

Effects of the Proposed 1999-2000 Washington Minimum Wage Increase

David A. Macpherson
Florida State University

May 1998

Executive Summary

Based upon an analysis of Labor Department data, Dr. David Macpherson finds that a proposal to hike the Washington minimum wage from \$5.15 to \$6.50 by the year 2000 would cause more than 7,431 workers to lose job opportunities. As a consequence, Washington workers would lose approximately \$64 million in annual income. At the same time, minimum wage employers would see their labor costs rise by \$204 million per year in order to provide minimum wage workers an increase in average family income of only 2.8%.

On February 12, 1998, President Clinton proposed raising the federal minimum wage in two annual 50-cent increments, from \$5.15 to \$5.65 and then to \$6.15 per hour. In support of this proposal, the President and others claim that minimum wage increases of such magnitudes do not cost jobs, and that the benefits of these increases accrue primarily to poor adults trying to raise families. With this legislative proposal on the table, it is instructive to read Dr. David Macpherson's new study of expected total effects from Washington's proposed two-part statewide increase in its minimum wage from \$5.15 to \$6.50, the final increase being effective January 1, 2000.

Who will be affected?

Dr. Macpherson finds that fewer than one in seven of the workers who would be affected by the minimum wage increase is the sole breadwinner in a family with children. The annual family income of affected workers averages more than

\$30,000, and in some localities this average exceeds \$45,000. These income figures indicate that most minimum wage workers are members of families with multiple workers. Only one in six affected workers lives in a family with income of less than \$10,000.

Of affected workers, many are very young; 29% are teens aged 16-19 and an additional 18.4% are young adults age 20-24; 29.7% are living with a parent or parents. More than half of affected workers have never been married.

How will they be affected?

Approximately 40% of the 7,431 layoffs will hit workers with annual family incomes less than \$20,000, while more than half of the job loss will be confined to workers under age 25. Moreover,

A Snapshot of the Workers Affected by Proposed 1999-2000 Washington Minimum Wage Increase

	Affected Workers
Age 16-24	47.4%
Living with parents	29.7%
Average family income	\$35,682
Average years of schooling	12.0
Never married	52.0%
Work part-time	54.1%
Average hours worked per week	28.7

52% of the job loss will hit in the retail sector, and another quarter will hit the service sector. Almost half of the job loss and income loss will hit the Seattle-Tacoma area.

Dr. Macpherson estimates that the \$204 million in additional labor costs associated with the proposed Washington minimum wage increase will fall disproportionately on retail employers (\$101 million) and service-sector employers (\$57 million), and especially on employers in the Seattle-Tacoma area (\$92 million).

Of the total income gains generated by the wage hike, less than one dollar in five will go to workers living in families with incomes of less than \$10,000. Hence, the wage hike appears to be a very inefficient tool for raising low-income workers out of poverty. The average increase in family income of affected workers will be a very modest 2.8%.

Conclusion

This study demonstrates that increases in the minimum wage entail real consequences and costs. A \$1.35 (or 26 percent) increase can cause significant job loss and impose substantial costs on employers. At the same time, such an increase does little to combat poverty, even among those that don't lose their jobs. In Washington, the expected consequences of such an increase in the minimum wage are 7,431 lost jobs, \$64 million in lost wages, and \$204 million in additional labor costs.

Rebel A. Cole
Chief Economist
Employment Policies Institute

1. Introduction

“Living wage” campaigns have emerged in nearly three dozen states and cities.¹ According to 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 propose that states and municipalities mandate minimum wage rates greater than the federal minimum wage rate, which is \$5.15 as of September 1, 1997.

This study examines in a variety of dimensions the effects of one such proposal. In Washington, the proposed minimum wage would rise from \$5.15 to \$5.70 in January 1999 and to \$6.50 in January 2000. It would then be indexed to the prior 12 months change in the Consumer Price Index-W starting on September 30, 2000. The study reaches several conclusions regarding this proposal to increase the minimum wage. First, the workers who would be affected by this proposal tend to be much younger and less educated than the average Washington worker. Second, less than one-seventh of the affected workers are the sole earners for a family supporting one or more children. Third, the impact on family income will be modest—the average increase in the family income of these workers will be a very modest 2.8%. Fourth, the minimum wage increase is projected to cause 7,431 workers to lose their jobs, with about one-half of the job losses in the retail trade industry. These workers will lose \$64 million in annual income. Fifth, the cost to employers will be substantial—estimated at \$204 million per year in additional labor costs.

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 of the wage hike to employers as well as the income loss to laid-off workers is reported in section 6. Lastly, section 7 provides a summary and conclusions.

2. The Data

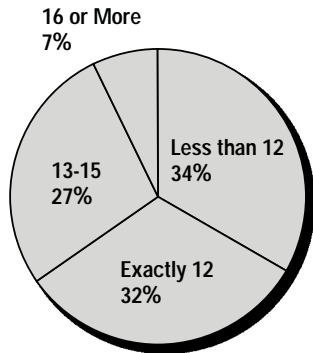
To analyze the effects of the proposed year 1999-2000 Washington minimum wage increase, data are drawn from the January 1995 through December 1997 Current Population Survey (CPS) Outgoing Rotation Group (ORG) files. The CPS ORG has the important advantage of being a large and representative sample of the population.

The main sub-sample of the CPS ORG data employed here includes wage and salary workers who are residents of Washington, 16 years of age or older, and whose hourly wage is between \$5.15 and \$6.50 in January 2000 dollars.² Observations missing the 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.

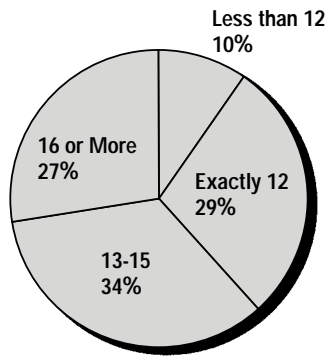
3. Who will be Affected by the Minimum Wage Increase?

A vivid statistical portrait of the workers who would be affected by the proposed minimum wage increase (i.e., earning \$5.15-\$6.50 in January

Workers Affected by Washington's 1999-2000 Minimum Wage Hike:
Years of Schooling



All Washington's Workers:
Years of Schooling



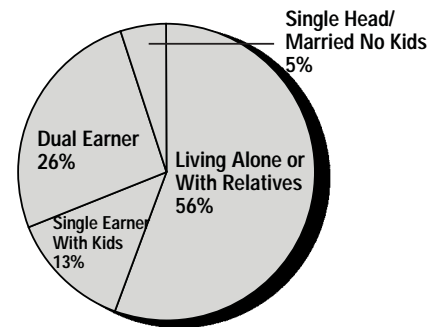
Workers who would be impacted by the proposed minimum wage increase are less likely to be supporting a family than the typical Washington worker. For example, 29.7% of the workers (72,393) are living with their parent or parents, while only 8.6% of all Washington workers are in this category. Also, they are much less likely to be a dual earner in a married couple (26.1% versus 42.9%) than the typical Washington worker. Lastly, fewer than one in seven is a single head or a single earner in a married couple supporting a family with children.

The family income of the affected worker is somewhat lower than the average Washington resident (\$35,682 versus \$45,054). However, less than 18% of minimum wage workers are in families with an income of less than \$10,000. In fact, more than 60% are in families with an income of \$20,000 or more.

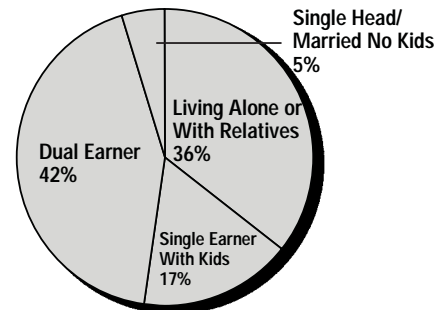
2000 dollars) emerges from Table 1, which presents for such workers the means of demographic variables as well as the population size of sub-groups. For comparison purposes, means for all Washington workers and residents who are 16 years of age and older are also included. The results reveal that a large fraction of workers affected by the higher minimum wage are young. In fact, 29.0% of affected workers are between 16 and 19 years of age, and an additional 18.4% are between 20 and 24 years of age. Thus, 47.4% of affected workers are 24 or younger. This amounts to 115,678 of the 243,592 affected workers.

The affected workers differ from the average Washington resident on several other demographic characteristics. The affected workers are substantially less educated than the average Washingtonian as one-third (81,086 workers) have not graduated from high school. Also, they are much more likely to be never-married (52.0%).

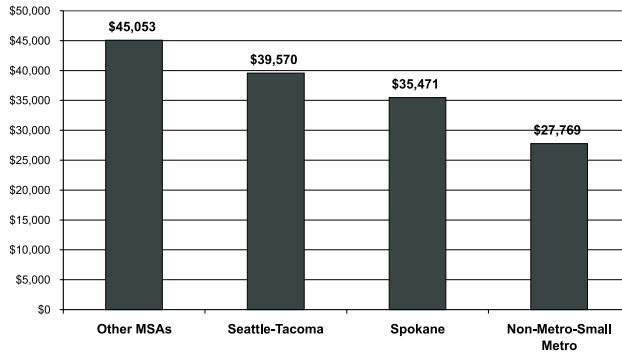
Workers Affected by Washington's 1999-2000 Minimum Wage Hike:
Family Status



All Washington's Workers:
Family Status



Workers Affected by Washington's 1999-2000 Minimum Wage Hike: Average Family Income by Locality



The affected workers are less involved in the labor market than the average Washington worker. More than 54% of the affected workers are employed part-time, while only 20% of all Washington employees work part-time. In addition, the affected workers are employed nearly three fewer weeks per year than the typical worker.

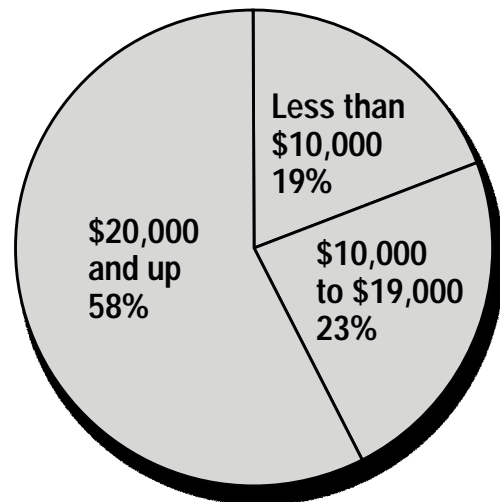
The location of the affected workers differs from the typical Washington resident and worker. The affected workers are less likely to live in the Seattle-Tacoma area (45.8%) than the average Washington worker (61.5%) or resident (59.1%). On the other hand, they are more likely to live in the smaller metro or non-metro areas (28.8%) than the average Washington worker (19.4%) or resident (22.7%).

As shown in Table 2, the family income of the affected workers varies substantially depending on the location in the state. Affected workers in Seattle-Tacoma have much higher family incomes than most of their counterparts in other Washington areas. For example, affected workers living in Seattle-Tacoma have a mean family income of \$39,570, while the corresponding figure for those living in small metropolitan or non-metropolitan areas is \$27,769.

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

Table 3 provides calculations of the annual income increases for workers affected by the proposed minimum wage increase as well as the resulting impact on family income. The top row shows the mean increase in annual income would be only \$995. Since the average family income of the affected workers is \$35,682 per year, the resulting increase in average family income would be a modest 2.8%.³ The increase for workers with median family income would be 3.7%.

Share of Gains From Washington's 1999-2000 Minimum Wage Hike: Distribution by Family Income



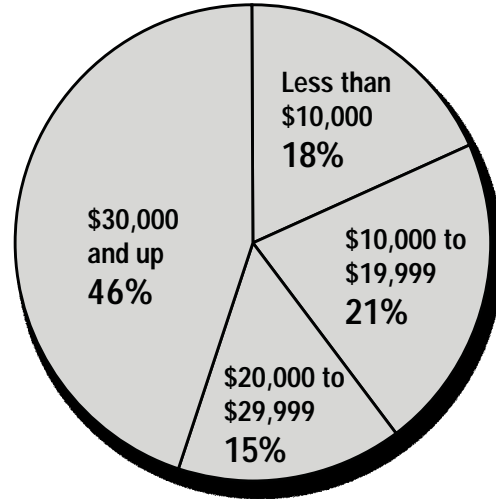
When the results are broken out by family income, they show the minimum wage increase would be a blunt anti-poverty measure. The increase in family income is only \$1,095 for persons in families with less than \$10,000 of income. The next highest family income group (\$10,000-\$19,999) receives a \$1,072 income increase.

Column 5 of Table 3 presents the percentage share of the total income gains resulting from the proposed minimum wage increase that would accrue to workers in various family income groupings. The gains are roughly proportional to the percentages of affected workers in each grouping. For example, 17.5% of the affected workers live in families with incomes of less than \$10,000, a rough approximation of the poverty threshold for a typical family affected by the proposed Washington minimum wage hike.⁴ The share of total income gains going to these workers is only 19.3%. In other words, more than four-fifths of the total income gains will go to workers in families living above the poverty level.

5. How Many Workers will be Laid Off?

An important effect of the proposed minimum wage increase is that some workers will lose their jobs because firms will no longer be able to profitably employ them. To estimate the job loss, the following procedure was used: First, the fractional

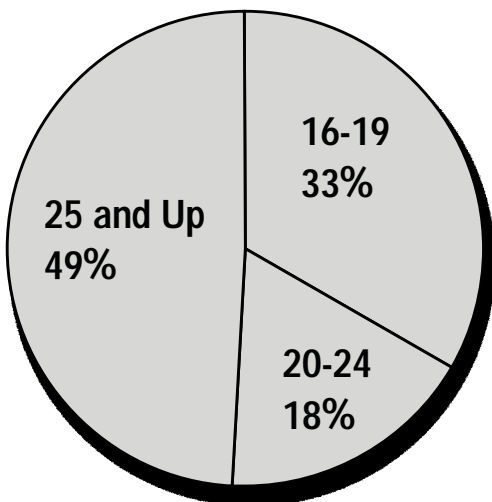
7,431 Jobs Destroyed by Washington's 1999-2000 Minimum Wage Hike:
Distribution by Workers Family Income



wage gain due to the minimum wage increase is computed for each affected worker and then averaged across the sample. Second, the estimated fractional wage gain is used in the following formula to calculate the employment loss:

$$\text{(1) Employment Loss} = \frac{\text{Fractional Wage Gain}}{\text{Elasticity}} * \text{Affected Worker Employment}$$

7,431 Jobs Destroyed by Washington's 1999-2000 Minimum Wage Hike:
Distribution by Workers Age

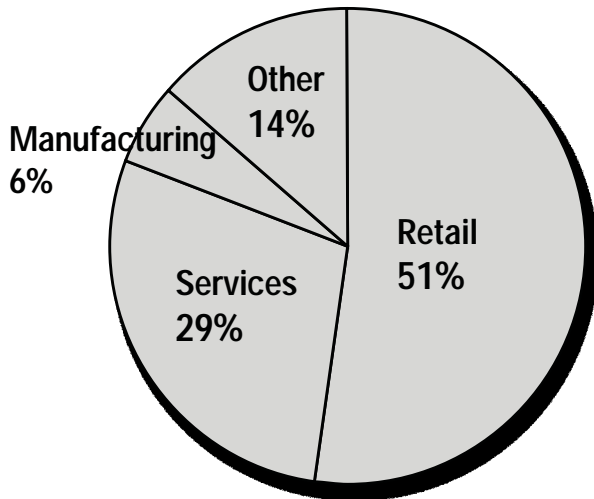


This study uses an estimate of labor demand elasticity (-0.22) for minimum wage workers reported by Neumark and Wascher (1997). An elasticity of -0.22 implies that a 10% increase in wages results in a 2.2% decrease in employment of the affected group.⁵

Table 4 presents the results of these calculations for all of the affected workers as well as for subgroups of workers. Overall, the analysis indicates that 7,431 workers are projected to lose their jobs due to the proposed minimum wage increase. The job-loss breakdowns by demographic groups and location are not surprising: 39.2% have not finished high school; 50.8% are under age 25; and 39.8% have a family income below \$20,000. Almost half of the job losses (3,461) will occur in the Seattle-

7,431 Jobs Destroyed by Washington's 1999-2000 Minimum Wage Hike:

Distribution by Industry



Tacoma region and another third will occur in the non-metropolitan or small metropolitan areas.

The results by industry indicate that more than one-half of the job losses are projected to occur in the retail trade industry (3,873 jobs). This is not surprising since more than one-quarter of the workers in retail trade will be affected by this increase. Another 2,130 jobs, or 28.6% of the losses, are projected to occur for workers in the service industries.

The findings by occupation show that nearly two-thirds of the losses are predicted to be for those in sales and service occupations. Another 13.2% will occur for those in blue-collar jobs.

6. What will be the Cost to Employers and the Income Loss to Laid-off Workers?

Another critical issue is the cost to employers of the proposed minimum wage increase. These higher costs will either be passed on to consum-

ers 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. 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.⁶ 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 costs 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 then the cost of labor to employers would rise by \$268 million. The projected layoff of 7,431 workers will cause \$64 million of worker income to be lost. The net rise in the cost of labor to employers is estimated to be \$204 million.

The results by industry and location indicate these costs are clearly concentrated in certain industries and locations. In the retail trade industry, net labor costs will rise by \$101 million and the income of laid-off workers will be reduced by \$30 million. For the service industry, the net employer cost will rise by \$57 million and the income loss to displaced workers will be \$18 million. The net labor cost to employers in the Seattle-Tacoma area will rise by \$92 million, while laid-off workers are projected to have a \$29 million reduction in income.

7. Summary and Conclusions

This paper examines in a variety of dimensions the expected effects of the rise in the Washington minimum wage to \$6.50 starting in January 2000. The study reaches several conclusions regarding this proposed minimum wage increase. First, the workers that would be affected by this increase tend to be much younger and less educated than the average Washington worker. Nearly one-half of the impacted workers are under the age of 25 and one-third don't have a high school degree. Second, less than one-seventh

of the affected workers are the sole earner for a family supporting one or more children. Third, the impact on family income will be minimal, raising the average family income of a minimum wage worker by a modest 2.8%. Fourth, the proposed minimum wage increase is projected to cause 7,431 workers to lose their jobs, with more than one-half of the job losses in the retail trade industry. This will cause an annual income loss to these workers of \$64 million. Fifth, the cost to employers will be quite substantial. It will raise their labor costs by \$204 million per year, with increased costs being concentrated in the retail and service industries.

Endnotes

- ¹ *The Minimum Wage Debate: Questions and Answers*, 3rd Ed. (Washington, D.C.: Employment Policies Institute, 1997), 13-17.
- ² 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 \$6.50 per hour. Hence, we are not allowing for noncompliance or exemptions from the law.
- ⁴ The Earned Income Tax Credit (EITC) would bring a single worker supporting two children slightly above the poverty level for such a family.
- ⁵ The average elasticity reported by a survey of labor economists at leading universities is -0.21. See Fuchs, Krueger and Poterba (1997).
- ⁶ Workers may reduce this income loss if they are able to obtain employment in a job not covered by the minimum wage.

References

- Employment Policies Institute. *The Minimum Wage Debate: Questions and Answers*, Third Edition. Washington, D.C.: Employment Policies Institute, 1997.
- Fuchs, Victor R., Alan B. Krueger and James M. Poterba. "Why Do Economists Disagree About Policy? The Roles of Beliefs About Parameters and Values," NBER Working Paper No. 6151, August 1997.
- Hirsch, Barry T., and David A. Macpherson. *Union Membership and Earnings Data Book: Compilations from the Current Population Survey (1998 Edition)*. Washington, D.C.: Bureau of National Affairs, 1998.
- Neumark, David and William Wascher. "The Effect of New Jersey's Minimum Wage Increase on Fast-Food Employment: A Re-Evaluation Using Payroll Records." Unpublished manuscript, March 1997.

Data Appendix

Hourly Wage

This study uses data from the January 1995 through December 1997 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 Washington, 16 years of age or older, and whose hourly wage is between \$5.15 and \$6.50 in January 2000 dollars.

The hourly wage is constructed to account for problems caused by workers with variable hours, “top coded” or “capped” earnings, tips, commissions and 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-top coded workers who are paid by the hour and receive tips, commissions, or overtime are assigned their reported hourly earnings. For all non-topcoded 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 \$1,923 per week or about \$100,000 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 (1998) by gender and year and are used in this study.

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 January 2000 using the CPI-U (a 3% percent annual inflation rate is assumed for the period between December 1997 and January 2000). For workers whose inflation-adjusted wage is less than \$5.15 in September 1997 dollars a wage of \$5.15 in January 2000 dollars is assigned. 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 Washington workers was \$4.25 between January 1995 and October 1996; \$4.75 between October 1996 and August 1997; and \$5.15 between September 1997 and December 1997.

Family Income

Family income is reported as a 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 were calculated from a sample of Washington residents in the March 1995-1997 CPS (which reports family income received in the prior year as a continuous variable). Very similar results occurred when a national rather than a Washington-based sample was employed to generate the mean income values.

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-\$6.50 per hour in January 2000 dollars.

Location

The CPS ORG used 1983 Census metropolitan area identifiers for January 1995-May 1995 to provide substate location information. For the period of June 1995-August 1995, no metropolitan identifiers were provided. Since September 1995, the CPS ORG has used the 1993 Census metropolitan area identifiers. The loca-

tion identifiers were made as time consistent as possible and the resulting measurement error is quite modest.

Since the months of June 1995-August 1995 contained no location information, these months were deleted from the sample when the substate analysis was conducted and the sample weights were adjusted accordingly. As a result, the total employment counts differ slightly for the substate and state-level analysis.

Table 1: Means for Selected Variables

Variable	Affected Washington Workers		All Washington Workers	Washington Residents Age 16+
	Percent	Population		
Age:				
16 to 19	29.0%	70,750	5.8%	7.0%
20 to 24	18.4%	44,928	10.7%	9.0%
25 to 29	11.8%	28,625	14.1%	10.7%
30 to 39	18.0%	43,893	28.2%	22.7%
40 to 64	20.1%	48,849	39.7%	36.9%
65 to 99	2.7%	6,547	1.6%	13.8%
Average	30.4		37.3	42.6
Years of Schooling:				
0 to 8	5.3%	12,937	1.6%	3.2%
9 to 11	28.0%	68,149	8.1%	11.6%
12	32.1%	78,272	28.6%	29.6%
13 to 15	27.4%	66,709	34.4%	32.2%
16 or more	7.2%	17,525	27.4%	23.4%
Average	12.0		13.6	13.2
Race and Ethnic Status:				
White	88.6%	215,787	91.1%	91.6%
Black	3.9%	9,553	2.3%	2.1%
Asian	5.2%	12,692	4.9%	4.8%
Other Race	2.3%	5,560	1.6%	1.5%
Hispanic	10.0%	24,303	3.8%	3.1%
Gender:				
Female	60.6%	147,514	46.2%	51.1%
Male	39.4%	96,078	53.8%	48.9%
Marital Status:				
Married, Spouse Present	34.2%	83,315	55.8%	56.5%
Divorced, Separated, Widowed	13.8%	33,545	16.5%	19.3%
Never Married	52.0%	126,732	27.7%	24.2%
Family Status:				
Single Individual	21.1%	51,371	25.1%	NA
Single Head	10.2%	24,885	8.7%	NA
Single Head with no children	2.5%	6,136	1.0%	NA
Single Head with 1 child	3.5%	8,482	3.1%	NA
Single Head with 2 children	2.4%	5,737	2.4%	NA
Single Head with 3+ children	1.9%	4,531	2.2%	NA
Single Earner in Married Couple	8.1%	19,733	12.9%	NA
Single Earner with no children	2.5%	6,007	3.8%	NA
Single Earner with 1 child	2.5%	6,031	2.0%	NA
Single Earner with 2 children	1.6%	3,990	2.8%	NA
Single Earner with 3+ children	1.5%	3,705	4.3%	NA

Table 1, Continued

Variable	Affected Washington Workers		All Washington Workers	Washington Residents Age 16+
	Percent	Population		
Dual Earner in Married Couple	26.1%	63,580	42.9%	NA
Dual Earner with no children	8.9%	21,721	12.0%	NA
Dual Earner with 1 child	3.8%	9,264	7.2%	NA
Dual Earner with 2 children	4.9%	11,958	9.7%	NA
Dual Earner with 3+ children	8.5%	20,637	14.0%	NA
Living with Parents	29.7%	72,393	8.6%	NA
Other Relative	4.8%	11,632	1.8%	NA
Family Income:				
< \$10,000	17.5%	42,716	6.3%	9.5%
\$10,000-\$19,999	21.5%	52,295	12.1%	15.1%
\$20,000-\$29,999	15.5%	37,643	15.0%	16.4%
\$30,000-\$39,999	11.3%	27,550	13.6%	13.4%
\$40,000-\$49,999	10.5%	25,522	12.9%	11.5%
\$50,000-\$59,999	7.2%	17,441	11.8%	9.7%
\$60,000-\$74,999	7.2%	17,604	11.5%	9.5%
\$75,000 or more	9.4%	22,820	16.8%	14.9%
Mean	\$35,682		\$49,466	\$45,054
Median	\$27,203		\$44,074	\$36,946
Location:				
Non-Metro/Small Metro Areas	28.8%	70,994	19.4%	22.7%
Seattle-Tacoma CMSA	45.8%	112,959	61.5%	59.1%
Spokane MSA	13.5%	33,340	8.0%	7.6%
Other MSAs	12.0%	29,574	11.1%	10.6%
Hours Per Week	28.7		37.9	NA
Full-time	45.9%	111,809	80.3%	NA
Weeks Worked Per Year	47.1		50.0	NA
Population		243,592	2,365,327	3,748,470
Sample Size		612	5,966	10,773

Note: Data source is the January 1995-December 1997 CPS ORG. Affected workers are defined as those persons earning \$5.15-\$6.50 per hour in January 2000 dollars. 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 CPS sample weights.

Table 2: Family Income of Affected Workers by Location

Family Income	Non-Metro- Small Metro	Seattle- Tacoma	Spokane	Other MSAs
< \$10,000	21.7%	13.7%	22.0%	16.4%
\$10,000-\$19,999	29.3%	19.3%	16.2%	15.9%
\$20,000-\$29,999	15.9%	14.8%	18.6%	13.5%
\$30,000-\$39,999	9.3%	13.3%	9.2%	8.4%
\$40,000-\$49,999	7.6%	14.5%	8.8%	4.5%
\$50,000-\$59,999	7.0%	6.0%	5.8%	14.1%
\$60,000-\$74,999	4.2%	6.6%	10.4%	9.4%
\$75,000 or more	5.0%	11.9%	9.0%	17.9%
Mean	\$27,769	\$39,570	\$35,471	\$45,053
Median	\$17,386	\$31,549	\$27,079	\$36,946

Table 3: Income Increases for Washington Workers Affected by Minimum Wage Increase

	% in Class Before Increase	Annual Income Increase	% Increase In Family Increase	% Share of Total Income Increase
All	100	\$995	2.8%	100
Family Income:				
< \$10,000	17.5%	\$1,095	22.7%	19.3%
\$10,000-\$19,999	21.5%	\$1,072	7.5%	23.2%
\$20,000-\$29,999	15.5%	\$1,001	4.1%	15.6%
\$30,000-\$39,999	11.3%	\$901	2.6%	10.3%
\$40,000-\$49,999	10.5%	\$962	2.2%	10.2%
\$50,000-\$59,999	7.2%	\$814	1.5%	5.9%
\$60,000-\$74,999	7.2%	\$958	1.4%	6.9%
\$75,000 or more	9.4%	\$912	0.8%	8.6%

Note: Data source is the January 1995-December 1997 CPS ORG. Affected workers are defined as those persons earning \$5.15-\$6.50 per hour in January 2000 dollars. All means are calculated using CPS sample weights.

Table 4: Employment Levels and Job Losses by Sector

Group	Employment			Percent of all Job Loss
	All Workers	Affected Workers	Projected Job Loss	
All	2,365,327	243,592	7,431	100.0%
Age:				
16-19	136,662	70,750	2,469	33.2%
20-24	253,231	44,928	1,305	17.6%
25-29	333,910	28,625	775	10.4%
30-39	666,212	43,893	1,304	17.5%
40-64	939,435	48,849	1,394	18.8%
65-99	35,877	6,547	184	2.5%
Family Income:				
< \$10,000	138,340	42,716	1,369	18.4%
\$10,000-\$19,999	265,270	52,295	1,593	21.4%
\$20,000-\$29,999	328,564	37,643	1,138	15.3%
\$30,000-\$39,999	299,698	27,550	713	9.6%
\$40,000-\$49,999	283,138	25,522	829	11.2%
\$50,000-\$59,999	258,541	17,441	560	7.5%
\$60,000-\$74,999	253,443	17,604	519	7.0%
\$75,000 or more	368,635	22,820	720	9.7%
Gender:				
Male	1,271,457	96,078	3,050	41.0%
Female	1,093,870	147,514	4,381	59.0%
Race and Ethnic Status:				
White	2,155,402	215,787	6,476	87.2%
Black	54,726	9,553	348	4.7%
Asian	116,625	12,692	415	5.6%
Other Race	38,574	5,560	192	2.6%
Hispanic	90,075	24,303	761	10.2%
Years of Schooling:				
0 to 8	38,688	12,937	426	5.7%
9 to 11	191,120	68,149	2,486	33.5%
12	675,429	78,272	2,223	29.9%
13 to 15	813,189	66,709	1,793	24.1%
16 or more	646,901	17,525	503	6.8%

Table 4, Continued

Group	Employment			Percent of all Job Loss
	All Workers	Affected Workers	Projected Job Loss	
Location:				
Non-Metro/Small Metro Areas	458,839	70,994	2,276	30.2%
Seattle-Tacoma CMSA	1,457,131	112,959	3,461	45.9%
Spokane MSA	188,689	33,340	931	12.4%
Other MSAs	263,686	29,574	870	11.5%
Industry:				
Agriculture	55,830	16,253	557	7.5%
Mining	7,792	404	5	0.1%
Construction	135,334	1,788	58	0.8%
Durable Manufacturing	265,252	6,870	162	2.2%
Nondurable Manufacturing	108,411	8,456	260	3.5%
Transportation, Communication, and Utilities	159,215	5,149	131	1.8%
Wholesale Trade	111,392	5,740	82	1.1%
Retail Trade	448,908	117,433	3,873	52.1%
Finance, Insurance, and Real Estate	132,983	3,384	113	1.5%
Business and Repair Services	162,624	12,197	254	3.4%
Personal Services	61,555	12,853	379	5.1%
Entertainment and Recreation Services	47,926	8,971	315	4.2%
Other Professional Services	518,979	40,993	1,182	15.9%
Public Administration	149,126	3,101	60	0.8%
Occupation:				
Executives, Administrators, and Managers	334,295	7,679	230	3.1%
Professionals	349,021	7,949	209	2.8%
Technicians	86,548	1,294	45	0.6%
Sales Occupations	296,991	54,631	1,753	23.6%
Administrative Support Occupations	346,182	24,288	642	8.6%
Service Occupations	316,169	87,658	2,956	39.8%
Farming, Forestry, and Fishing Occupations	65,491	18,353	618	8.3%
Precision Production, Craft, and Repair Occupations	238,041	3,427	88	1.2%
Machine Operators, Assemblers, and Inspectors	113,366	9,153	202	2.7%
Transportation and Material Moving Occupations	103,514	5,851	162	2.2%
Handlers, Equipment Cleaners, Laborers	115,709	23,309	526	7.1%

Table 5: Cost to Employers and Lost Income to Workers from Minimum Wage Increase

Group	Rise in Labor Cost if no Layoffs of Workers	Lost Income due to Layoffs	Net Rise in Cost of Labor to Employers
All	\$ 267,578,654	\$64,023,705	\$ 203,554,949
Industry:			
Agriculture	\$ 23,421,966	\$ 5,725,702	\$ 17,696,264
Mining	\$ 307,865	\$ 67,730	\$ 240,135
Construction	\$ 2,337,820	\$ 615,856	\$ 1,721,964
Durable Manufacturing	\$ 7,597,134	\$ 1,871,076	\$ 5,726,058
Nondurable Manufacturing	\$ 10,486,374	\$ 2,604,782	\$ 7,881,592
Transportation, Communication, and Utilities	\$ 6,244,928	\$ 1,472,449	\$ 4,772,479
Wholesale Trade	\$ 4,437,192	\$ 987,680	\$ 3,449,512
Retail Trade	\$ 131,334,655	\$ 30,427,342	\$ 100,907,313
Finance, Insurance, and Real Estate	\$ 4,990,352	\$ 1,163,878	\$ 3,826,474
Business and Repair Services	\$ 10,574,957	\$ 2,277,023	\$ 8,297,934
Personal Services	\$ 15,076,427	\$ 3,333,218	\$ 11,743,209
Entertainment and Recreation Services	\$ 10,266,659	\$ 2,406,507	\$ 7,860,152
Other Professional Services	\$ 38,627,043	\$ 9,611,333	\$ 29,015,710
Public Administration	\$ 1,875,280	\$ 666,007	\$ 1,209,273
Location:			
Non-Metro/Small Metro Areas	\$ 85,513,799	\$ 20,852,499	\$ 64,661,300
Seattle-Tacoma CMSA	\$ 121,438,256	\$ 29,017,580	\$ 92,420,676
Spokane MSA	\$ 33,993,040	\$ 8,388,250	\$ 25,604,790
Other MSAs	\$ 29,022,029	\$ 6,489,902	\$ 22,532,127