Evaluation of Scheduling Policy: Key Lessons from Minimum Wage Research

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Experimental Design

- Classical experiment
  - Clinical drug trial
  - Random assignment of treatment
  - Control group—what would have happened regardless of treatment
- MW as a natural experiment
  - MW policy is not random
  - Allegretto, Dube, Reich & Zipperer (2017)
  - Nonrandom distribution of state minimum wage policies thus poses a serious challenge

Key Lesson: Valid Control Group

Validation

- Growth rates of treatment & control groups
    - Identical *but for* the MW policy
    - Biased results if trends are not 'parallel'
    - No guarantee post-treatment trends would be identical absent the policy
- Validity checks for treatment and control
    - Are pre-policy characteristics reasonably similar?
    - Have outcomes tended to move together in the past?
    - Was the policy more or less 'exogenous' or was it triggered by something that differentially affects the groups?

Key Lesson: Evidence of Parallel Trends

Is This a Thing?

- Is there a bite to the policy?
    - Otherwise, a first stage
    - Are you looking in the right place?
    - May need outside data or survey data
    - Wage example on teens and restaurant industry
- Helps to validate estimates on outcomes of interest
    - A strong first stage lends credibility to the design
    - Examples: ADR (2011), ADRZ (2017) criticism

Key Lesson: Show That This is a Thing

Why should we believe you?

- A first stage check
  - Are you looking in the right place?
  - May need outside data or survey data
  - Wage example on teens and restaurant industry
- Robustness checks
  - Run various specification for sensitivity checks
- Falsification tests
  - Run analysis on groups where there should be no effect
  - Provides insight into the validity of estimates on outcomes of concern
- Helps to validate estimates on outcomes of interest
  - A strong first stage gives credibility to the design
  - Examples: ADR (2011), ADRZ (2017) criticism

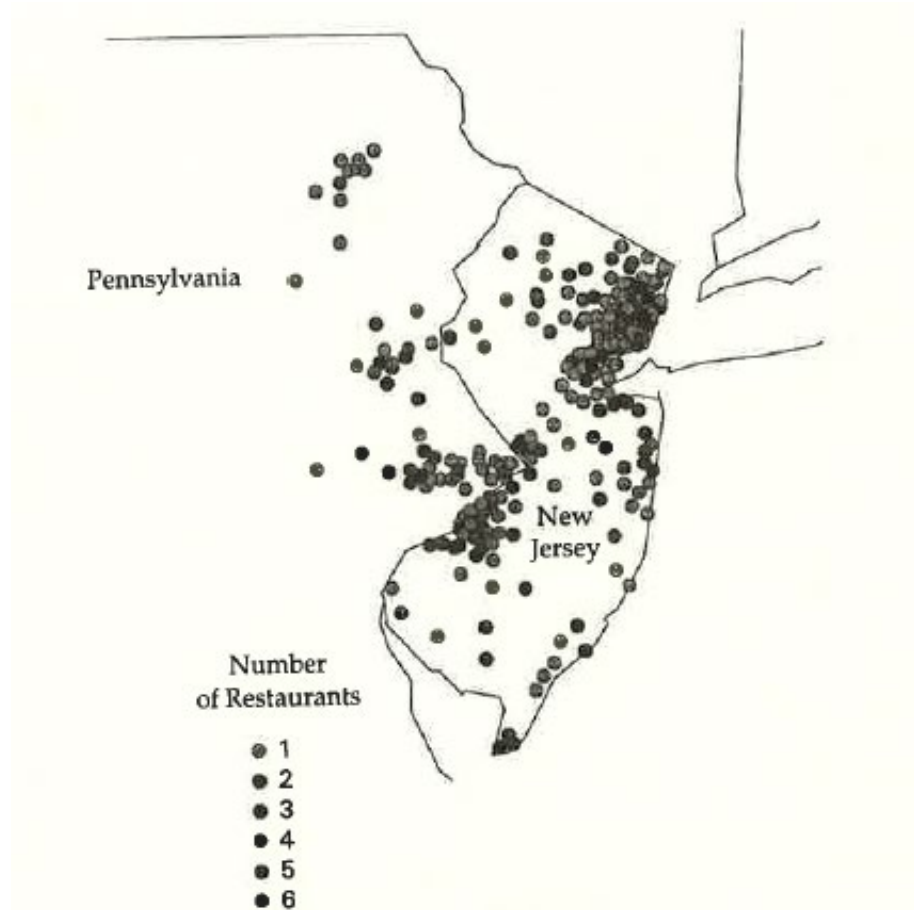**Key Lesson: Additional evidence that lends credibility**

Card &Krueger PA-NJ Study

- NJ passes highest MW in the US after a decade of federal inaction

- 1992 NJ MW from $4.25 to $5.05 highest in country!

- Passed in good times, implemented during recession thus effects of MW not overshadowed by a rising tide of general economic conditions…a legitimate natural experiment

- Prior to certain passage & amidst fight to repeal C&K fielded surveys

Card &Krueger's Control Group

- Fielded survey before & after the policy intervention

- FF Restaurants: compliance, heavy user of MW workforce, no tips, homogeneous job requirements, high response rates (TX research)

- Two designs—data from surveys

  - PA as control: survey NJ & PA FFRs

  - NJ FFRs as contrast: survey those paying >$5 and those paying lower than $5 before

- Usable sample 410

Card & Krueger PA-NJ Sample

Card & Krueger PA-NJ

Variable	NJ	PA	T-stat
Wave 1			
Starting wage	$4.61	$4.63	-0.4
Wage = $4.25 (%)	30.5	32.9	-0.4

Source: Card and Krueger (1994) data from Table 2.

Card & Krueger PA-NJ

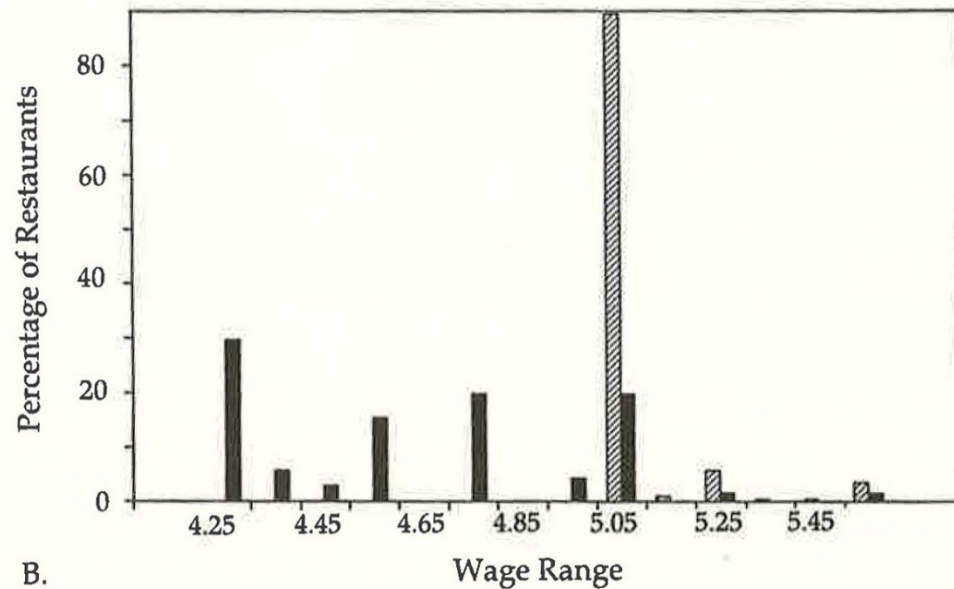| Variable	NJ	PA	T-stat
Wave 1			
Starting wage	$4.61	$4.63	-0.4
Wage = $4.25 (%)	30.5	32.9	-0.4
Wave 2			
Starting wage	$5.08	$4.62	10.8
Wage =$4.24 (%)	0.0	25.3	--
Wage = $5.05 (%)	85.2	1.3	36.1

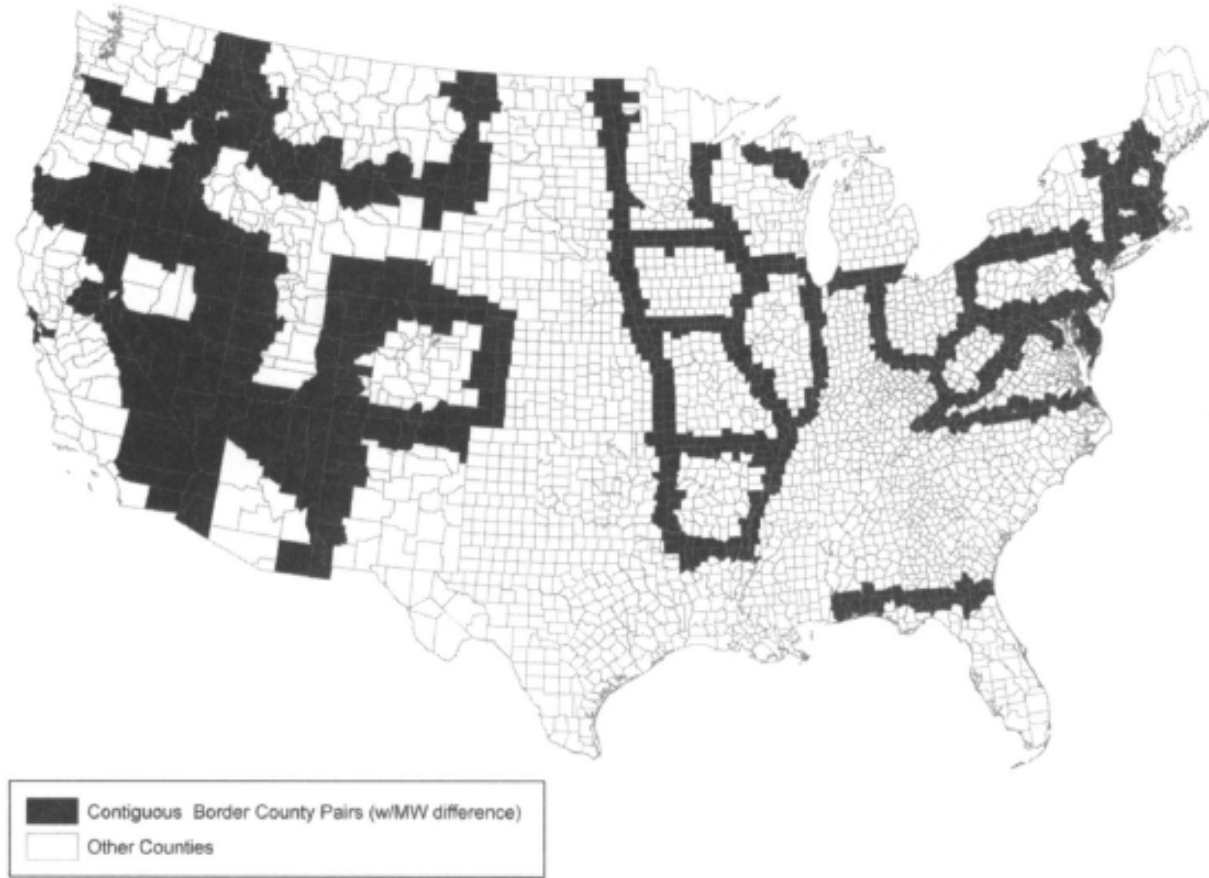Source: Card and Krueger (1994) data from Table 2.

C&K PA-NJ Wages

This is a thing!
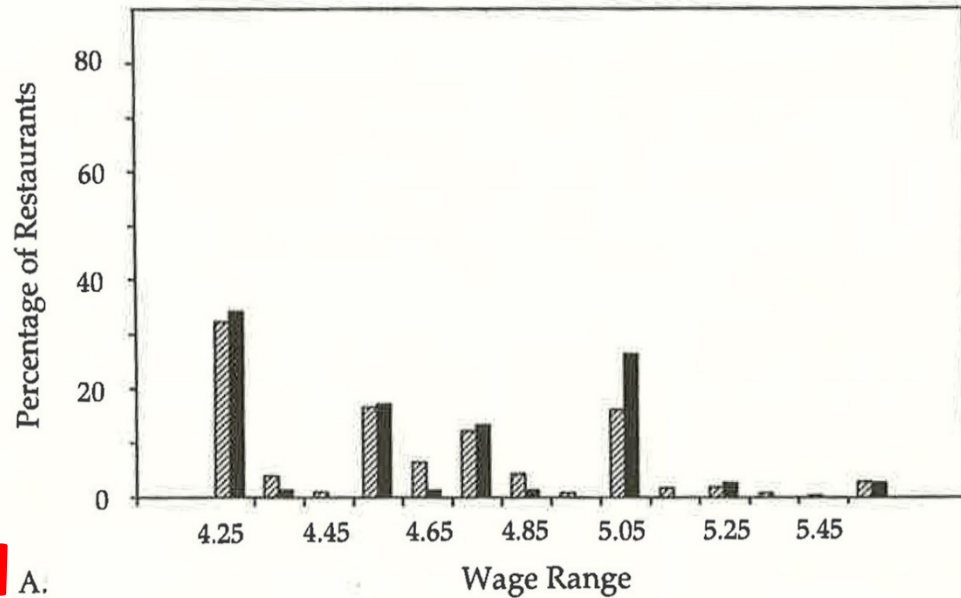
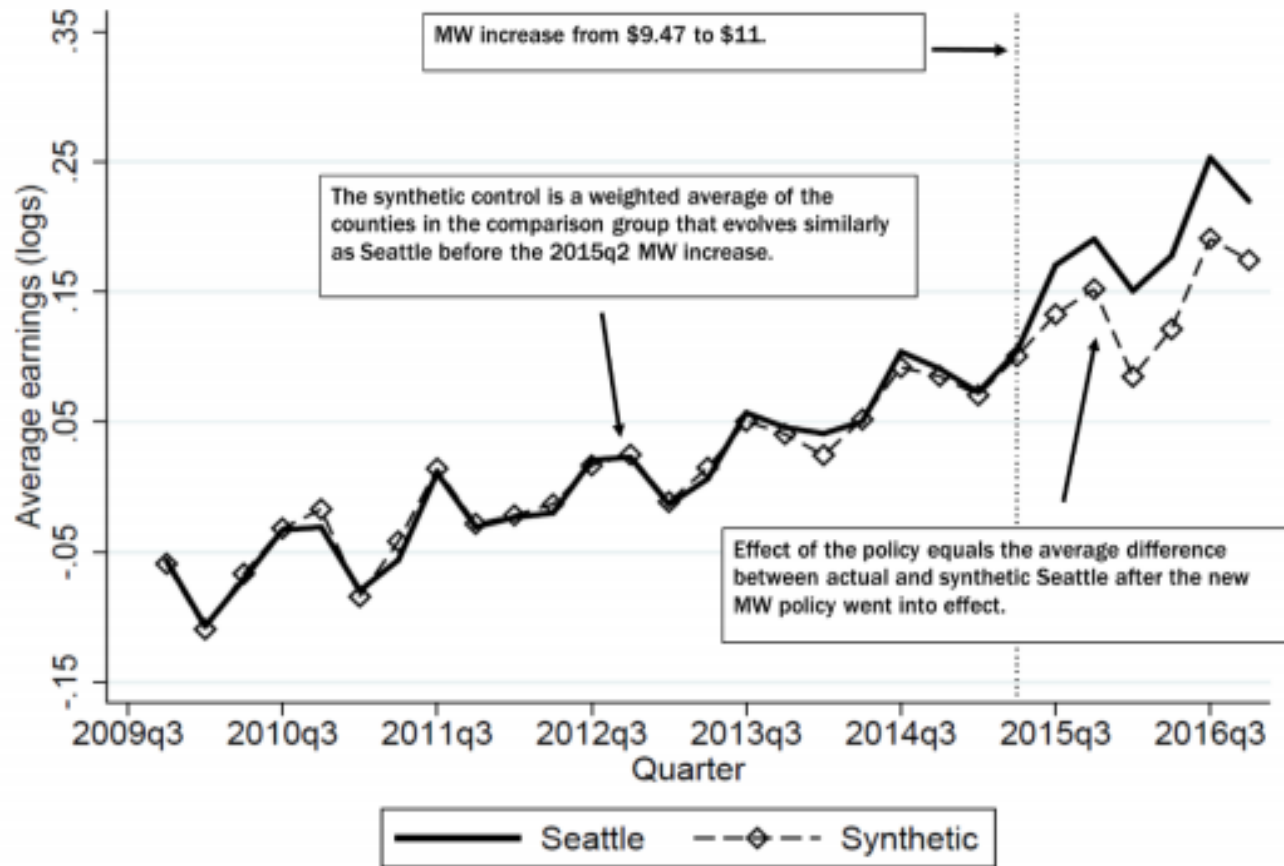**Employment in affected FF restaurants in NJ *increased*!**

Extensions

FIGURE 2.—CONTIGUOUS BORDER COUNTY-PAIRS IN THE UNITED STATES WITH A MINIMUM WAGE DIFFERENTIAL, 1990–2006Q2

Contiguous Border County Pairs (w/MW difference)
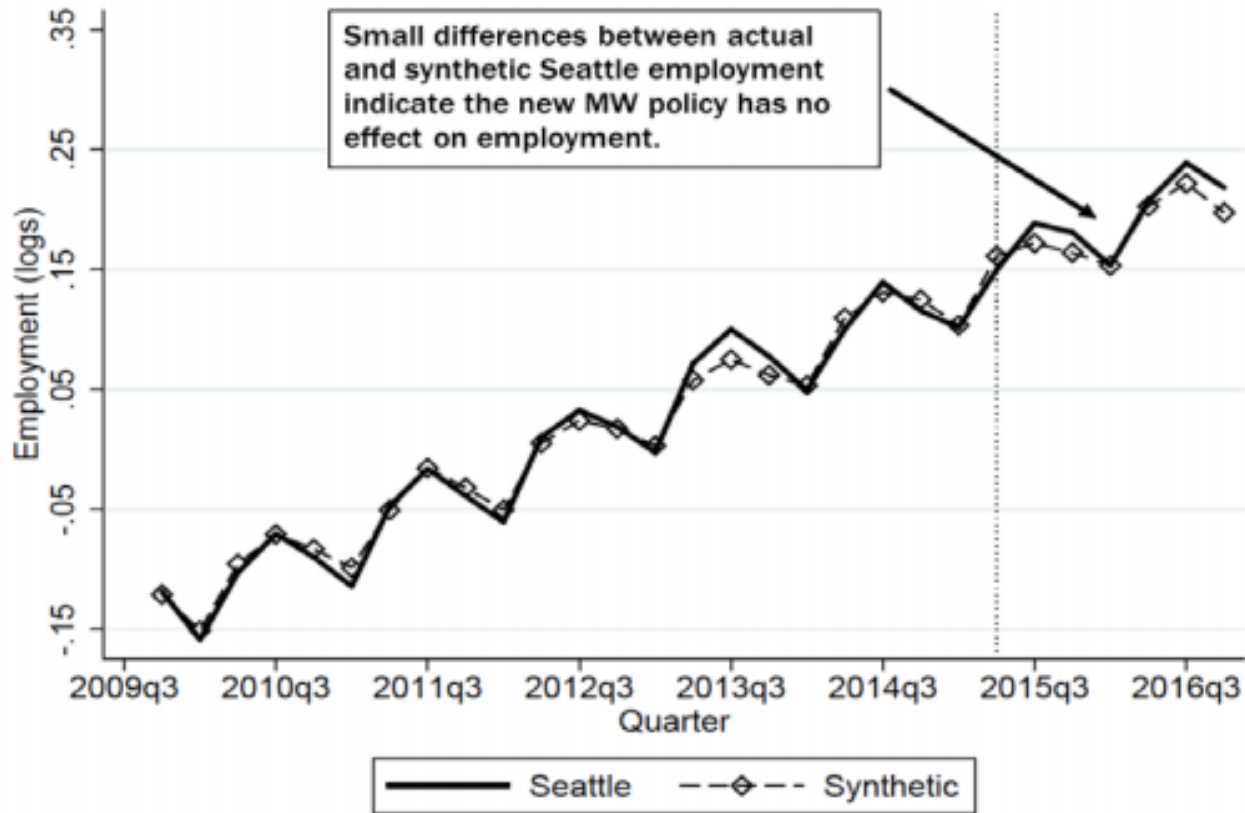Other Counties

Source: Dube, Lester, Reich *ReStat* (2010)

Trouble in paradise (or finding a good control group)

Same result as Card & Krueger

Figure 7 Seattle synthetic control employment analysis

Small differences between actual and synthetic Seattle employment indicate the new MW policy has no effect on employment.

Source: Allegretto, Godoey, Nadler, Reich (2018). CWED Report: The New Wave of Local Minimum Wage Policies: Evidence from Six Cities.

Number of people impacted by recently passed state and local comprehensive fair workweek laws

Jurisdiction	Laws	Industries covered	Number of workers covered
San Francisco	Formula Retail Employee Rights Ordinances (March 2016)	Retail trade	23,000
San José	Opportunity to Work Ordinance (March 2017)	Private sector	175,000
Emeryville, Calif.	Fair Workweek Ordinance (July 2017)	Retail trade and fast food	2,500
Seattle	Secure Scheduling Ordinance (July 2017)	Retail trade and fast food	40,000
Oregon	Fair Work Week Act (August 2017)	Retail trade and accommodation & food services	172,000
New York City	Fair Workweek Law (November 2017)	Retail trade and fast food	327,000
Total			739,500

Source: Economic Policy Institute. Wolfe, Jones and Cooper. July 2018

Scheduling Policy

- Much on the horizon: policy design, legislation, implementation, evaluation

- Challenge's concerning small area, limited coverage

- Good work so far:
  - Schneider & Harknett 2016
    - Document situation for workers via survey
  - Williams, Lambert, et al. 2017
    - Firm analysis: sales and productivity
  - Golden 2015
    - Use of General Social Survey data

Thank you!

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