CWED Series on MW Evaluations:
Local Minimum Wage Policies
Evidence from Six Cities
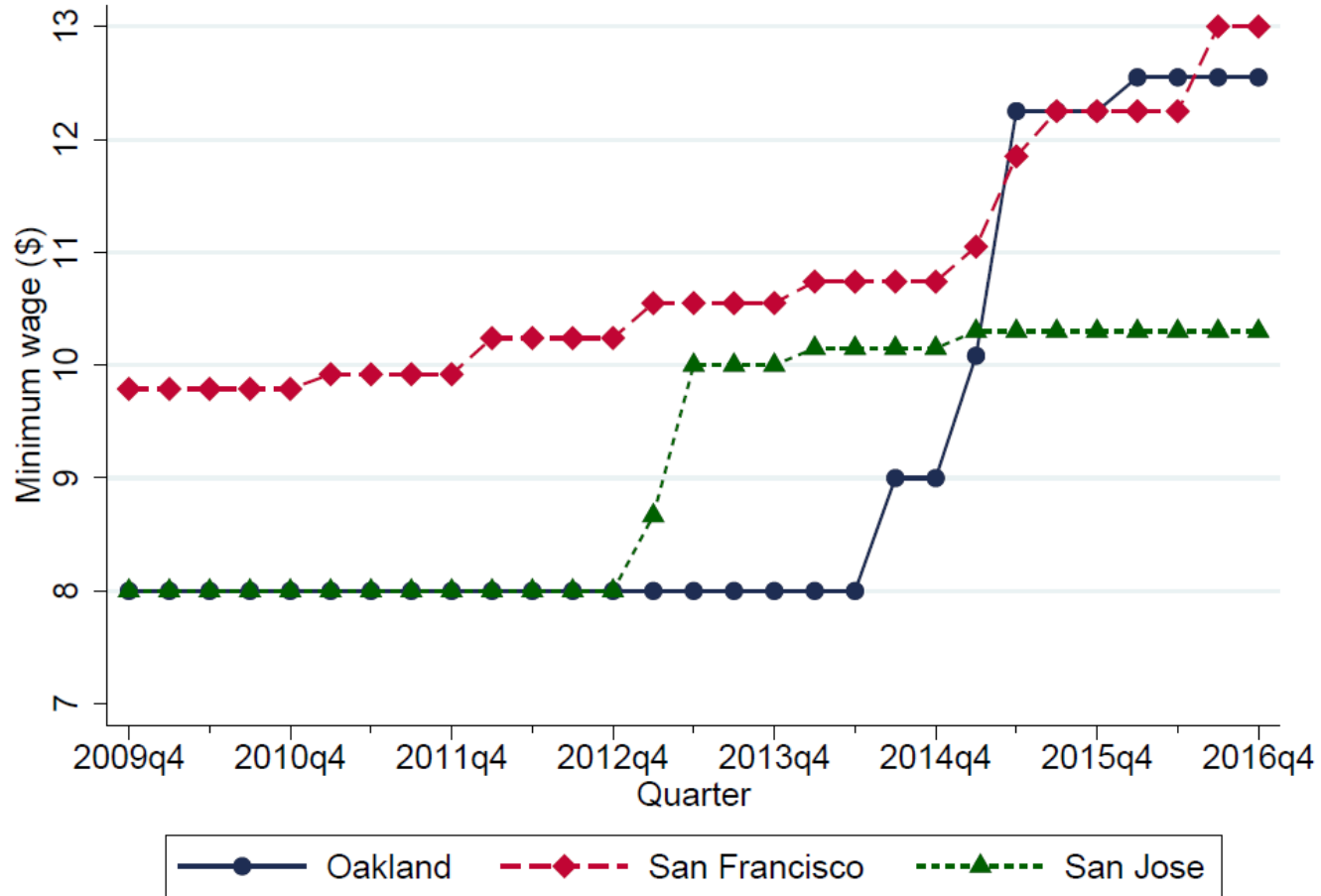
Allegretto, Godoey, Nadler & Reich

CWEDs 10th Anniversary!!!
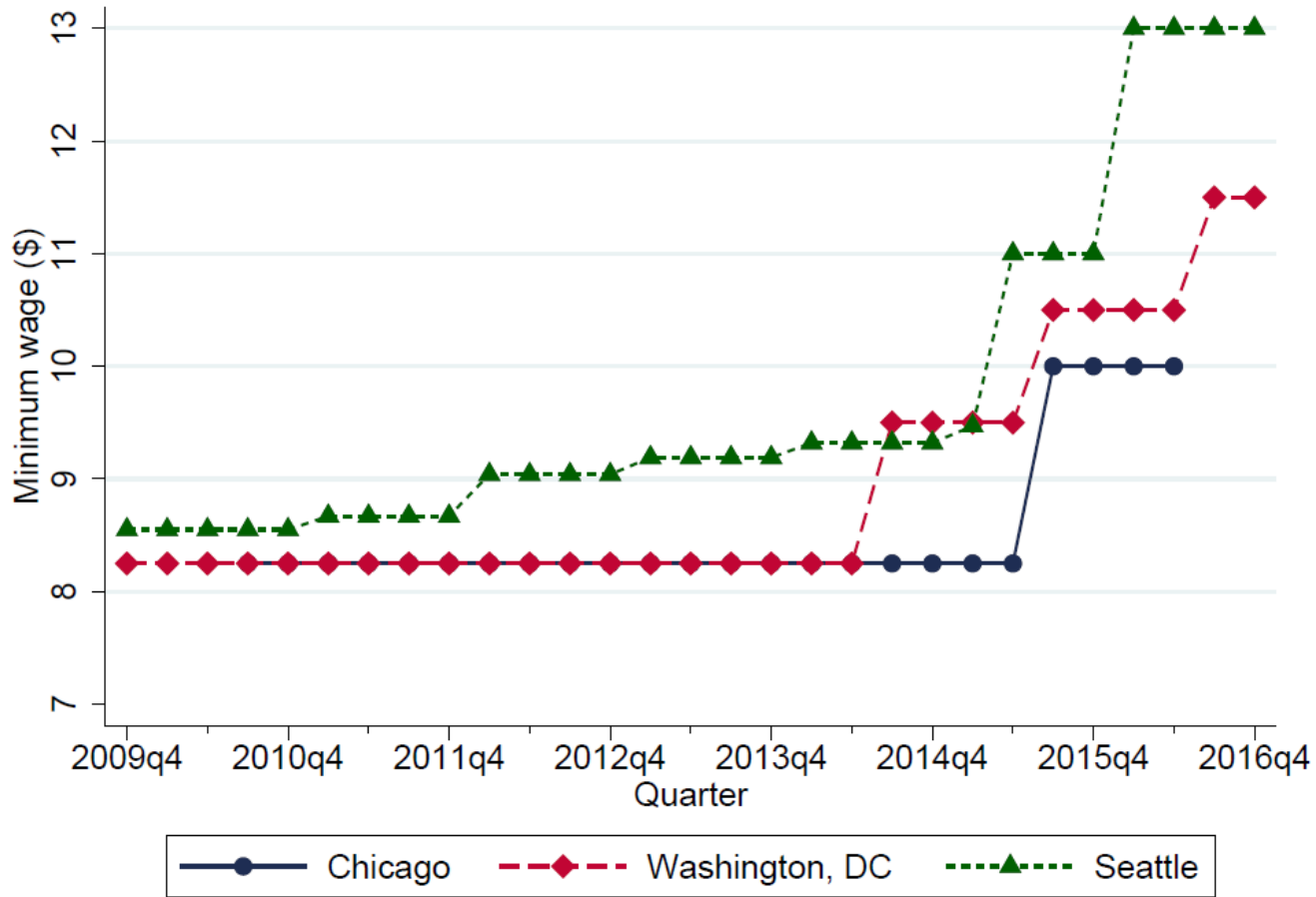
December 8, 2017
Berkeley, CA

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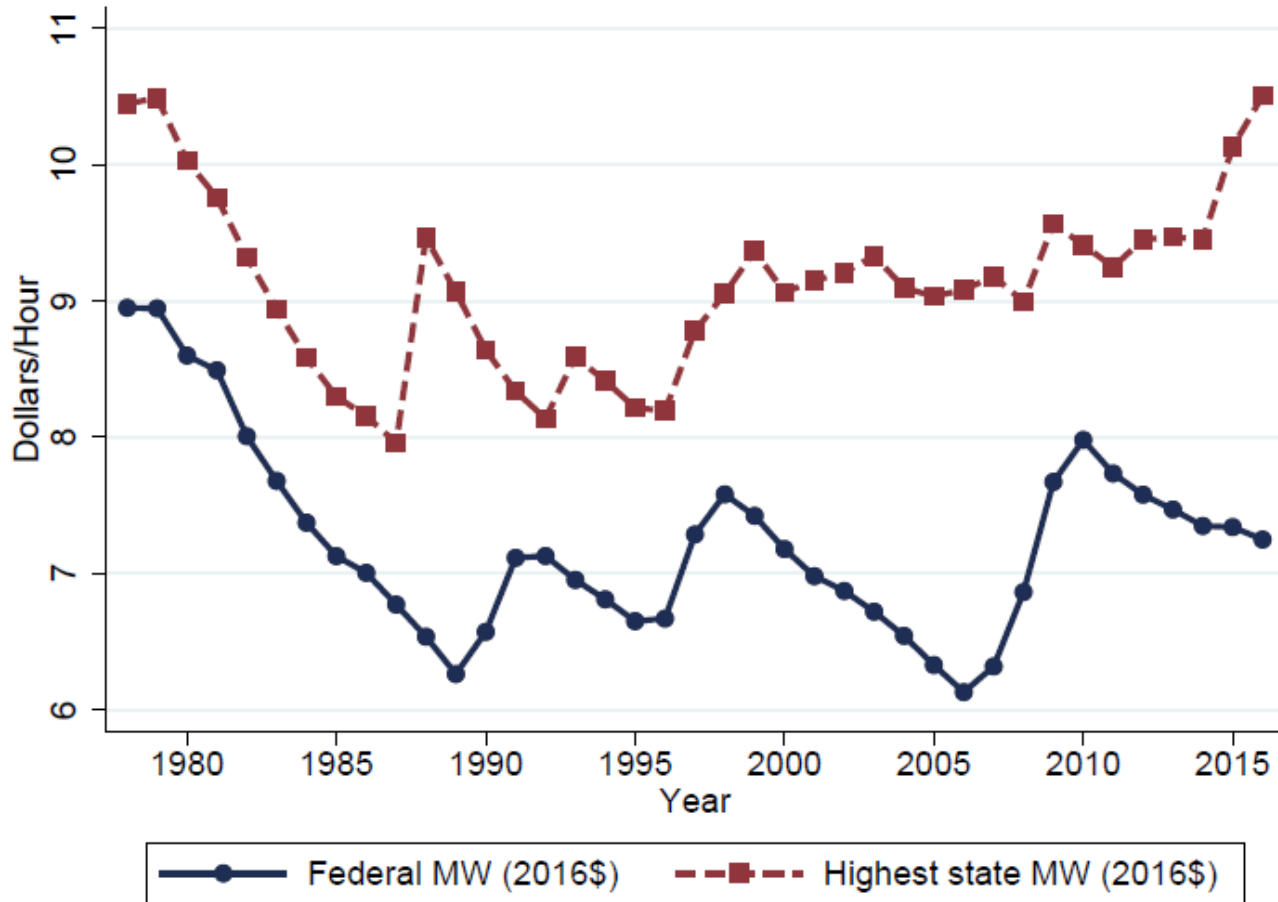**University of California, Berkeley**
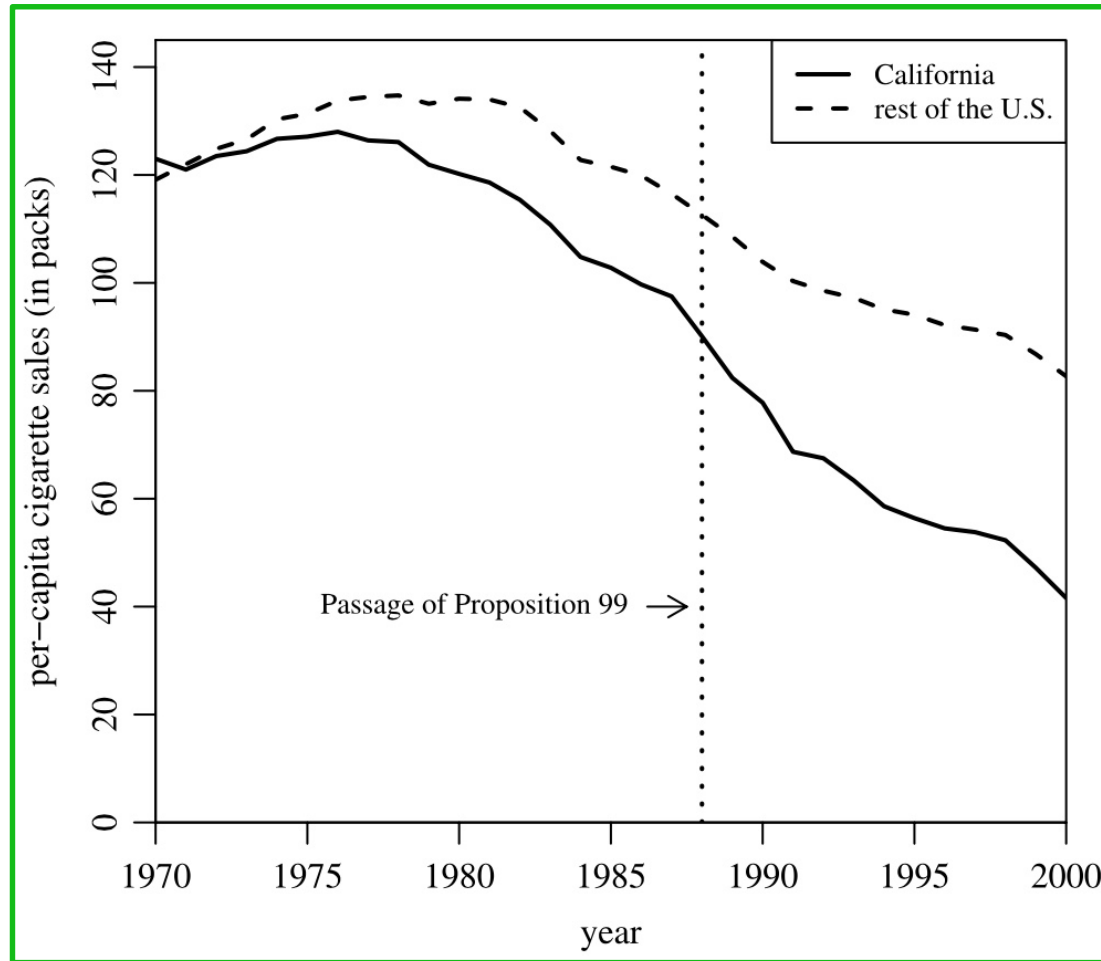
Three CA cities

Three other cities
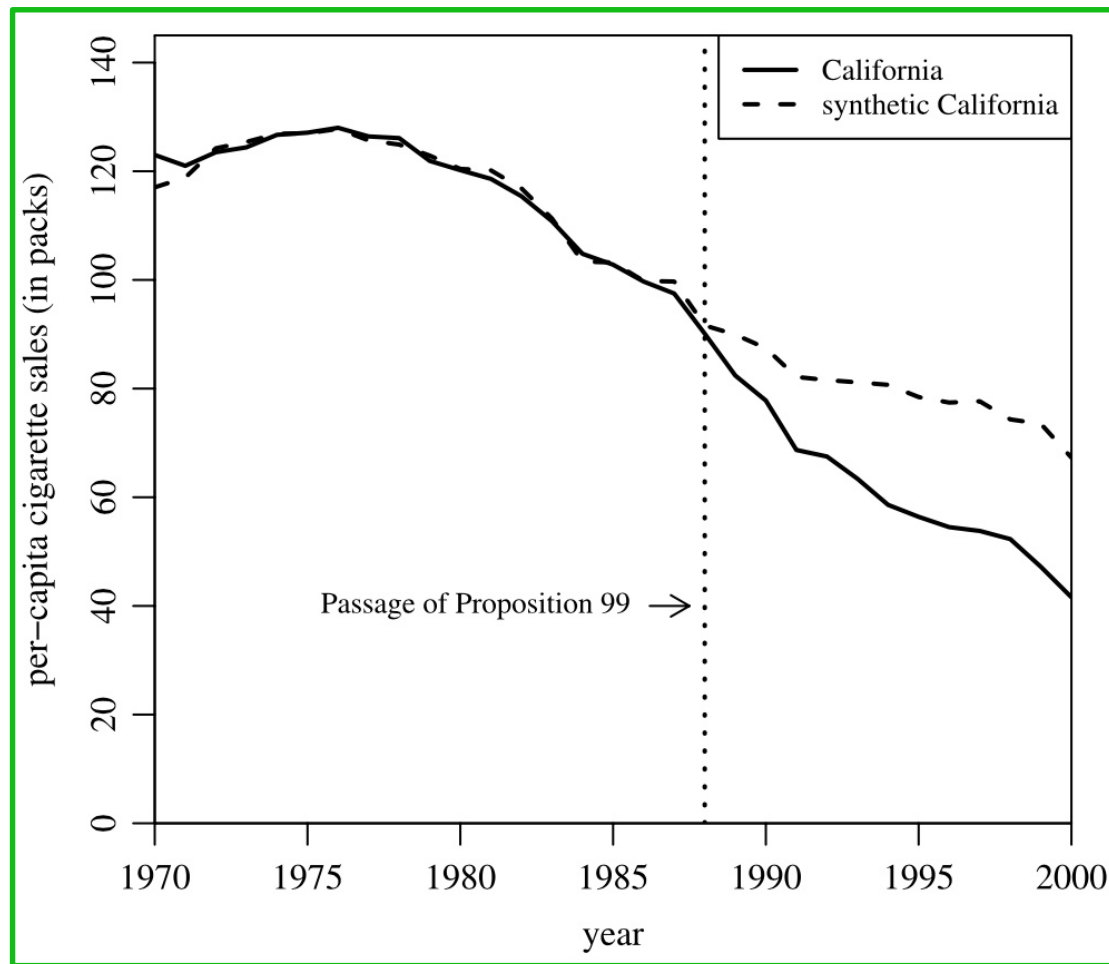
Historically, recent local MWs are higher

Synthetic control example: CA tobacco tax and cigarette consumption

Source: Abadie, Diamond, and Hainmueller 2010.

Synth-CA as a weighted average of other states: pre-period match, post-period effect

Source: Abadie, Diamond, and Hainmueller 2010.
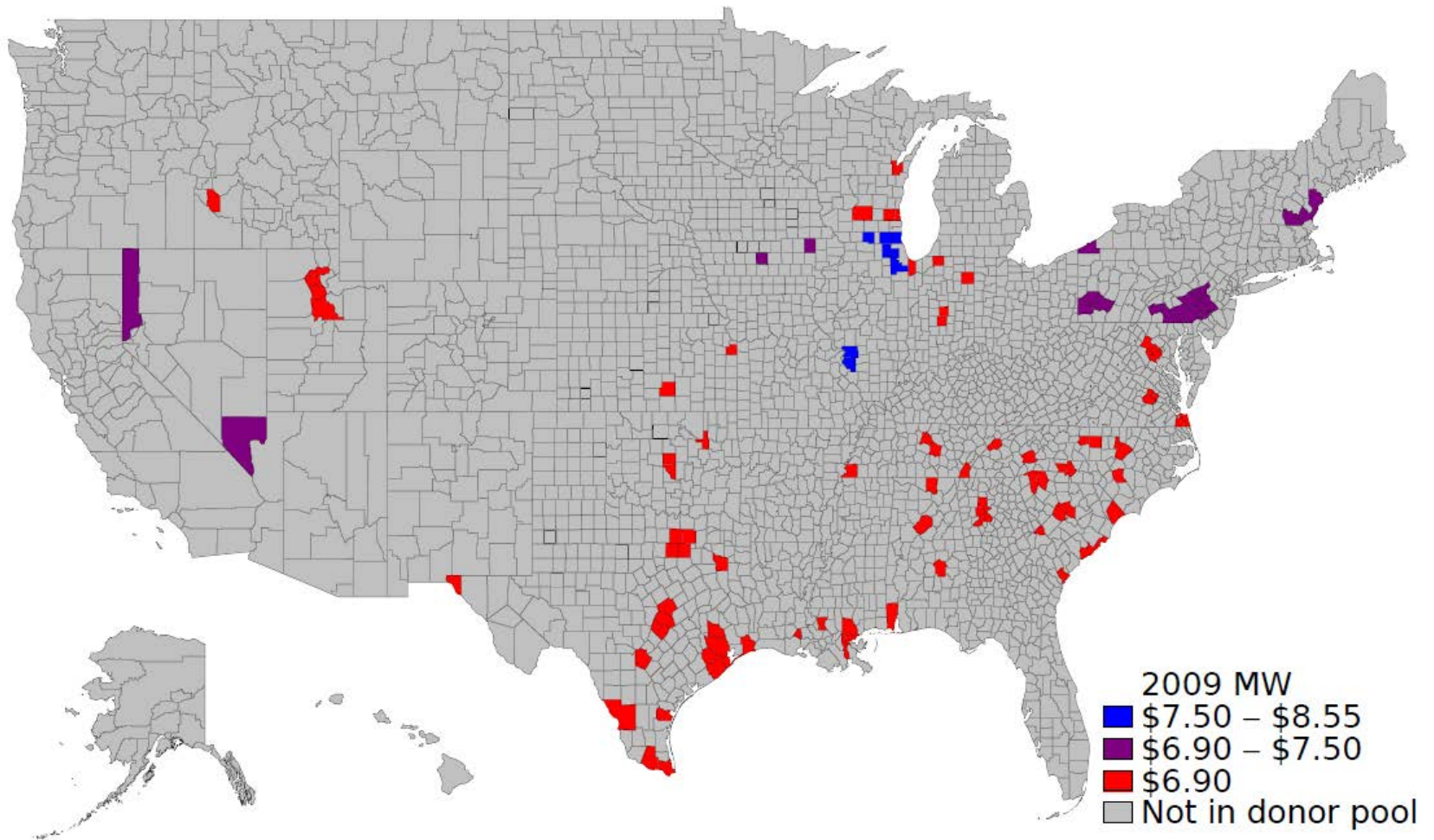
Policy & donor pool selection

City	Pre-period	Evaluation period	MW growth	Donor pool
Chicago	2010q3--2015q2	2015q3--2016q2	19.2%	No increases
Oakland	2009q4--2014q2	2015q2--2016q3	43.8%	No increases
San Jose	2009q4--2012q4	2013q2--2014q3	23.1%	No increases
Wash. DC	2009q4--2014q2	2014q3--2016q4	21.9%	No increases
San Francisco	2009q4--2015q1	2015q2--2016q4	11.4%	Indexed to inflation
Seattle	2009q4--2015q1	2015q2--2016q4	24.1%	Indexed to inflation

We use QCEW county data on earnings & employment by industry
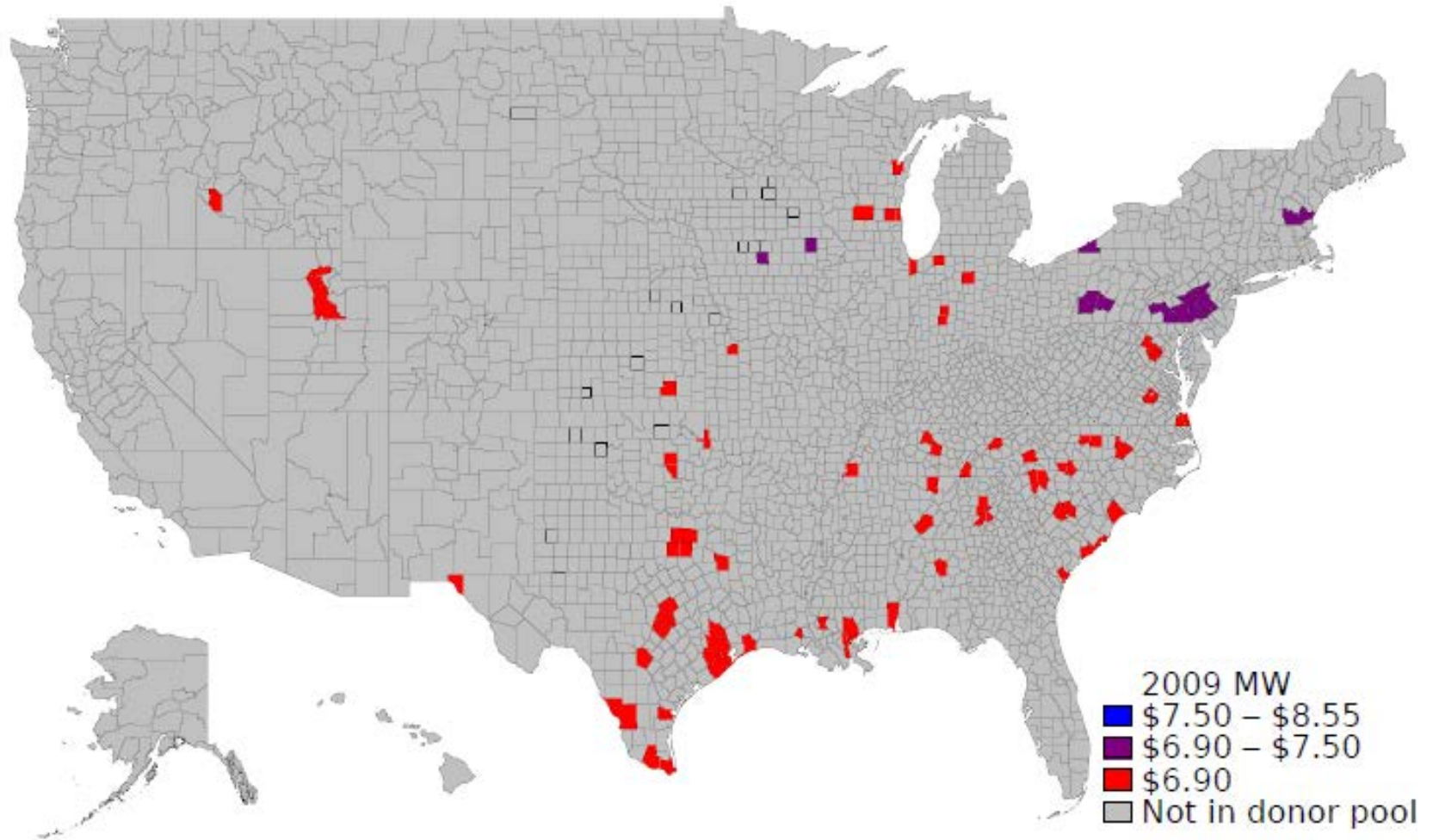
We restrict our donor pool to counties:

- In a metropolitan area with at least 200k population
- "Clean" - meaning no state or local MW policy
- Similar MW - no changes or indexation

Chicago donor pool

2009 MW
- $7.50 – $8.55
- $6.90 – $7.50
- $6.90
- Not in donor pool

Oakland, SJ & DC donor pool

2009 MW
- $7.50 – $8.55
- $6.90 – $7.50
- $6.90
- Not in donor pool

San Francisco & Seattle donor pool
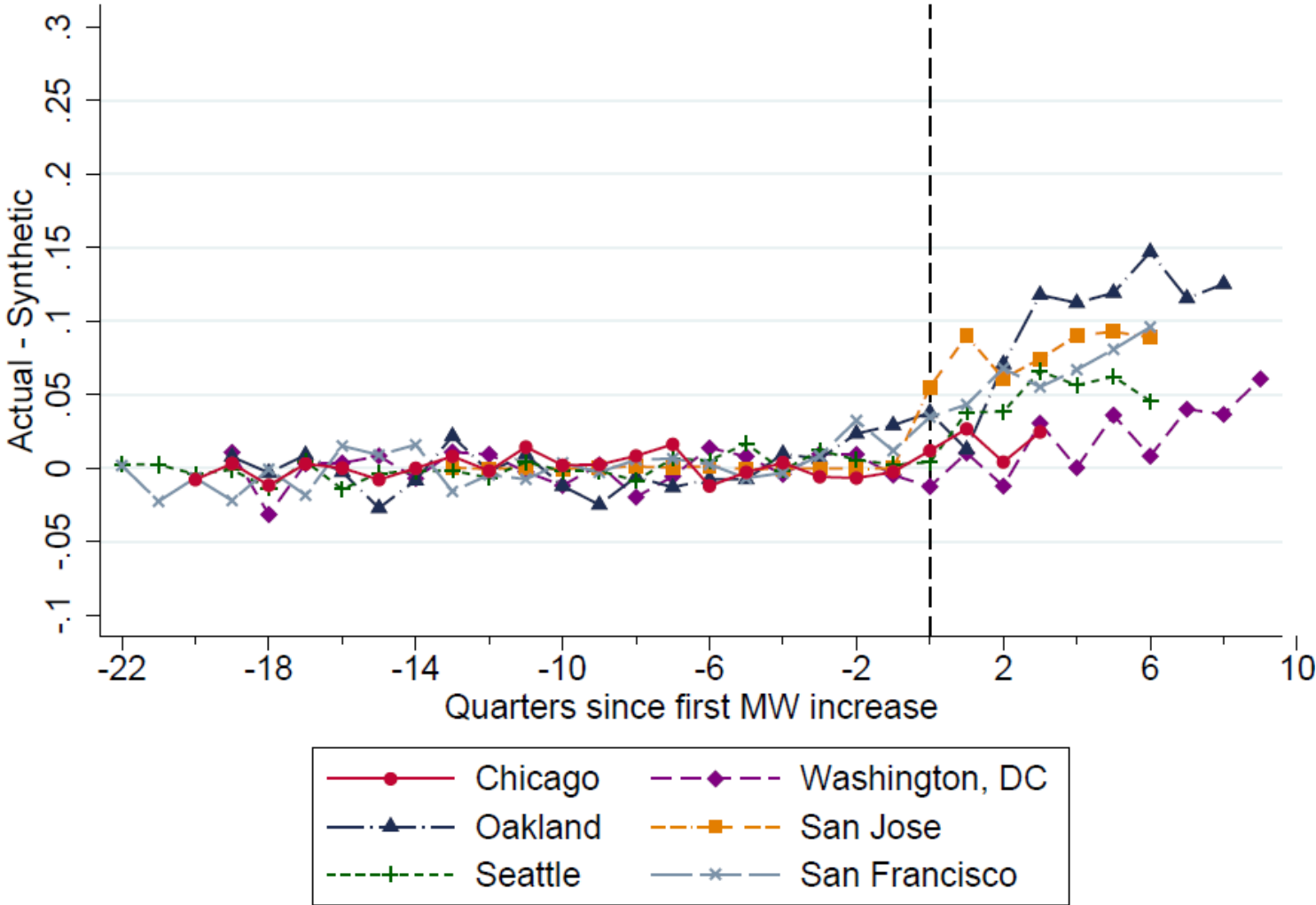

2009 MW
- $7.50 – $8.55
- $6.90 – $7.50
- $6.90
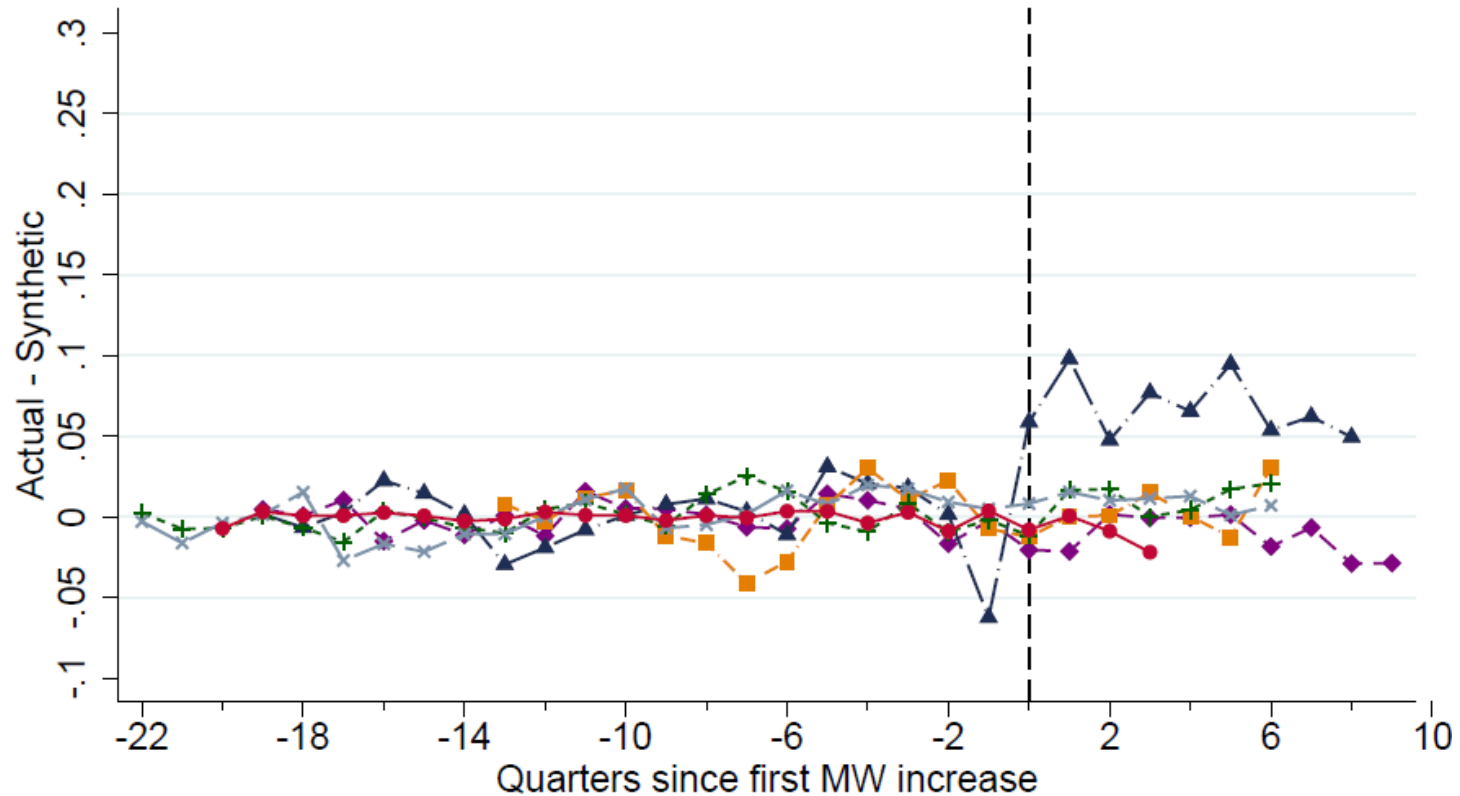- Not in donor pool
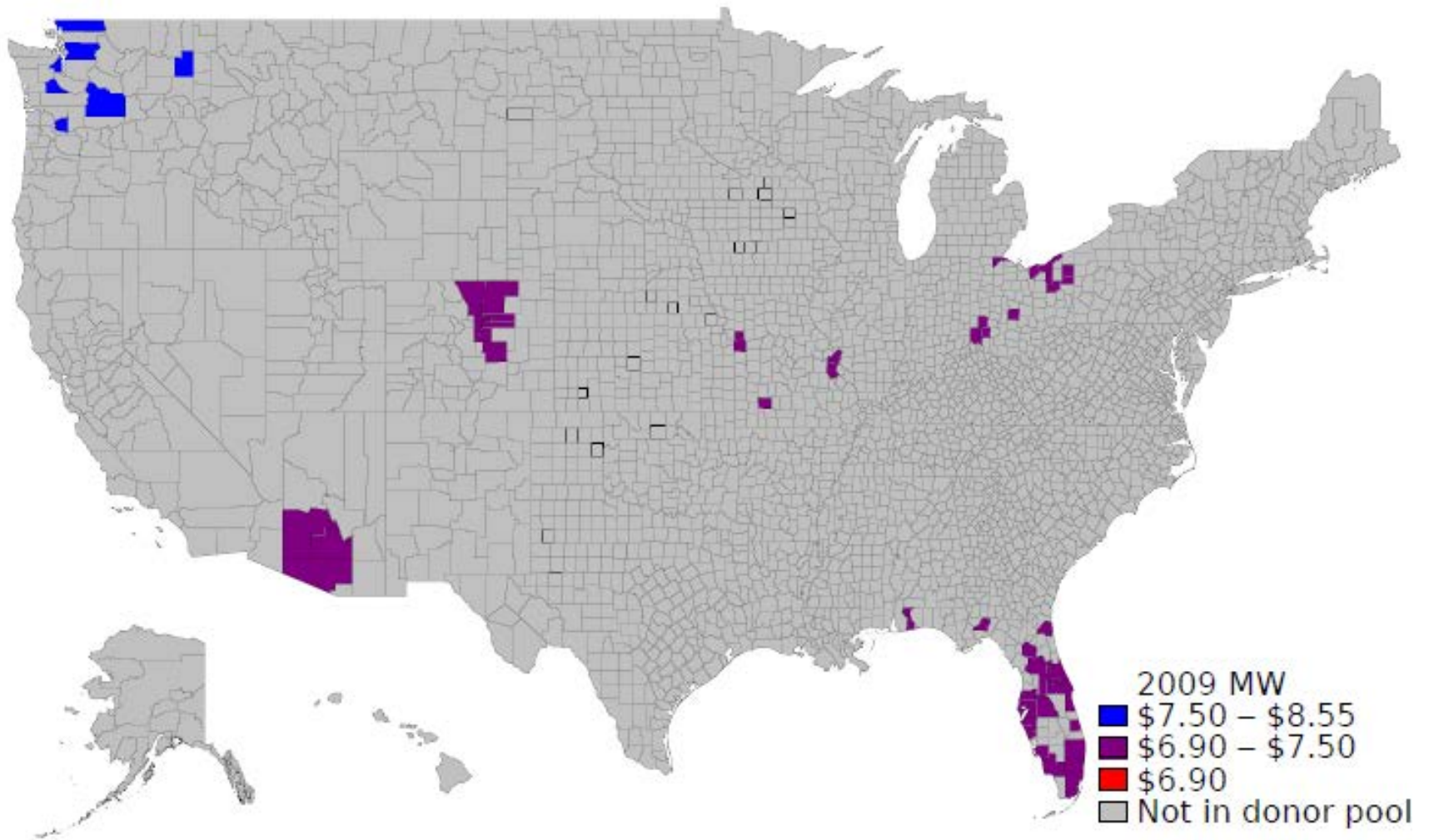
Earnings effects: food svc & drinking places

Preliminary results do not cite

Employment effects: food svc & drinking places
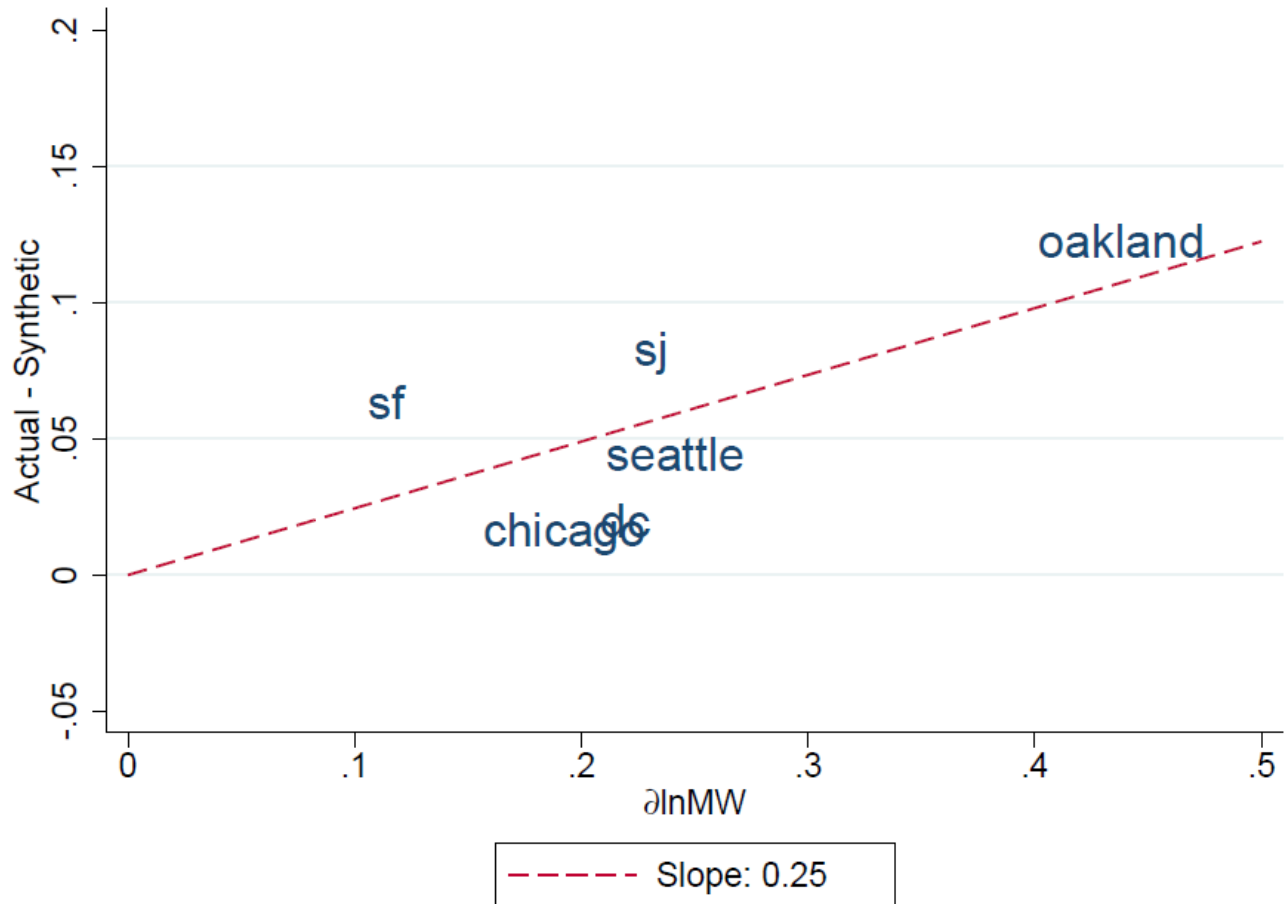
Preliminary results do not cite

Food Service and Drinking Places

	Chicago	Oakland	San Jose	Seattle	San Francisco	Washington DC
Earnings						
Effect	0.02	0.12	0.08	0.04	0.06	0.02
P-value	0.45	0.14	0.04	0.02	0.03	0.52
95% CI	[-0.03,0.07]	[-0.30,0.55]	[0.03,0.13]	[0.02,0.07]	[0.01,0.12]	[-0.18,0.22]
Mean effect, donor pool	0.00	0.00	0.00	0.00	0.00	0.00
Employment						
Effect	-0.01	0.07	0.01	0.01	0.01	-0.01
P-value	0.30	0.50	1.00	0.77	0.97	0.75
95% CI	[-0.04,0.02]	$[-\infty,\infty]$	$[-\infty,\infty]$	[-0.06,0.07]	[-0.08,0.10]	[-0.21,0.19]
Mean effect, donor pool	0.00	0.00	0.00	0.00	0.00	0.00
Donor pool size	113	99	99	60	60	99
Pre-increase periods	20	19	13	22	22	19

Preliminary results do not cite

Pooled analysis for earnings effects - lie along a regression line
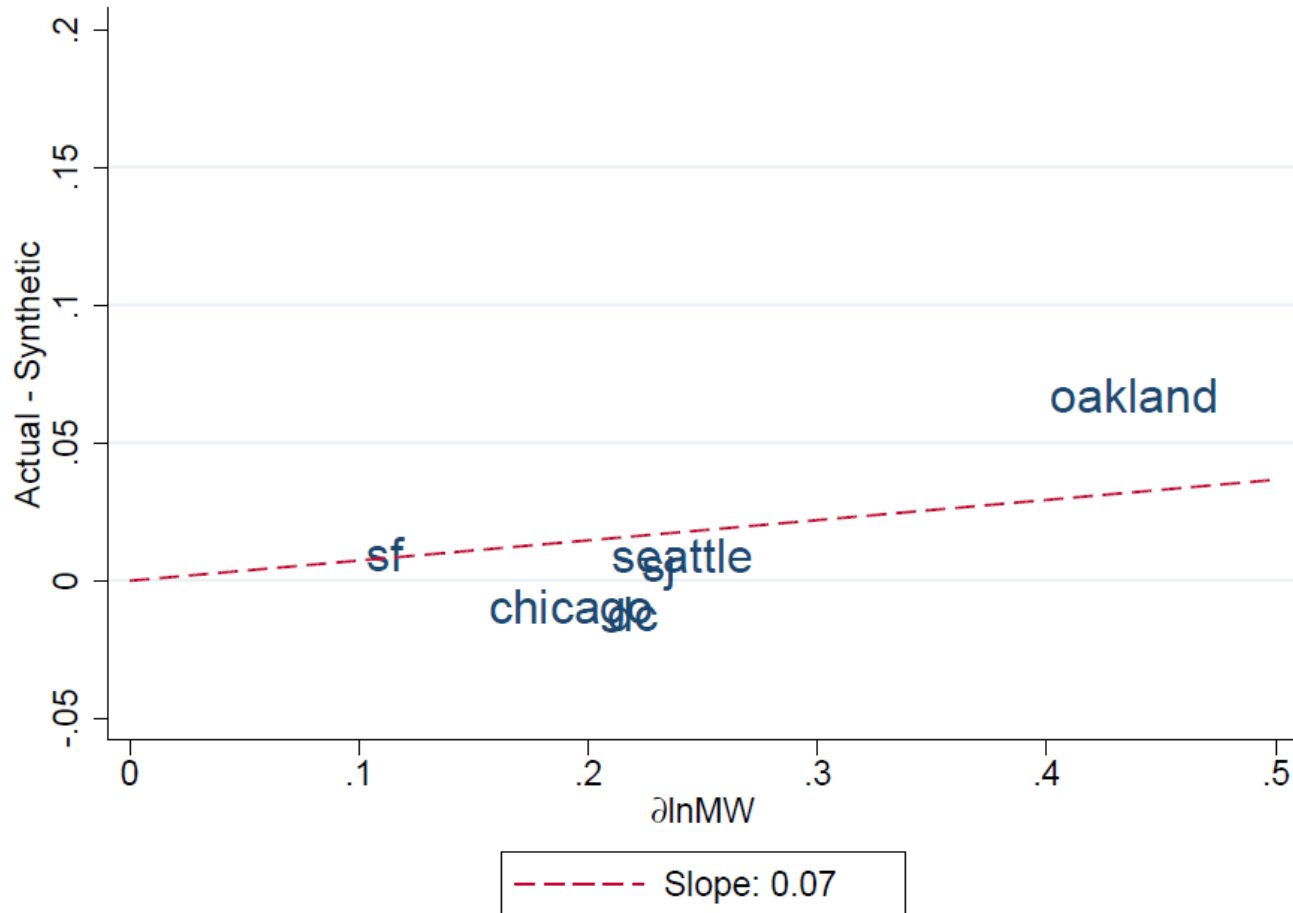
Preliminary results do not cite

Confidence interval [0.10,0.40]

Pooled analysis for employment effects do not exhibit this pattern

Preliminary results do not cite

Confidence interval [-0.21,0.36]

More work to be done

- **Perform pooled difference-in-differences analysis**
  - Robustness checks
  - Covariates may help, vary w/time effects

- **Synthetic Control to do list**
  - Include more sectoral analyses
    - Retail trade, food & beverage, nursing home workers
  - Falsification tests on higher paying sectors
    - Professional and Technical Services
  - Relax donor pool restrictions

Stay tuned as our 6 city brief will be out in early 2018 and downstream effects analyses will follow

Thank you!

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