affected workers are the sole earner for a family supporting one or more children.

The study is organized as follows. The data employed to calculate some of the consequences of a higher minimum wage are described in section 2, and a statistical portrait of the workers affected by the minimum wage increase is provided in section 3. The impact of the increase on the distribution of family income is discussed in section 4. An analysis of the employment effects of the minimum wage increase is presented in section 5, and an investigation of the cost to employers of the wage hike as well as the income loss to laidoff workers is reported in section 6. Lastly, section 7 provides a summary and conclusion.

2. The Data.

To analyze the effects of a potential Santa Fe minimum wage increase, data are drawn from the December 1998 through December 2002 Current Population Survey (CPS) Outgoing Rotation Group (ORG) files. The CPS ORG has the important advantage of being a large and representative sample of the population.

The main sub-sample of the CPS ORG data employed includes private and municipal government employees who are residents of the Santa Fe MSA, and 16 years of age or older.[2] Non-tipped workers are included if their hourly wage is between $5.15 and $10.50 in July 2007 dollars. Tipped workers are included if their hourly wage is between $5.15 and $5.50 or they receive less than $100/month in tips in July 2007 dollars. The sample is further restricted to include only municipal government workers, workers employed by for-profit businesses predicted to have 10 or more employees, and workers employed by not-for-profit businesses predicted to have 20 or more workers. Observations missing data necessary to compute the hourly wage, family income or other relevant variables are deleted from the sample. The data appendix describes the calculation of the hourly wage variable and other data issues.

3. Who Will be Affected by the Minimum Wage Increase?

A vivid statistical portrait of the workers affected by the minimum wage increase (i.e., earning $5.15-$10.50 in July 2007 dollars) emerges from Table 1 which presents the means of demographic variables for such workers. For comparison purposes, means for all Santa Fe residents and workers who are 16 years of age and older are also included. The results reveal that a large fraction of workers affected by the higher minimum wage are young. In fact, 17.1% of affected workers are between 16 and 19 years of age, and an additional 17.8% are between 20 and 24 years of age. Thus, 34.9% of affected workers are 24 or younger.

The affected workers differ from the average Santa Fe resident on several other demographic characteristics. The affected workers are less educated than the average Santa Fe resident as 39.4% have not graduated from high school. Also, they are more likely to be never-married (41.9%) and Hispanic (64.0%) than the population as a whole.

Workers affected by the minimum wage increase are less likely to be supporting a family than the typical Santa Fe worker. For example, 18.0% of the workers are living with their parent or parents, while only 7.8% of all Santa Fe workers are in this category. Also, they are much less likely to be a dual earner in a married couple (23.2% versus 41.9%) than the typical Santa Fe worker. Lastly, less than a one-quarter are a single head or a single earner in a married couple supporting a family with children.

The family income of the affected worker is lower than the average Santa Fe resident ($33,770 versus $59,709). However, only 18.8% of the affected workers are in families with an income of less than $12,500. In fact, over one-quarter are in families with an income of $40,000 or more.

The affected workers are less involved in the labor market than the average Santa Fe worker. Nearly two-fifths of the affected workers are employed part-time, while only

16.7% of all Santa Fe employees work part-time. In addition, the affected workers are employed 1.6 fewer weeks per year than the typical worker.

4. What Will be the Impact on the Distribution of Family Income?

Table 2 provides calculations of the annual income increases for families affected by the minimum wage increase as well as the resulting impact on before-tax family income. The top row shows the mean increase in annual pre-tax income for families that benefit is $3,207. Since the average family income of the affected families is $33,780 per year, the resulting increase in average family income would be 9.5%[3]

Column 4 of Table 2 presents the percentage share of the total income gains resulting from the minimum wage increase that accrue to affected families in various family income groupings. The gains are roughly proportional to the percentages of affected families in each grouping. For example, 20.9% of the affected families have incomes of less than $12,500, a rough approximation of the poverty threshold.[4] The share of total income gains going to these families is only 25.8%. In other words, about three-quarters of the total income gains will go to families living above the poverty level.

To provide a broader view of the impact on income distribution, Table 3 presents calculations of the impact of the minimum wage increase on before-tax family income across all families. The mean increase in family income across persons 16 and over is $380. Since the average income of all families is $53,499 per year, the resulting increase in average pre-tax family income would be 0.7% before considering any job loss.

A problem with minimum wage increases is that many low-income persons are not affected by it since they do not work. The impact of this problem is shown when the results are broken out by income. For persons in families below the poverty level, the increase in income would be $596. This number is substantially less than the corresponding figure presented in Table 2.

5. How Many Workers Will be Laidoff?

An important effect of the minimum wage increase is that some workers will lose their jobs since it will be no longer profitable for firms to employ them. In order to estimate the job loss, the following procedure was used. First, the fractional wage gain due to the minimum wage increase is computed for the each affected worker and then averaged across the sample. Second, estimated fractional wage gain is used in the following formula to calculate the employment loss:

		Fractional Wage Gain	
		X	
Employment Loss	=	Affected Worker Employment	
		X	
		Labor Demand Elasticity	

This study uses an estimate of labor demand elasticity (-0.22) for minimum wage workers reported by Neumark and Wascher.[5] An elasticity of –0.22 implies that a 10% increase in wages results in a 2.2% decrease in employment of the affected group.

Table 4 presents the results of these calculations for all of the affected workers as well as subgroups of workers. Overall, the analysis indicates that 154 workers are projected to lose their job due to the minimum wage increase. The breakdowns by age, family income and location are not surprising. Roughly one-half of the layoffs would occur among workers under age 25. About three-fifths of the layoffs would occur for those with family incomes below $25,000.

The results by industry indicate that over two-fifths of the job losses are projected to occur in the retail trade industry (62 jobs). This is not surprising since over one-quarter of the workers in retail trade will be affected by this increase. Another 66 jobs or over two-fifths of the losses are projected to occur for workers in the service industries.[6]

The findings by occupation show that about one-half of the losses are predicted to be for those in sales and service occupations. Nearly one-third of the losses would occur for those in blue-collar jobs.[7]

6. What will be the Cost to Employers and the Income Loss to Laidoff Workers?

Another critical issue is the cost to employers of the minimum wage increase. Either these higher costs will be passed on to consumers through higher prices or profits will be reduced for firms. Also, an important cost to workers is the loss in income due to the layoffs caused by the minimum wage increase.

These costs are calculated in the following manner. First, the increase in labor cost that would occur if no workers are laid off is calculated.[8] This figure is estimated by multiplying the annual increase in wages due to the minimum wage increase times the number of affected workers. Second, the lost income to workers (and thus reduction in labor cost) due to the layoffs is estimated.[9] This number is calculated by multiplying the number of workers who are projected to lose their jobs times their average wage before the minimum wage increase. Third, the net increase in labor cost to employers is calculated by taking the difference between the cost to employers if no layoffs occurred and the reduction in costs due to the layoffs of employees.

Table 5 presents the results of these calculations. The first row of the table indicates that if no layoffs occurred, the cost of labor to employers would rise by $8.5 million. The projected worker layoffs of 154 will cause $1.9 million in worker income to be lost. The net rise in the cost of labor to employers is estimated to be $6.6 million.

The results by industry and location indicate these costs are clearly concentrated in certain industries. In the retail trade industry, net labor costs will rise by $2.6 million and the income of laidoff workers will be reduced by $1.0 million. For the service industry, the net employer cost will rise by $2.7 million and the income loss to displaced workers will be $0.7 million.

7. Summary and Conclusions

This report examines in a variety of dimensions the effects of a potential rise in the Santa Fe minimum wage from $5.15 to $10.50 by July 2007. Three main conclusions can be drawn from this report. First, a minimum wage increase affecting nearly all employers with more than 10 employees could cause 154 workers to lose their jobs. This would cause an annual income loss to all affected workers of over $1.9 million. Second, the cost to employers of such a universal mandate would be quite substantial. The wage requirement would increase labor costs by $6.6 million per year (even after adjusting for reduced employment). Third, much of the wage gains would go to low-wage workers in higher-income families, rather than those most in need. For example, over one-fifth of the wage gains would go to workers in families with incomes of $40,000 or greater.

Data Appendix

Hourly Wage

This study uses data from the January 1998 through December 2002 Current Population Survey (CPS) Outgoing Rotation Group (ORG) files. The main sub-sample of the CPS data employed here includes wage and salary workers who are residents of the Santa Fe MSA, 16 years of age or older, and whose hourly wage is between $5.15 and $10.50 in July 2007 dollars.

The hourly wage is constructed to account for problems caused by workers with variable hours, "topcoded" or "capped" earnings, tips, commissions, overtime, inflation and changes in the minimum wage.

The first step is to assign a wage for workers who don't have these difficulties. Non-topcoded workers who are paid by the hour and receive tips, commissions or overtime are assigned their reported hourly earnings. For all non-hourly workers, the hourly wage is constructed by dividing usual weekly earnings (which includes tips, commissions and overtime pay) by usual hours worked per week.

The second step is to estimate usual weekly earnings for workers whose weekly earnings are top coded or capped at a maximum value. The CPS ORG files have a topcode of $2,885 per week or about $150,000 per year for year-round workers. If the earnings of topcoded workers were not adjusted, average earnings would be understated. To estimate the mean earnings of topcoded workers it is assumed that the upper tail of weekly earnings distribution follows a Pareto distribution. These estimated mean values for the CPS ORG files using this approach are presented in Hirsch and Macpherson (2002) by gender and year and are used in this study.[10]

The third step is to estimate usual weekly hours for workers who indicate their weekly hours are variable. This is calculated by using the results of a regression model based on a sample of workers that have non-missing data on usual hours worked. The model is estimated by gender and year and includes controls for hours worked in the prior week, full-time status, marital status, years of schooling, age, race and ethnic status, broad occupation and broad occupation interacted with full-time status. The parameters from this regression model are then used to estimate the usual hours for those whose weekly hours are variable.

The next step is to assign a wage for hourly workers who receive tips, commissions or overtime pay or are topcoded workers. In this case, their hourly wage is constructed by dividing usual weekly earnings (adjusted for topcodes) by usual hours worked (or estimated usual hours if usual hours is missing).

The last step is to adjust the wages of workers for inflation and changes in the minimum wage. Wages of workers are adjusted for inflation to July 2007 using the CPI-U (a 2.5% annual inflation rate is assumed for the period between December 2002 and July 2007). Workers whose wage at the time of the survey was less than the legal minimum wage were deleted from the sample. The minimum wage for Santa Fe workers was $5.15 for the entire sample period.

Employer Size

Using data from the 2002 1st Quarter Facts and Figures (published by the New Mexico Department of Labor), the study calculated

the percentage of private-sector workers in the Santa Fe MSA employed at establishments with 10 or more workers and 20 or more workers by broad industry. Workers in the CPS ORG employed at a for-profit firm are randomly deleted so that the percentage of workers in each industry matches the percentage of workers employed at an establishment with 10 or more workers as reported in *Facts and Figures.*

Family Income

Family income is reported as categorical variable in the CPS ORG and includes all sources of money income received in the prior 12 months. The income ranges are less than $5,000; $5,000-$7,499; $7,500-$9,999; $10,000-$12,499; $12,500-14,999; $15,000-$17,499; $17,500-$19,999; $20,000-$24,999; $25,000-$29,999; $30,000-$34,999; $35,000-$39,999; $40,000-$49,999; $50,000-$74,999; and $75,000 and up. To assign a dollar value to these categories, mean values of family income for persons in each income range was calculated from a sample of U.S. residents in the March 1998 to 2002 CPS (which reports family income received in the prior year as a continuous variable). The CPS ORG observations where matched to appropriate March CPS sample (i.e., 2002 values are used for the 2002 observations, 2001 values were used for the 2001 observations, and so on).

Annual Income

Though the CPS ORG provides measures of hourly earnings and hours worked, it does not indicate the number of weeks worked per year. Thus, to generate annual income estimates for workers affected by the higher minimum wage, an alternative data source must be used and merged with the CPS ORG. Fortunately, the April 1993 CPS provides such a measure and the mean usual weeks worked was calculated for all workers earning $5.15-$10.50 per hour in July 2007 dollars.

Endnotes

1. At this writing, 82 local governments have enacted living wage ordinances, and living wage campaigns are active in at least 125 jurisdictions. See http://www.LivingWage.org.
2. The data set includes residents of the Santa Fe MSA which is composed of the counties of Santa Fe and Los Alamos. However, the law applies only to the city of Santa Fe. As a result, the sample weights are multiplied by the ratio of Santa Fe city to Santa Fe MSA employment (.4173) to provide accurate cost and employment estimates for Santa Fe. This ratio is derived from U.S. Census Bureau Census 2000 statistics. Hourly wages are adjusted for changes in the minimum wage and inflation and other data issues. See the data appendix for a more detailed explanation.
3. These calculations are based on the assumption that all affected workers increase their wage to the new minimum wage of $10.50 per hour. Hence, we are not allowing for noncompliance or exemptions from the law. The average family income reported here differs slightly from that reported in Table 1. This difference occurs because the current unit of analysis is families, while Table 1 is based on individuals.
4. The Earned Income Tax Credit (EITC) would bring a single worker supporting two children above the poverty level for such a family.
5. See David Neumark and William Wascher, "Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania: Comment," *American Economic Review,* December 2000, pp. 1362-96. The average elasticity reported by a survey of labor economists at leading universities is –0.21. See Victor R. Fuchs; Alan B. Krueger; and James M. Poterba, "Economists' Views about Parameters, Values, and Policies: Survey Results in Labor and Public Economics," *Journal of Economic Literature*, September 1998, pp. 1387-1425.

   Other research confirms that a 10 percent wage hike leads to at least a 2 percent decrease in employment for the workers affected by the hike. See, e.g., David Neumark, et al. "The Effects of Minimum Wages Throughout the Wage Distribution," NBER Working Paper 7519 (February 2000) (for workers at the minimum wage, a 10 percent increase in the minimum wage reduces employment by about 2 percent and reduces hours of work by about 6 percent). Some studies using micro-data on individuals, or panel data using year and state and the unit of observation, have documented much higher negative employment effects. See Neumark, et al., NBER Working Paper No. 7519; Richard V. Burkhauser, et al. "Who Minimum Wage Increases Bite: An Analysis Using Data from the SIPP and CPS." *Southern Economic Journal* 67(1), 16-40 (2000). Longer-term effects are likely to be larger because there is more time for employers to make adjustments.
6. Service industries include Finance, Insurance and Real Estate; Business and Repair Services; Personal Services; Entertainment and Recreation Services; Other Professional Services; and Public Administration.
7. Blue-collar jobs include Farming, Forestry and Fishing Occupations; Precision Production, Craft and Repair Occupations; Machine Operators, Assemblers and Inspectors; Transportation and Material Moving Occupations; and Handlers, Equipment Cleaners and Laborers.
8. This calculation ignores the cost of payroll taxes. If they were included, the cost to employers would be at least 7.65% higher (the employer portion of the Social Security tax).
9. Workers may reduce this income loss if they are able to obtain employment in a job not covered by the minimum wage.
10. See Hirsch, Barry T., and Macpherson, David A. Union Membership and Earnings Data Book: Compilations from the Current Population Survey (2002 Edition). Washington, D.C.: Bureau of National Affairs, 2002. David A. Macpherson

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Table 1 Means for Selected Variables

Variable	Affected Santa Fe Workers		Percentage of All Workers	Percentage of All Age 16 +
	Percent	Population		
Age				
16 to 19	17.1%	466	4.4%	6.4%
20 to 24	17.8%	484	8.8%	6.5%
25 to 29	9.3%	255	9.0%	6.6%
30 to 39	13.2%	359	21.1%	14.9%
40 to 64	38.8%	1,057	53.7%	48.1%
65 to 99	3.9%	106	3.1%	17.5%
Average Age	36.5		41.2	47.2
Years of Schooling				
0 to 8	10.2%	278	2.7%	5.1%
9 to 11	29.2%	797	9.1%	13.2%
12	33.4%	910	23.3%	24.1%
13 to 15	17.2%	469	25.3%	22.4%
16 or more	6.4%	274	18.7%	18.0%
Average Years of Schooling	11.6		14.2	13.7
Race				
White	93.2%	2,541	95.0%	95.2%
Black	0.9%	25	0.9%	0.5%
Asian	0.0%	0	2.6%	2.1%
Other Race	5.9%	160	1.5%	2.3%
Ethnic Status				
Hispanic	64.0%	1,745	38.5%	40.0%
Non-Hispanic	36.0%	982	61.5%	60.0%
Gender				
Male	52.6%	1,436	55.6%	48.6%
Female	47.4%	1,292	44.4%	51.4%
Marital Status:				
Married, Spouse Present	39.7%	1,082	56.1%	54.2%
Divorced, Separated, Widowed	18.4%	501	17.5%	22.4%
Never Married	41.9%	1,144	26.5%	23.5%
Family Status				
Single Individual	23.0%	628	26.5%	NA
Single Head	15.7%	388	7.8%	NA
Single head with no children	3.9%	108	1.1%	NA
Single head with 1 child	2.3%	63	0.9%	NA
Single head with 2 children	1.8%	49	1.3%	NA
Single head with 3+ children	7.6%	208	4.5%	NA
Single Earner in Married Couple	16.5%	395	14.1%	NA
Single earner with no children	5.3%	145	3.4%	NA
Single earner with 1 child	0.0%	0	1.4%	NA
Single earner with 2 children	3.5%	94	2.2%	NA
Single earner with 3+ children	7.7%	211	7.1%	NA

Table 1 Continued

Variable	Affected Santa Fe Workers		Percentage of All Workers	Percentage of All Age 16 +
	Percent	Population		
Family Status Continued				
Dual earner in Married Couple	23.2%	622	41.9%	NA
Dual earner with no children	4.8%	130	11.1%	NA
Dual earner with 1 child	0.0%	0	3.5%	NA
Dual earner with 2 children	4.9%	134	6.1%	NA
Dual earner with 3+ children	13.5%	368	21.3%	NA
Living with Parents	18.0%	491	7.8%	NA
Living with Other Relative	3.6%	99	1.8%	NA
Family Income				
< $12,500	18.8%	513	6.9%	13.2%
$12,500-$24,999	37.7%	1,028	13.3%	14.2%
$25,000-$39,999	14.7%	401	18.6%	17.2%
$40,000-$49,999	4.3%	117	11.1%	9.6%
$50,000-$50,999	8.8%	240	9.4%	8.6%
$60,000-$74,999	5.3%	145	11.0%	9.0%
$75,000 or more	10.4%	284	29.8%	28.3%
Mean	$33,770		$63,087	$59,709
Median	$22,158		$44,459	$44,429
Hours Per Week	33.1		39.1	NA
Full-time	60.7%		83.3%	NA
Weeks Worked Per Year	48.4		50.0	NA
Population	2,727		21,254	41,386
Sample Size	95		787	1,505

Note: Data source is the January 1998-December 2002 CPS ORG. Affected workers are defined as those persons earning $5.15-$10.50 per hour in January 2007. All workers are defined as all wage and salary workers. Weeks worked based on a sample of workers derived from April 1993 CPS. All means are calculated using adjusted CPS sample weights.

Table 2 Income Increases for Families of Workers Affected by Santa Fe Minimum Wage Increase to $10.50

Variable	Percent in Class Before Increase	Annual Income Increase	Percent Increase In Family Income	Percent Share of Total Income Increase
All	100.0%	$3,207	9.5%	100.0%
Family Income				
< $12,500	20.9%	$3,963	55.5%	25.8%
$12,500-$24,999	39.4%	$3,357	19.0%	41.3%
$25,000-$39,999	8.8%	$4,460	13.2%	12.3%
$40,000-$49,999	4.8%	$3,197	7.2%	4.7%
$50,000-$50,999	8.6%	$1,576	2.9%	4.2%
$60,000-$74,999	5.8%	$2,515	3.8%	4.6%
$75,000 or more	11.7%	$1,956	1.5%	7.1%
Average Family Income: $33,780				

Note: Data source is the January 1998-December 2002 CPS ORG. Affected workers are defined as those persons earning $5.15-$10.50 per hour in January 2007 dollars. All means are calculated using adjusted CPS sample weights.

Table 3 Income Distribution Impact of Santa Fe Minimum Wage Increase to $10.50 Across All Families

Variable	Percent in Class Before Increase	Annual Income Increase	Percent Increase In Family Income	Percent Share of Total Income Increase
All	100.0%	$380	0.7%	100.0%
Family Income:				
< $12,500	16.5%	$596	9.9%	25.9%
$12,500-$24,999	17.2%	$909	5.1%	41.1%
$25,000-$39,999	12.9%	$359	1.3%	12.2%
$40,000-$49,999	10.6%	$171	1.1%	4.8%
$50,000-$50,999	9.4%	$171	0.3%	4.2%
$60,000-$74,999	8.8%	$196	0.5%	4.6%
$75,000 or more	24.6%	$110	0.1%	7.2%
Average Family Income: $53,499				

Note: Data source is the January 1998-December 2002 CPS ORG. Affected workers are defined as those persons earning $5.15-$10.50 per hour in January 2007 dollars. All means are calculated using adjusted CPS sample weights.

Table 4 Employment Levels and Job Losses by Sector for Santa Fe Minimum Wage of $10.50

Group	Employment		Projected Job Loss	Percent of All Job Loss
	All Workers	Affected Workers		
All	21,254	2,727	154	100.0%
Age:				
16 to 19	940	466	50	32.5%
20 to 24	1,861	484	33	21.1%
25 to 29	1,917	255	9	5.7%
30 to 39	4,481	359	17	11.1%
40 to 64	11,406	1,057	40	26.0%
65 to 99	648	106	5	3.3%
Family Income:				
< $12,500	1,574	540	39	17.8%
$12,500-$24,999	3,024	1,080	54	23.8%
$25,000-$39,999	2,687	282	18	24.1%
$40,000-$49,999	2,540	122	5	8.6%
$50,000-$50,999	2,136	253	17	7.4%
$60,000-$74,999	2,507	151	7	7.2%
$75,000 or more	6,786	299	13	11.1%
Gender:				
Male	11,817	1,436	62	40.2%
Female	9,436	1,292	82	53.5%
Race:				
White	20,188	2,541	147	95.4%
Black	191	25	-	0.0%
Asian	327	-	-	0.0%
Other Race	548	160	7	4.3%
Ethnic Status:				
Hispanic	8,178	1,745	102	66.1%
Non-Hispanic	13,075	982	52	33.9%
Years of Schooling:				
0 to 8	577	278	15	10.0%
9 to 11	1,943	797	67	43.4%
12	4,960	910	47	30.6%
13 to 15	5,373	469	15	10.0%
16 or more	8,401	274	9	6.0%

Table 4 Continued

Group	Employment		Projected Job Loss	Percent of All Job Loss
	All Workers	Affected Workers		
Industry:				
Agriculture	82	-	-	0.0%
Mining	29	-	-	0.0%
Construction	1,178	227	18	11.4%
Durable Manufacturing	502	59	0	0.3%
Nondurable Manufacturing	279	-	-	0.0%
Transportation, Communication, and Utilities	923	80	8	4.9%
Wholesale Trade	258	42	1	0.5%
Retail Trade	3,587	993	62	40.1%
Finance, Insurance, and Real Estate	1,079	90	8	5.4%
Business and Repair Services	4,636	212	11	7.0%
Personal Services	898	331	23	14.6%
Entertainment and Recreation Services	536	30	2	1.1%
Other Professional Services	4,791	664	22	14.4%
Public Administration	2,475	-	-	0.0%
Occupation:				
Executives, Administrators, and Managers	3,826	296	7	4.6%
Professionals	4,832	29	0	0.3%
Technicians	1,067	-	-	0.0%
Sales Occupations	1,579	438	30	19.5%
Administrative Support Occupations	3,042	468	23	14.6%
Service Occupations	3,351	759	46	29.8%
Farming, Forestry, and Fishing Occupations	103	57	3	1.6%
Precision Production, Craft, and Repair Occupations	1,901	126	10	6.2%
Machine Operators, Assemblers, and Inspectors	373	84	3	1.6%
Transportation and Material Moving Occupations	523	101	5	3.0%
Handlers, Equipment	658	370	28	18.2%

Note: Data source is the January 1998-December 2002 CPS ORG. Affected workers are defined as those persons earning $5.15-$10.50 per hour in January 2007 dollars. All means are calculated using adjusted CPS sample weights.

Table 5 Cost to Employers and Lost Income to Workers of Santa Fe Minimum Wage Increase to $10.50

Group	Rise in Labor Cost if no Layoffs of Workers	Lost Income Due to Layoffs	Net Rise in Cost of Labor to Employers
All	$8,511,325	$1,943,799	$6,567,526
Industry:			
Agriculture	$-	$-	$-
Mining	$-	$-	$-
Construction	$850,812	$71,035	$779,777
Durable Manufacturing	$25,876	$5,237	$20,639
Nondurable Manufacturing	$-	$-	$-
Transportation, Communication, and Utilities	$449,172	$105,601	$343,571
Wholesale Trade	$88,477	$5,210	$83,268
Retail Trade	$3,649,867	$1,014,402	$2,635,466
Finance, Insurance, and Real Estate	$266,831	$75,915	$190,916
Business and Repair Services	$815,040	$215,742	$599,298
Personal Services	$1,025,577	$299,027	$726,550
Entertainment and Recreation Services	$114,184	$6,723	$107,461
Other Professional Services	$1,225,490	$144,908	$1,080,582
Public Administration	$-	$-	$-

Note: Data source is the January 1998-December 2002 CPS ORG. Affected workers are defined as those persons earning $5.15-$10.50 per hour in January 2007 dollars. All means are calculated using adjusted CPS sample weights.

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