



Fighting Wage Preemption: How Workers Have Lost Billions in Wages and How We Can Restore Local Democracy

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About NELP

For more than 50 years, the National Employment Law Project has worked to restore the promise of economic opportunity for working families across America. In partnership with grassroots and national allies, NELP promotes policies to create good jobs, enforce hard-won workplace rights, and help unemployed workers regain their economic footing. For more information, visit us at www.nelp.org.

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By: Laura Huizar & Yannet Lathrop

Executive Summary

Local governments, like cities and counties, have long implemented local policies—including higher minimum wages—to improve economic conditions. Local efforts to raise the wage floor have seen a tremendous upsurge over the past six years, mostly as a result of the Fight for \$15 movement, which began in late November 2012 in New York when fast food workers walked off the job, demanding \$15 and a union. The movement quickly spread throughout the country, and its impact has been remarkable: More than 40 cities and counties have adopted their own minimum wage laws, and as of late 2018, an estimated 22 million workers have won \$68 billion in raises since the Fight for \$15 began.

In response to this explosion in local minimum wage activity, a number of states—particularly those with conservative legislatures—have sought to shut down these gains by adopting “preemption” laws that prohibit cities and counties from adopting local minimum wages, as well as a wide range of other pro-worker policies. The state preemption of local minimum wages disenfranchises workers and exacerbates racial inequality when it disproportionately impacts communities of color who are overrepresented among low-wage workers¹ and who often represent majorities in our cities and large metro areas.²

The most significant force behind the recent wave of preemption laws nationwide is the corporate lobby. Failing to stop the adoption of local pro-worker laws, the corporate lobby has persuaded state-level lawmakers to revoke the underlying local authority to adopt such policies, in some cases rolling back wage increases that were already enacted by city and county governments. In doing so, the corporate lobby has not only captured the political lever closest to the people (their city or county government), it has also hampered the democratic process at its most intimate level.

A total of 25 states have statutes preempting local minimum wage laws.³ To date, 12 cities and counties in six states (Alabama, Iowa, Florida, Kentucky, Missouri, and Wisconsin) have approved local minimum wage laws only to see them invalidated by state statute, harming hundreds of thousands of workers in the process, many of whom face high levels of poverty.

Below we summarize our main findings, showing how preemption of local wages has become a powerful anti-worker and anti-democratic policy.

Lost Wages

- In 12 cities and counties that adopted local wage laws only to be preempted by their state legislatures, nearly **346,000 workers** have been impacted by preemption.
- On average, those workers **are losing almost \$4,100 individually** per year.
- On the aggregate, these workers are **losing nearly \$1.5 billion per year**.

Who Is Affected

- In all but two of these cities and counties, women make up the majority of affected workers.
- Workers of color comprise the overwhelming majority of affected workers in three cities (Birmingham, Miami Beach, and St. Louis), and substantial shares ranging from 21 to 48 percent in six additional localities.
- Affected workers in preempted cities and counties are mainly adults, many close to or above 30 years of age.
- Between 41 percent to 66 percent of workers in these jurisdictions have some level of college experience.

Poverty in Affected Jurisdictions

- Between 20 percent and 71 percent of affected workers in these 12 cities and counties live below the federal poverty line.
- In all of these localities but two, poverty rates are significantly higher than the U.S. average (currently 14.6 percent).
- In all six states where the preempted cities and counties are located, hunger affects more than one in 10 households.
- In all of the preempted cities and counties, substantial shares of families (ranging from 22 percent to 49 percent of all households) face excessive housing costs above 30 percent of total income.
- None of the state minimum wages currently in effect in these localities are adequate to meet the needs of single adults—much less the needs of parents or others taking care of dependents.

As the long-term consequences of preemption become clear to advocates and lawmakers around the country, and as they also understand how corporate interests have pushed the proliferation of preemption laws in recent years to protect their bottom line, the pendulum is now swinging back towards the restoration of local democracy. In 2019, bills have been introduced in at least eleven states to repeal past minimum wage preemption laws [Colorado ([HB 19-1210](#)); Louisiana ([HB 422](#)); Mississippi ([SB 2321](#)); Indiana ([SB 82](#)); Texas ([SB 161](#)); Georgia ([HB 573](#)); Virginia ([HB 2631](#)); Kansas ([HB 2017](#)); New York ([AB 5441](#));⁴ Oklahoma ([SB 713](#)); and Kentucky ([HB 302](#))]. In addition, a bill in Hawaii expressly grants counties the power to adopt a higher minimum wage [Hawaii ([HB 96](#))]. Colorado has led the way as the first state to legislatively repeal an existing law prohibiting local minimum wages.⁵

Introduction

A decade after the Great Recession, with unemployment at historic lows,⁶ stable inflation,⁷ and steady growth,⁸ references to a strong economy abound. Yet, for many working people, a strong economy seems more fiction than fact. Over the past decade, real wages for the majority of workers have essentially flatlined, rising a mere 0.3 percent for the average worker,⁹ while executive compensation has risen by nearly 72 percent.¹⁰ New tax breaks for corporations and the wealthy are prioritized¹¹ over economic policies that help working families access affordable housing, childcare, and educational opportunities.¹² And for some populations that have long been shut out of the workforce,¹³ little is done to improve their labor force participation rates, which remain disproportionately low¹⁴ even as overall unemployment figures drop.¹⁵

In recent years, historians, journalists, and other experts have shown that the most significant force behind the recent wave of preemption laws nationwide is the corporate lobby.

Often, the persistent challenges facing working people and all individuals seeking economic stability and dignity come to a head in our nation's cities. In these cities, constituents engage their elected officials to implement local solutions to their problems and improve their day-to-day lives. Local governments, like cities and counties, have long implemented local policies to improve economic conditions, including creating training programs, rewarding high road employers in the contracting process, implementing minimum work standards, and raising minimum wages.¹⁶ Since the worker-led Fight for \$15 movement began in November 2012, more than 40 cities and counties have passed laws raising the minimum wage at the local level.¹⁷

In response to this explosion in local minimum wage activity, a number of states—particularly those with conservative legislatures—have sought to shut down the process of implementing locally-based solutions by adopting “preemption” laws that prohibit cities and counties from adopting minimum wages higher than the state level, as well as a wide range of other pro-worker policies. Currently, 25 states preempt minimum wages at the local level.¹⁸ The majority of these states (15) passed their laws blocking localities from raising the minimum wage starting in 2012, as the Fight for \$15 gained momentum.¹⁹ And local minimum wage laws already approved locally have been invalidated by state laws in six states, costing an estimated 346,000 workers a combined annual earnings of nearly \$1.5 billion (Table 1).

In recent years, historians, journalists, and other experts have shown that the most significant force behind the recent wave of preemption laws nationwide is the corporate lobby. Historian Nancy MacLean, for example, has documented the “hostile takeover” of the federal government by corporations and their allies who oppose the very system of mass democratic participation.²⁰ Gordon Lafer has documented corporations’ use of big lobbying dollars to capture state-level legislative and administrative regimes that regulate the economy.²¹

Preemption of local policy innovation is the logical extension of corporations' aim to capture any political processes that could advance priorities other than corporate profits; the preemption of local policies effectively removes the political lever closest to the people. As the National League of Cities has noted, "[P]reemption that prevents cities from expanding rights, building stronger economies and promoting innovation can be counterproductive and even dangerous....We know well that innovation happens in cities and then percolates upwards. This process should be celebrated, not stymied."²²

Even more alarming for the health of civic discourse, some research finds that the very presence of a preemption statute may hinder public conversation about public policies and delay shifts in social norms that might otherwise take place.²³ As one activist has said, preemption bills "completely chill local governments from passing common-sense local solutions to protect the health, safety, and well-being of their communities. And that's exactly what these interest groups want: cities and counties that don't agree with them to be intimidated and bullied into inaction."²⁴

Preemption bills "completely chill local governments from passing common-sense local solutions to protect the health, safety, and well-being of their communities."

Structural racism in the U.S. also plays a significant role in this story. All too often, state houses are not representative of the racial and ethnic groups²⁵ that seek to improve economic conditions in their cities. Workers of color—especially Black and Latino workers—who are disproportionately represented in low-wage industries and occupations²⁶ are frequently concentrated in our cities and metro areas.²⁷ In a political landscape in which people of color are often marginalized and in which racism all too frequently underlies policy discourse, local governments can offer the best opportunities for political engagement and to move policies that can lead to tangible gains for communities of color. Locally, those who are minorities in the larger polity can act as the majority and influence important outcomes.²⁸ As one scholar has noted, "Localities, because of their unique knowledge about how race is experienced at the community level and intimate involvement in processes at the heart of our democracy, have... the capacity to be important change agents in the area of race."²⁹

Today, many African American people are reversing the migration patterns of the early 20th century and moving back into the South and the Sun Belt, increasing their proportion of the population in cities across states like Georgia, Texas, North Carolina, and Florida.³⁰ As the African American population in the South increases, local elected officials in those areas, along with advocates and workers, must urgently address the threat of preemption in order to defend the ability to adopt protections for their residents that go beyond what the state can offer—and that protect the meaning and potential of local democracy itself.

While racially-unrepresentative statehouses have moved to preempt ordinances

addressing any number of issues that disproportionately affect communities of color—including firearms control, regulation of unhealthy foods, protections for immigrants, and environmental justice—many focus on stopping local efforts to improve workplaces and wages.³¹ Like voter suppression laws, including gerrymandering and redistricting, preemption, too, represents a pitched battle by well-resourced corporate interests and their state-level allies to quash the political demands of diverse urban populations of color for fairer economic systems. As one commentator has observed, “It’s been more expedient to subjugate black people by oppressing wherever they reside.”³²

In this paper, we argue that the magnitude of our nation’s economic crisis requires a commitment at all levels of government to policy initiatives that can address the needs of working people and other communities lacking adequate protections and rights. The principles of our democracy have long allowed us to make use of the democratic process in order to set baseline policies at one level of government while allowing other levels of government to supplement those policies with stronger protections. This requires championing—not hindering—local power. State and federal workplace policies simply cannot account for the diverse and unique needs of all communities. Cities and counties facing especially high costs of living, rising inequality, and other economic conditions that bring about consequences felt uniquely at the local level, must have the opportunity to go beyond state and federal protections to ensure that their workers and communities do not simply survive, but thrive.

Like voter suppression laws, preemption represents a pitched battle by well-resourced corporate interests and their state-level allies to quash the political demands of diverse urban populations of color for fairer economic systems.

While the recent abuse of preemption has hampered a wide range of progressive efforts tied to public health, the environment, and more, we focus in this paper on municipal and county efforts to raise wages. We specifically look at efforts to raise the minimum wage in order to explore how the preemption of local minimum wage laws has impacted working people’s economic well-being.

In Part I of this paper, we explore the evolution of preemption laws in the twenty-first century, highlighting the role of corporations and their industry associations in spreading the use of preemption to advance their bottom line.

In Part II, we look at the dollar cost of preemption for workers in cities and counties that adopted a local minimum wage increase, only to see those local laws invalidated by state statute. We estimate the number of workers affected and the amount in wages they have lost collectivity and per worker. We also attempt to contextualize the damage done to those communities by describing the demographic characteristics of affected workers, by analyzing data on food and housing insecurity and poverty, and by showing a distressing gap between the minimum wage available to workers in those areas and the cost of living.

In the last section, we discuss how, despite the success of corporate interests and their allies in preempting local minimum wages through state legislatures, workers

and local communities are now reclaiming their power. Efforts in 2019 in places like Colorado show the path forward for repealing existing preemption laws and allowing communities to use their local democratic process to approve the pro-worker policies that they need. We call on state policymakers to correct the harm caused by preemption—which disproportionately affects people of color and women—by restoring the ability of local governments to adopt a higher minimum wage when they determine it would help their communities.

Part I

Preemption in the 21st Century: A Corporate Campaign Against Local Democracy

There has long been a push and pull between states and local jurisdictions to assert the power to govern. Cities and other local governments often seek to self-govern, and many have over the years acquired significant powers of self-autonomy and self-regulation, often to push for progressive and innovative solutions to social ills.³³ States have sometimes asserted their intent to solely regulate in a particular field, and courts have decided countless disputes concerning the scope of local authority when it comes to particular local laws.³⁴ Recently, however, the traditional—and sometimes contentious—dynamic between local and state governments has been hijacked by corporate interests seeking to use their influence to promote preemption as a tool to stifle progressive movements that threaten their bottom line.

Many states have long recognized that a state law normally sets a *floor* below which local ordinances cannot fall, rather than a *ceiling* that limits local action.

Preemption in Historical Context

The U.S. Constitution does not address local power, and in many early state constitutions, local governments are cast as being completely subservient to higher levels of government. As one scholar notes, in this view, local governments are simply administrative implementers of state policy.³⁵ However, in the 19th century, legal thinkers began to elaborate on this relationship, debating whether cities could act only in ways that had been *expressly* laid out for them, or whether local units of government face unique challenges and thus residents need to be able to tailor solutions to solve them.³⁶ Indeed, because constituents have greater access to local lawmakers, and those lawmakers tend to be more immersed in the communities those constituents live in, one could argue that cities are the more likely place to experiment with innovative solutions to problems in a timely manner. The balance between these two notions of local power vary from state to state, but many have long recognized that a state law normally sets a *floor* below which local ordinances cannot fall, rather than a *ceiling* that limits local action. Under this type of framework, higher local standards

designed to address local economic hazards, such as a poverty-level minimum wage in the face of rising costs of living, should be allowed. The federal Fair Labor Standards Act, in fact, assumes the possibility of higher state and local minimum wages.³⁷

The Shift to Preemption as a Tool of Corporate Influence

In recent years, state legislatures' use of preemption has changed dramatically. Rather than setting a baseline for local jurisdictions or using preemption selectively and narrowly, state governments are systematically and aggressively revoking local authority to address an ever-expanding set of issues—even absent any existing state or local laws on the matter being preempted.

Today's corporate campaign to preempt progressive policies in cities and counties nationwide has significantly narrowed what progressive policies are available at the local level.

Today's abuse of preemption has its roots in efforts by the tobacco industry and the National Rifle Association to stop local bans on their products,³⁸ and it has resulted in powerful trade associations taking their lobbying dollars to state legislators in order to stifle local efforts to improve workplace and other conditions. As writer Jim Hightower succinctly puts it, "[S]ome of the greediest corporations and the grubbiest of politicians have colluded to take preemption into their own hands. Discarding the concept's core principle of serving the public interest, they're presently wielding its nullifying power as a cudgel to clobber democratic rule and impose special interest policies against the will of the people."³⁹

The American Legislative Exchange Council (ALEC), a powerful Washington, D.C., lobbying group,⁴⁰ is one of the principal architects of today's use of preemption as a corporate influence tool. ALEC, which operates with the eager support of the U.S. Chamber of Commerce⁴¹ and big corporate lobbying groups,⁴² long ago realized that state legislatures were ideal venues for pushing through corporate-friendly initiatives. As a scholar of the group has noted, corporate and conservative interests "can make their will felt most easily in state governments—and are more likely to be challenged successfully by the citizenry at the federal and local levels—partly because state affairs are less well monitored by the people and the press."⁴³ Therefore, agitating for state-level control as embodied in preemption bills is "a cold-eyed way to secure minority rule."⁴⁴

ALEC offers "model legislation" on a variety of topics to state legislators, and "assistance with strategic planning" to "many state-level preemption campaigns."⁴⁵ When it comes to wages, ALEC has been offering model legislation to block local living or minimum wages since at least 2002.⁴⁶ In December 2014, ALEC convened a meeting that included discussion of how to respond to the popularity of local minimum wage campaigns and other pro-worker policies.⁴⁷ According to leaked accounts of the meeting, ALEC characterized the policy environment as one of an "onslaught" of minimum wage proposals at all levels of government.⁴⁸ As one ALEC staffer said, "Perhaps the biggest threat comes from the local level. We are seeing a number of localities that have increased their minimum wage....Our solution...is

state legislation that pre-empts the polities from within the state from raising the minimum wage higher than state level.”⁴⁹

Today’s corporate campaign to preempt progressive policies in cities and counties nationwide has significantly narrowed what progressive policies are available at the local level. According to the Local Solutions Support Center, 22 states have banned local paid sick days laws, 41 states ban local laws regulating ride-sharing companies, 43 states impose state limits on local gun or ammunition regulations, 20 states prohibit local regulation over 5G technology, 10 states prohibit local plastic bag bans, and 3 states now ban local ordinances meant to protect LGBTQ people from discrimination.⁵⁰ Other issues facing state preemption include “fair chance” laws designed to assist individuals with criminal records searching for jobs, fair scheduling laws, nutrition-related legislation, pesticide regulation, smoking or tobacco regulation, fire sprinkler requirements, local rent control efforts, local inclusionary zoning laws, and many more.⁵¹

The Rise of Extreme and Draconian Preemption Laws

In recent years, preemption laws have also gone beyond piecemeal efforts to block particular local policies. States have begun to experiment with increasingly extreme models that block local policies related to entire fields or broad subjects—in effect, preventing localities from legislating. These anti-democratic proposals also increasingly threaten local officials with draconian penalties—even jail time and removal from office—if they attempt to defy state preemption.

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In 2017, Missouri enacted a prime example of this new type of broad preemption. After the City of St. Louis approved a minimum wage increase and won a Missouri Supreme Court decision upholding that local law, the state legislature quickly moved to invalidate it.⁵² But the preemption bills introduced, HB 1193 and 1194,⁵³ went far beyond minimum wages to also preempt any “employment benefits” requirements, which can include “anything of value that an employee may receive from an employer in addition to wages and salary,” such as paid or unpaid sick leave; health, disability, retirement, profit-sharing, and death benefits; and group accidental death and dismemberment benefits.⁵⁴

In Texas, legislators introduced bill SB 762 this year,⁵⁵ which would prohibit any local law requiring employers to provide benefits, a term broadly defined to include anything of value apart from wages (e.g., health disability, retirement, profit-sharing, and death benefits; paid sick days off from work for holidays, sick leave, or vacation; and more). In 2017, Texas Governor Greg Abbott had explained the Texas approach by saying, “As opposed to the state having to take multiple rifle-shot approaches at overriding local regulations, I think a broad-based law by the state of Texas that says across the board, the state is going to preempt local regulations, is a superior approach.”⁵⁶

And in Florida, state legislators considered HB 3 in the 2019 session,⁵⁷ which, as introduced, would have blocked all future local business regulations—unless the local government could prove through a burdensome process that the regulation was necessary to protect the public health, safety, or welfare from “significant and discernible harm or damage” and that the local power “being exercised [was] only being exercised to the extent necessary for that purpose.”⁵⁸ Because virtually every type of local regulation will impact local businesses, the proposed bill essentially sought to eliminate the role of cities and counties in policymaking, threatening even the most basic local decision making in areas like land use and zoning. HB 3 was only defeated after a long opposition campaign led by groups like Equality Florida, who worried about the impact of HB 3 on the LGBTQ community and its wide-ranging consequences for local policymaking, along with strong opposition by local governments and other advocates.⁵⁹

Even more extreme laws call for draconian penalties when local elected officials attempt to legislate on preempted issues. For example, a 2012 Kentucky state law allows private individuals to sue local officials if they try to pass local gun control legislation, and it includes possible criminal liability for the local officials.⁶⁰ Similarly, a Florida law makes local officials liable in civil proceedings for up to \$5,000 for knowingly and willfully violating the state’s gun preemption law by “impinging upon [the state’s] exclusive occupation of the field.”⁶¹ The statute also subjects local officials to “removal from office by the governor.” And while a court has found that the provision cannot apply to county commissioners, the court did not rule out applying this provision to other local officials.⁶² Attempting to chill elected officials from even considering legislating on a local level, Arizona enacted a law in 2016 that allows the state government to take away state funding from local governments that are believed to have violated a state preemption law.⁶³ The law has led to at least 10 investigations into local laws on a range of issues, including “firearms, marijuana cultivation, policing, truck regulation, and a plastic bag ban.”⁶⁴

The rapid pace of new preemption laws on an ever-expanding set of issues threatens to significantly erode home rule powers and the role of local democracy in states across the country. Ultimately, while minimum wage and other preemption efforts vary in form and scope, they continue to proliferate nationwide. And when corporate-friendly, overwhelmingly white legislatures⁶⁵ decide to tie the hands of local policymakers to raise the wage floor in their cities, it is typically communities earning low wages, in many cases disproportionately people of color, who suffer. They feel the economic effects of wages insufficient to meet local costs of living, and they suffer the diminishment of their ability to engage in civic life to create policy solutions to shared problems.

Part II

The Cost of Minimum Wage Preemption for Workers and Their Communities

Minimum Wage Preemption and the Fight for \$15

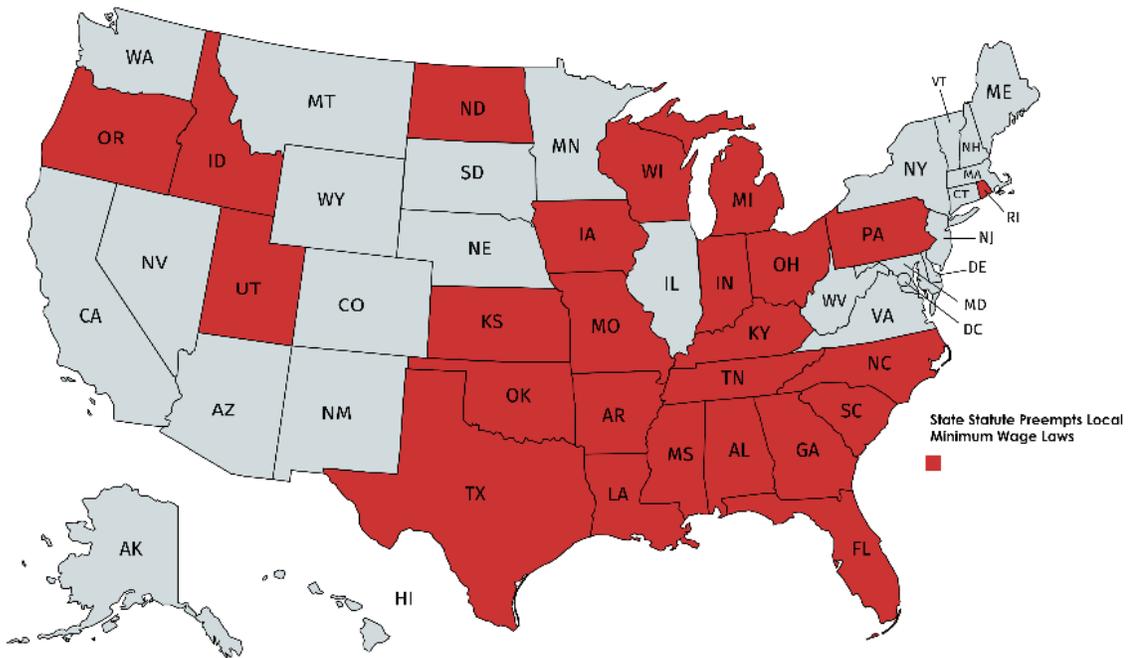
Since the Fight for \$15 began in New York in November 2012, campaigns to raise the wage floor have emerged and succeeded throughout the country—a reflection not only of the inadequacy of current wage laws to meet workers’ needs,⁶⁶ but also a testament to the power of worker organizing and a sign of the public’s concern with growing income inequality⁶⁷ and a desire for greater economic fairness.⁶⁸ Minimum wage increases tend to be popular with voters of all political persuasions, as numerous public polls and successful voter-approved ballot initiatives to raise the wage floor in traditionally “red” states demonstrate.⁶⁹

Cities and counties have played a pivotal role in the movement for higher wages in recent years. Over 40 cities and counties have adopted local minimum wages, many of them approving robust wage floors of \$15 per hour or more.⁷⁰ Some of these cities—such as San Francisco, Los Angeles, and Seattle—have arguably paved the way for similar statewide (and even employer-based) action.⁷¹ As a result of this remarkable surge of activity over the last few years, over 22 million workers in low-wage jobs have won \$68 billion in wage increases since 2012.⁷²

25
states
expressly preempt
local minimum
wages



Figure 1. States Where State Law Preempts Local Minimum Wage Laws (as of May 29, 2019)



Corporate-backed efforts to preempt localities from adopting higher local minimum wages—and, in some cases, to invalidate existing local minimum wage laws—are a direct response to these successes. Currently, 25 states expressly preempt local minimum wages (Figure 1). Colorado preempted local minimum wages in 1999, but this year, it became the first to legislatively repeal that law and, instead, authorize local governments in the state to enact higher local wage laws.⁷³ Arizona voters repealed a 1997 preemption law⁷⁴ through a 2006 ballot initiative that also raised the state’s minimum wage.⁷⁵ The earliest of these minimum wage preemption laws date back to 1997 (Louisiana⁷⁶ and Arizona⁷⁷), but more than half (15) were enacted starting in 2012, as the Fight for \$15 began gaining momentum nationwide.⁷⁸

State Legislatures Have Invalidated Local Minimum Wage Laws in 12 Cities and Counties, Costing Workers \$1.5 Billion Per Year

To date, 11 cities and counties in Alabama, Iowa, Kentucky, Missouri, and Wisconsin have approved local minimum wage laws only to see their state legislators quickly invalidate them.⁷⁹ In Florida, the City of Miami Beach approved a local minimum wage law in 2016, believing that a 2003 state preemption law had been invalidated by a voter-approved ballot initiative, but the Florida Supreme Court in 2019 upheld two lower court decisions finding that the 2003 minimum wage preemption statute continues to prohibit a higher local minimum wage in the state.⁸⁰ In the most egregious examples of minimum wage preemption, the Missouri and Iowa state legislatures invalidated local wage increases that had already gone into effect for

workers.⁸¹

Except for Florida and Missouri, all of the states that have invalidated local wage increases through preemption have also refused to raise the state minimum wage above the federal \$7.25 rate.⁸² And Florida and Missouri’s state minimum wage rates exceed the federal rate only because voters raised the state minimum wages at the ballot, rather than through any action by their state legislatures.⁸³

Table 1. Number of Workers Affected and Annual Wages Lost Due to Minimum Wage Preemption (Adjusted to 2017)

Jurisdiction	Preempted Local Minimum Wage ⁸⁴	Affected Workers	Share of Total Workers in Jurisdiction	Lost Hourly Wages per Worker ⁱ	Lost Annual Earnings (per Worker)	Lost Annual Earnings (All Workers)
Birmingham, AL	\$10.10 by 2017	27,450	19%	\$2.37	\$3,870	\$106,200,000
Miami Beach, FL	\$13.31 by 2021	24,210	46%	\$2.97	\$4,840	\$117,300,000
Johnson County, IA	\$10.10 by 2017	10,820	15%	\$2.53	\$4,120	\$44,600,000
Lee County, IA	\$8.20 by 2017	900	6%	\$1.70	\$2,770	\$2,500,000
Linn County, IA	\$10.25 by 2019	16,360	14%	\$2.53	\$4,125	\$67,500,000
Polk County, IA	\$10.75 by 2019	38,490	15%	\$2.91	\$4,730	\$182,200,000
Wapello County, IA	\$10.10 by 2019	2,570	17%	\$2.14	\$3,490	\$9,000,000
Lexington, KY	\$10.10 by 2018	34,380	19%	\$2.12	\$3,450	\$118,500,000
Louisville, KY	\$9.00 by 2017	49,850	11%	\$1.86	\$3,030	\$150,900,000
Kansas City, MO	\$13.00 by 2020	72,560	26%	\$3.40	\$5,535	\$401,700,000
St. Louis, MO	\$11.00 by 2018	44,160	20%	\$2.49	\$4,060	\$179,200,000
Madison, WI	\$7.75 by 2008	23,940	12%	\$2.86	\$4,650	\$111,400,000
Aggregate Totals	---	345,690	---	---	---	\$1,491,000,000
Average Earnings Loss	---	---	---	---	\$4,057	---

Sources: U.S. Census Bureau, *Longitudinal Employer-Household Dynamics* (2014), TIGER/Line Geography (2018); Bureau of Labor Statistics, *Occupational Employment Statistics* (2017). All figures, except for hourly wages, have been rounded; totals may not add up. Analysis by T. Williams Lester and Matthew Hutton, University of North Carolina, Chapel Hill.

In the 12 localities in our analysis, nearly 346,000 workers are losing approximately \$4,100 per year due to minimum wage preemption, with an aggregate loss of just under \$1.5 billion annually (Table 1). Women and people of color have borne the costs of preemption disproportionately in many cases. As Table 2 shows, in all but two of the localities, women make up the majority of workers affected; while workers of color comprise the overwhelming majority of affected workers in three cities (Birmingham, Miami Beach, and St. Louis), and substantial shares (ranging from 21 to 48 percent) in six additional localities.

ⁱ “Lost Hourly Wages per Worker” refers to the average hourly wage lost across all affected employees in each jurisdiction.

Workers Affected by Preemption Are Adults, and Many Struggle with Poverty, Hunger, High Housing Costs, and Low Wages

Analysis of U.S. Census data (Table 2) demonstrates that workers in low wage jobs affected by preemption in the cities and counties studied desperately needed the wages they and their local representatives approved. According to the data, affected workers tend to be adults—many close to or above 30 years old. Moreover, between 41 percent to close to 66 percent of workers in the preempted local jurisdictions had some level of college experience, which includes having taken some college courses or even received an associate’s or bachelor’s degree or higher. In addition, substantial shares (and in some cases, overwhelming majorities) of affected workers lived below the federal poverty line. These data, therefore, suggest that minimum wage preemption has had costly consequences for some of the most economically vulnerable populations.

In addition, an analysis of city- or county-wide poverty rates, state-level food insecurity rates, and the rates of households facing excessive housing costs paints a compelling picture of the economic challenges that likely played a significant role in the approval of the local minimum wages we evaluate in this report. (See Table 3). The official federal poverty level (FPL) is widely acknowledged to be so low that it fails to accurately gauge the share of Americans that are economically insecure.⁸⁵ But even using the FPL, in all but two of the 12 cities and counties we evaluate, poverty rates are significantly higher than the U.S. average—14.6 percent as measured by the latest available American Community Survey 5-year estimates (Table 3). In the case of Birmingham and St. Louis, one in four people fall below the federal poverty line. When looking at workers alone, we see a similar pattern: All but three of the jurisdictions have workers falling below the federal poverty line at rates higher than the U.S. average (6.9 percent), with Birmingham, St. Louis, Johnson County, Lexington, and Madison substantially above the nationwide average. (See Table 3).

In all but two of the 12 cities and counties we evaluate, poverty rates are significantly higher than the U.S. average

Regarding food hardship rates, the figures in Table 3 give additional insight into the economic difficulties that workers affected by minimum wage preemption face. Food hardship, tracked by the Food Research and Action Center (FRAC), is defined as the “inability of people to consistently afford enough food for their household,” and it closely aligns with poverty, especially for households with children.⁸⁶ According to FRAC, as of 2017, food hardship affects 15.4 percent of the U.S. population,⁸⁷ and in all six states that preempted local wage laws in the 12 localities we evaluate, hunger affects more than 1 in 10 households.⁸⁸ FRAC lists inadequate resources and low wages as two of the factors affecting food hardship, and the organization recommends higher pay and improved benefits among the measures needed to reduce food hardship.⁸⁹

Table 2. Demographic Characteristics of Affected Workers

Demographic Characteristics	Birmingham, AL	Miami Beach, FL	Johnson County, IA	Lee County, IA	Linn County, IA	Polk County, IA	Wapello County, IA	Lexington, KY	Louisville, KY	Kansas City, MO	St. Louis, MO	Madison, WI
Mean Age	36	38	27	35	33	34	37	31	34	35	35	25
Gender (%)												
Male	44%	50%	47%	42%	44%	46%	42%	48%	46%	46%	44%	51%
Female	56%	50%	53%	58%	56%	54%	58%	52%	54%	54%	56%	49%
Race or Ethnicity												
White	21%	25%	79%	86%	84%	75%	90%	68%	62%	52%	39%	78%
Black or African American	70%	12%	5%	3%	7%	9%	2%	17%	26%	30%	50%	4%
Hispanic (Any Race)	6%	58%	7%	5%	3%	9%	4%	8%	6%	12%	5%	6%
Other Race or Multi-Racial	3%	4%	8%	5%	5%	7%	3%	7%	5%	6%	6%	13%
Total Workers of Color	79%	75%	21%	14%	16%	25%	10%	32%	38%	48%	61%	22%
Educational Attainment												
High School or Less	55%	47%	34%	59%	54%	57%	57%	46%	57%	56%	52%	40%
One Year of College	27%	15%	37%	21%	22%	19%	22%	30%	21%	20%	23%	46%
Associate's Degree	7%	9%	5%	10%	8%	9%	9%	6%	6%	7%	6%	3%
Bachelor's or Higher	10%	28%	23%	10%	16%	16%	12%	19%	16%	16%	18%	11%
Total College Experience	45%	53%	66%	41%	46%	43%	43%	54%	43%	44%	48%	60%
Poverty Status (Federal Poverty Line)												
Above Poverty	58%	80%	40%	69%	72%	72%	72%	53%	67%	75%	63%	29%
Below Poverty	42%	20%	60%	31%	28%	28%	28%	47%	33%	25%	37%	71%
Source: U.S. Census Bureau, IPUMS, American Community Survey Public Use Microdata, 2012-2016 5-Year Estimates. All figures have been rounded; totals may not add up. Analysis by T. Williams Lester and Matthew Hutton, University of North Carolina, Chapel Hill.												

Workers in the affected cities and counties additionally face a crisis of affordable housing. According to analysis of U.S. Census Bureau data (Table 3), substantial shares of households in preempted jurisdictions we analyze face excessive housing costs—defined as housing costs equal to or above 30 percent of total income. With the exception of Miami Beach, Florida, the cities and counties we analyze are located in the Midwest and South in areas generally known for lower housing and other living costs relative to major metropolitan areas on the East and West coasts. Yet, even in those lower-cost areas, households face substantial housing cost burdens and experience higher living and housing costs relative to the rest of their states.⁹⁰ In Birmingham and St. Louis, nearly 40 percent of households spend 30 percent or more of their total incomes on housing. In Johnson County, Iowa, and Lexington and Louisville, Kentucky, and Kansas City, Missouri, nearly one in three households struggle with excessive housing burdens. In Miami Beach, Florida, nearly half of all households face excessive housing costs.

Table 3. Most Localities Impacted by Minimum Wage Preemption Struggle with Poverty, Food, and Housing Insecurity				
Jurisdiction	Poverty Rate (Locality)	Workers in Poverty (Locality)	Food Hardship (State)	Excessive Housing Costs (Households, Locality)
Birmingham, AL	28.1%	13.1%	19.7%	39.9%
Miami Beach, FL	16.6%	8.2%	16.6%	48.7%
Johnson County, IA	17.7%	13.3%	11.7%	30.7%
Lee County, IA	16.3%	6.6%	11.7%	22.8%
Linn County, IA	9.5%	5.6%	11.7%	22.4%
Polk County, IA	11.7%	6.0%	11.7%	26.3%
Wapello County, IA	17.0%	9.8%	11.7%	25.5%
Lexington, KY ²	18.6%	11.4%	17.0%	30.2%
Louisville, KY ³	16.7%	8.0%	17.0%	29.3%
Kansas City, MO	17.3%	8.3%	14.2%	31.9%
St. Louis, MO	25.0%	10.7%	14.2%	38.1%
Madison, WI	18.3%	13.5%	11.3%	36.2%
U.S.	14.6%	6.9%	15.4%	32.0%
Sources: NELP analysis of U.S. Census Bureau, <i>American Community Survey 2013–2017 5-Year Estimates</i> , “Selected Housing Characteristics” and “Poverty Status in the Past 12 Months;” and Food Research and Action Center, “Percent of All Households that Experienced Food Hardship, 2016-2017, by State.” ⁹¹				

² Refers to Lexington-Fayette Urban County for all measures except food hardship.

³ Refers to Louisville/Jefferson County Metro Government (Balance) for all measures except food hardship.

After their state legislatures preempted local wage regulation, the minimum wage in these cities and counties dropped back to the state rate, which in most cases is the same as the federal rate of \$7.25 (Table 4). In fact, Alabama is one of just five states without a state minimum wage law, while Iowa, Kentucky, and Wisconsin have wage floors that follow the federal rate of just \$7.25 per hour.⁹² Florida’s minimum wage is just a dollar and change above the federal level.⁹³ None of these states other than Missouri saw lawmakers approve a higher wage when they preempted local minimum wages. As noted above, in Missouri, voters in 2018 approved a \$12 by 2023 minimum wage at the ballot.

Table 4. Wages Floors in Preemption States Do Not Meet Local Costs of Living

County or Metropolitan Area	Minimum Wage (State, 2018)	Single Adult		Family of 4	
		Basic Needs Wage	State Min Wage as Percent of Basics Needs Wage (2017\$)	Basic Needs Wage (Per Adult Worker)	State Min Wage as Percent of Basics Needs Wage (2017\$)
Birmingham, AL	\$7.25	\$18.11	40.0%	\$19.84	36.5%
Miami Beach, FL	\$8.46	\$17.93	47.2%	\$20.43	41.4%
Johnson County, IA	\$7.25	\$17.56	41.3%	\$21.11	34.3%
Lee County, IA	\$7.25	\$15.73	46.1%	\$17.41	41.6%
Linn County, IA	\$7.25	\$15.18	47.7%	\$17.83	40.7%
Polk County, IA	\$7.25	\$15.88	45.7%	\$18.46	39.3%
Wapello County, IA	\$7.25	\$16.13	44.9%	\$17.94	40.4%
Lexington, KY	\$7.25	\$15.98	45.4%	\$18.43	39.3%
Louisville, KY	\$7.25	\$15.47	46.9%	\$18.13	40.0%
Kansas City, MO	\$8.60	\$16.03	53.7%	\$18.85	45.6%
St. Louis, MO	\$8.60	\$16.32	52.7%	\$18.99	45.3%
Madison, WI	\$7.25	\$17.93	40.4%	\$21.22	34.2%

Source: NELP analysis of Economic Policy Institute, *Family Budget Calculator*, 2018. Estimates in 2017 dollars. Assumptions for single adult wage: Full-time work (2,080 hours per year). Assumptions for family of 4 wage: Family unit consisting of 2 adults and 2 children, with both adults employed full-time (2,080 hours per year).

The state minimum wage in the states analyzed fails to provide the needed earnings for single individuals—let alone families with children—to make ends meet, even after full-time, year-round work. In the local jurisdictions we examine, the state minimum wage constitutes only a small fraction of what a single adult without children needs to afford the basics. The minimum wage of \$7.25 in Alabama, Iowa, Kentucky, and Wisconsin, for example, is less than half of the hourly wages needed to afford a measure of economic security by single individuals in the preempted localities within those states. Even in Florida and Missouri, the slightly higher state minimum wage accounts for only about half of the earnings single individuals in

Miami Beach and St. Louis respectively need to meet basic needs. Table 4 provides additional details, including the ratio of state minimum wages to wages that would meet basic needs for families of four—consisting of two working adults and two dependent children.

The struggles that workers in low wage jobs face in the cities and counties we highlight no doubt contributed to local lawmakers' decision to raise wages locally. As the data above illustrate, in these jurisdictions, poverty, hunger, and housing costs intersect with low wages to make economic stability unattainable for too many workers. The unique economic hardship facing countless individual workers in those cities and counties impact whole communities. Workers who cannot afford the basics on the current minimum wage, for example, forgo consumer spending, are unable to save enough to put a down payment on a house, and find themselves struggling to participate in basic civic and community events while holding down multiple jobs or reeling from one financial emergency to another.

Part III

Conclusion: Proposals to Repeal Preemption Are Aiming to Win Power Back for Workers and Local Democracy

Despite minimum wage opponents' best efforts to block local economic policies that aim to benefit workers through preemption, the pendulum is now swinging back. Bills to repeal past minimum wage preemption laws have been introduced in at least eleven states in 2019: Colorado ([HB 19-1210](#)); Louisiana ([HB 422](#)); Mississippi ([SB 2321](#)); Indiana ([SB 82](#)); Texas ([SB 161](#)); Georgia ([HB 573](#)); Virginia ([HB 2631](#)); Kansas ([HB 2017](#)); New York ([AB 5441](#));⁹⁴ Oklahoma ([SB 713](#)); and Kentucky ([HB 302](#)). In addition, a bill in Hawaii expressly grants counties the power to adopt a higher minimum wage [Hawaii ([HB 96](#))]. In May of this year, Colorado became the first state to legislatively repeal its minimum wage preemption law, and advocates in Louisiana have launched a strong campaign calling for local authority to raise the minimum wage. Below, we briefly highlight Colorado and Louisiana's experience with minimum wage preemption to show how today's repeal efforts are grounded in a long history of organizing and an ever-evolving battle between corporate interests and working people.

Colorado

Colorado was one of the first states to adopt a minimum wage preemption law in 1999.⁹⁵ The bill was sponsored⁹⁶ by two Colorado lawmakers with ALEC ties: Doug Lamborn, who served as a 1999 "ALEC Leaders in the States"⁹⁷ and Ray Powers, the 1995 ALEC National Chairman.⁹⁸ The Colorado legislature has long refused to raise

the state minimum wage, but Colorado voters have twice raised the state minimum wage via the ballot. In 2006, voters approved a minimum wage of \$6.85 per hour with cost of living adjustments over time.⁹⁹ When that minimum wage proved inadequate and workers again grew tired of state inaction on the issue, voters approved an increase in 2016 that gradually lifts the state minimum wage to \$12 by 2020.¹⁰⁰

Although a step in the right direction, in higher cost-of-living areas like Denver and Boulder, a \$12 minimum wage is still far from enough for single individuals, let alone families, to make ends meet. According to estimates by the Economic Policy Institute, a single worker in the Denver metropolitan area needs to earn \$41,200 per year to afford the basics today, which translates to \$19.81 per hour;¹⁰¹ and a family of four (two adults and two children) needs to earn an annual income of \$98,187, which translates to \$23.60 per hour per working adult.¹⁰² In the Boulder metro area, single workers need \$21.88 just to make ends meet, while each adult in a two adult, two children household needs to earn \$24.42 per hour to provide their family with the basics.¹⁰³

In recognition of the economic challenges that workers in Denver, Boulder, and other high-cost areas of the state face, worker advocates began to advocate for a repeal of Colorado's minimum wage preemption bill in 2018.¹⁰⁴ In 2019, groups like Colorado People's Alliance once again led a legislative campaign to give power back to cities and counties in the state to enact higher local minimum wages.¹⁰⁵ After months of debate and strong organizing in support of the measure, the state legislature finally approved the bill, and Governor Polis signed it into law on May 28, 2019.¹⁰⁶ The repeal of Colorado's 1999 minimum wage preemption law marks the first time that a state legislature has undone a past minimum wage preemption law. With this victory for workers and local governments, Colorado has emerged as a model for repealing preemption and giving power back to workers and their local communities.

Together, the Colorado and Louisiana efforts show that corporations' abuse of preemption is now being actively challenged.

Louisiana

Louisiana is one of five states that have refused to adopt their own minimum wage law. This means that workers are entitled only to the federal minimum wage, which is stuck at the poverty level of \$7.25.¹⁰⁷ Among other factors, the state's refusal to adopt a state wage floor above the shamefully low federal minimum wage has resulted in severe economic challenges for workers in low wage jobs and their families, many of whom face high levels of poverty.

New Orleans has long recognized the importance of local power when it comes to the minimum wage. In the late 1990s, with 27 percent of residents living under the official poverty line, and more than 40 percent living in near-poverty,¹⁰⁸ workers and worker advocates began appealing to local lawmakers to raise the minimum wage.¹⁰⁹ Almost as soon as public conversations began in New Orleans to raise the minimum wage, however, state legislators moved to preempt local

wages in the state.¹¹⁰ The state legislature adopted a preemption law in 1997, blocking cities across the state from raising their own minimum wage, while at the same time failing to adopt any minimum wage law on the state level.¹¹¹ New Orleans even attempted to amend its City Charter to assert its power to adopt a local minimum wage despite the state's preemption law, but the Louisiana Supreme Court invalidated it, upholding state preemption of all local wages.¹¹²

In March 2019, a diverse coalition by the name of Unleash Local launched a new campaign to repeal Louisiana's minimum wage preemption law.¹¹³ The coalition includes community, faith, and labor partners, and it includes a number of local chapters, including major metropolitan areas in the state.¹¹⁴ Representative Royce Duplessis introduced HB 422 to not only repeal Louisiana's minimum wage preemption statute, but to also expressly give local governments the power to enact paid leave policies for workers.¹¹⁵

Together, the Colorado and Louisiana efforts show that corporations' abuse of preemption is now being actively challenged. As noted above, in 2019, at least a dozen states have introduced bills seeking to repeal minimum wage preemption (or, in the case of Hawaii, expressly grant power to adopt a higher local minimum wage). Workers and pro-worker policymakers nationwide increasingly understand how corporate interests have abused preemption to protect their bottom lines from local policies that advance workers' interests directly, and they recognize that workers, along with their progressive allies, have much to gain from reclaiming their local power going forward.

Methodology

The following analyses were provided by William T. Lester, Associate Professor, and Matt Hutton, M.A. student, City and Regional Planning at the University of North Carolina, Chapel Hill: Number of affected workers, lost wages due to preemption, and demographic characteristics of affected workers. Excessive housing costs were calculated by NELP. Below are detailed methodology descriptions.

Number of Affected Workers

To estimate the number of affected workers, we first determine the number of workers by occupation in each of the preempted cities and counties (“study areas”). We begin by analyzing the 2018 U.S. Census *Topologically Integrated Geographic Encoding and Referencing* (TIGER)/Line Shapefiles. This dataset does not contain demographic data, but does contain geographic data that allows for the isolation of U.S. Census tracts for each study area. For all but two of the locations, tract boundaries were in alignment with the affected jurisdictional boundaries and were thus easily identified and isolated. For the one exception—Birmingham, Alabama—municipal boundaries did not align with tract-level geographies. For this jurisdiction, tracts were manually selected based on their approximate fit with the municipal/jurisdictional boundary.

Following the identification of appropriate Census tracts for each study area, 2014 *Longitudinal Employer-Household Dynamics Origin-Destination Employment Statistics* (LODES) Workplace Characteristics data were used to determine employment by industry for each study area. LODES makes available two-digit North American Industry Classification System (NAICS) employment information at the tract level, and these data were aggregated for each jurisdiction.

Once total employment by industry was calculated for each location, it was necessary to next convert NAICS industry employment to Standard Occupational Classification (SOC) employment. This conversion relied on the creation of an industry-occupation matrix, which uses national employment data to determine the share of occupational employment for each industry. That is, if Retail Salespersons make up roughly 25 percent of the Retail Trade NAICS sector’s total employment nationally, then one would assume that that same share could be consistently applied across the country. In Birmingham, for example, the Retail Salesperson occupation would account for roughly 2,900 of the nearly 11,000 individuals employed in Retail Trade. Using this assumption, employment for each study area was converted and then aggregated to the occupational level.

With employment by occupation for each study area now available, it was possible to join the data for each study area to the Bureau of Labor Statistics’ (BLS) *Occupational Employment Statistics* (OES). Released most recently in May 2017, this dataset provides employment information by occupation for the more than 380 Metropolitan Statistical Areas (MSA) across the country. For locations falling outside

MSA boundaries, regional geographies are also made available. Importantly, this analysis assumes that annual salary information for each study area is consistent with that of its larger metropolitan or surrounding region. Methodology Table 1 provides the corresponding OES geography for each study area.

Methodology Table 1. Corresponding Occupational Employment Statistics (OES) Geographies	
Study Area	OES Geography
Birmingham, AL	Birmingham-Hoover, AL Metropolitan Statistical Area (MSA)
Miami Beach, FL	Miami-Fort Lauderdale-West Palm Beach, FL MSA
Johnson County, IA	Iowa City, IA MSA
Lee County, IA	Southeast Iowa Nonmetropolitan Area
Linn County, IA	Cedar Rapids, IA MSA
Polk County, IA	Des Moines-West Des Moines, IA MSA
Wapello County, IA	Southeast Iowa Nonmetropolitan Area
Lexington, KY	Lexington-Fayette, KY MSA
Louisville, KY	Louisville-Jefferson County, KY-IN MSA
Kansas City, MO	Kansas City, MO-KS MSA
St. Louis, MO	St. Louis, MO-IL MSA
Madison, WI	Madison, WI MSA

To be consistent with the available data, all preempted minimum wages were adjusted to 2017 dollars based on the Consumer Price Index (CPI) calculation. The future wages in Miami Beach and Kansas City were first adjusted to 2019 dollars based on an assumed 2 percent annual inflation, before adjusting to 2017 dollars based on the CPI. Methodology Table 2 provides a list of the 2017-adjusted preempted minimum wages for each study area. In the case of Madison, Wisconsin, the state minimum wage at the time of preemption was lower (\$5.15 in 2005) than the current federal minimum wage of \$7.25. When adjusted to 2017 dollars, this amount remains lower than the current federal minimum. For this analysis, the affected workers and lost income in Madison are calculated using \$7.25 as the state minimum wage.

Methodology Table 2. 2017-Adjusted Preempted Minimum Wage	
Study Area	Minimum Wage (2017 Dollars)
Birmingham, AL	\$10.10
Miami Beach, FL	\$12.35
Johnson County, IA	\$10.10
Lee County, IA	\$8.20
Linn County, IA	\$9.91
Polk County, IA	\$10.39
Wapello County, IA	\$9.76
Lexington, KY	\$9.90
Louisville, KY	\$9.00
Kansas City, MO	\$12.29
St. Louis, MO	\$10.78
Madison, WI	\$9.87

To determine the number of affected workers for each study area, it was first necessary to determine at which income percentile the 2017-adjusted preempted wage is found for each occupation. Where the May 2017 OES file provides wage levels at the 10th, 25th, 50th (median), 75th, and 90th percentiles by occupation, this information can be used to interpolate the more specific percentile at which the preempted wage is likely to be found.¹¹⁶ Once determined, the percentile of interest was used to estimate the number of workers affected by an increase in the minimum wage. For instance, if a \$10 wage was found at the 65th percentile, 65 percent of workers in that occupation were assumed to be affected by the increased minimum wage. This percentage was multiplied by the number of workers in the occupation to determine the total number of workers affected.

Lost Wages Due to Preemption

After determining the percentage of workers and the total number of workers affected, the estimated hourly wage increase was then calculated. To do so, the average increase in wage for each percentile group was multiplied by the number of workers that would experience that wage increase. To find the average wage increase for a percentile group, the midpoint between the upper and lower bound wages was subtracted from the preempted wage. This number was then multiplied by the number of workers that would experience that average wage increase. For example, consider the \$10 wage found at the 65th percentile. The wage at the 50th percentile is \$9. First, the difference between the two wages was calculated (\$10 minus \$9 equals \$1) and then that value was divided by two to find the average wage increase for that percentile group (between the 50th and 65th percentiles). The percentage of workers who would receive that average wage increase—in this

case, it is 15 percent of workers, which is the difference between the 65th and 50th percentiles—was then multiplied by the total number of workers in that occupation. This yielded the number of workers who would see that average increase in wage. To get the average increase in wage, then, the number of affected workers was multiplied by the average increase in their wage. This was then repeated for each percentile range to get the aggregate wage increase for that occupation in that study area. For the 0th to the 10th percentile range, that 2017-adjusted state minimum wage was used.

Finally, the average hourly wage increase was converted to the average annual wage increase. To do so, the determined hourly wage increase was multiplied by 1629.25 hours annually. This number of hours worked in a year makes four key assumptions: The average worker works 49 weeks per year; full-time workers work 35 hours per week; part-time workers work 17.5 hours per week; and 10 percent of workers are part-time workers. These steps were repeated for each occupation in each jurisdiction.

Demographic Characteristics of Affected Workers

To begin this portion of the analysis, geographies were once again established using the Census Bureau’s TIGER/Line Shapefile data, before attempting to isolate the data to the study areas in question. Unfortunately, American Community Survey (ACS) microdata—which would be used for demographic analysis of affected workers—is not available at the tract level. For some larger counties, data is available pre-segmented to that level of geography. However, for the most part, data is only available and segmented by Public Use Microdata Area (PUMA). Since these areas vary in size depending on the local population, it was difficult to achieve consistency across the twelve study areas. In some cases, a combination of PUMAs best approximated the study area geographies, while in others one PUMA covered not only the study area but some surrounding regions, as well. Methodology Table 3 provides a list of the geographies used for this portion of the analysis.

Methodology Table 3. American Community Survey (ACS) Corresponding Geographies	
Study Area	ACS Geography
Birmingham, AL	PUMAs 01301 and 01302
Miami Beach, FL	PUMA 08612
Johnson County, IA	Johnson County
Lee County, IA	PUMA 02300
Linn County, IA	Linn County
Polk County, IA	PUMAs 01500, 01600, 01700
Wapello County, IA	PUMA 02200
Lexington, KY	Fayette County

Methodology Table 3. American Community Survey (ACS) Corresponding Geographies

Louisville, KY	Jefferson County
Kansas City, MO	PUMSA 00902, 01001, 01005, 01004
St. Louis, MO	St. Louis City
Madison, WI	PUMA 00101

Once data were isolated to their appropriate geographies, workers in low-wage jobs and likely affected individuals were identified. Those reporting annual incomes lower than what would have been earned by a full-time worker under the preempted wage were assumed to be affected. Preempted wages were adjusted to 2016 dollars for data consistency. Frequency weights as defined by the U.S. Census Bureau were applied to the results, and the demographics characteristics of affected workers were tabulated. Given the slight geographical and temporal inconsistencies between the first and second parts of this analysis, results are presented as percentages, representing a likely share of affected workers.

Excessive Housing Costs

Following methodology developed by the New York University Langone Health Medical Center,¹¹⁷ we define “excessive housing costs” as costs that comprise 30 percent or more of total household income, and estimate the share of households facing excessive housing costs per city or county using 2017 aggregate data from the American Community Survey (ACS).

We begin by accessing 5-year (2013-2017) estimates from Table DP04 for each of the cities and counties in question. This table presents housing characteristics, including the number of households with housing costs broken down as a percent of total household income. The data available in Table DP04 coincide neatly with the political boundaries of all but two of the municipalities in question: The data for Lexington, Kentucky refers to Lexington-Fayette Urban County, while the data for Louisville, Kentucky refers to the Louisville/Jefferson County Metro Government (Balance). For these two localities, we assume that housing costs are similar for the proper cities as they are for the greater metropolitan or urban county areas to which they belong.

To calculate the percent of households facing excessive housing costs per each of the cities and counties of interest, we begin by adding the number of households (“Housing units with a mortgage,” “Housing units without a mortgage,” and “Occupied units paying rent”) with housing costs equal to or higher than 30 percent of total household income. Next, we add the number of households with any amount of housing costs and households which were not analyzed (the latter referred to as “not computed” in Table DP04), to arrive at the total number of households. Finally, we do a simple percent calculation of the above totals. (See formula below for a summary of the methodology).

Share of households with excessive housing cost burdens = (Households with rent, mortgage or other housing costs \geq 30% of total household income/Total households) x 100

Endnotes

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