Testimony of Laura Huizar
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Increasing the Minimum Wage in Miami Beach

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Good afternoon and thank you for the opportunity to testify today. My name is Laura Huizar, and I am a staff attorney at the National Employment Law Project (NELP).

NELP is a non-profit, non-partisan research and advocacy organization specializing in employment policy. We are based in New York with offices across the country, and we partner with federal, state, and local lawmakers on a wide range of workforce issues. I am based in our D.C. office.

Across the country, our staff are recognized as policy experts in areas such as unemployment insurance, wage and hour enforcement, and, as is relevant for today’s hearing, the minimum wage. We have worked with dozens of city councils and state legislatures across the country and with the U.S. Congress on measures to boost pay for low-wage workers. NELP has worked with most of the cities in the United States that have adopted higher city minimum wages in recent years and is familiar with their economic experiences.

NELP testifies today in support of increasing the City of Miami Beach’s minimum wage to $13.31 per hour by 2020, as Mayor Philip Levine has proposed. In response to declining wages for low-wage workers across the country, as well as state and federal minimum wage rates that fail to provide for a basic standard of living, the number of cities throughout the country that have increased their minimum wage has grown significantly in recent years. In 2003, only two cities, Santa Fe, New Mexico, and San Francisco, had enacted local minimum wage laws. Between 2013 and 2014, almost twenty cities enacted their own higher minimum wage, and to date, thirty-eight cities have done so.¹

Cities and states are also increasingly adopting minimum wage rates at or near $15 per hour. California and New York approved a statewide $15 minimum wage earlier this year. SeaTac, Washington, which was the first city to adopt a $15 minimum wage, did so in 2013. San Francisco Mayor Ed Lee brokered an agreement between labor and business to place a $15 minimum wage on the November 2014 ballot, which the voters overwhelmingly approved, and the Los Angeles city council approved a $15 minimum wage in June of last year. Chicago adopted minimum wage legislation in 2014 that would raise the city’s minimum wage to $13 per hour by 2019. Oregon also enacted legislation earlier this year that would raise the state’s minimum wage to $12.50, $13.50, or $14.75 by 2022, depending on the region. A full list of recent minimum wage increases can be found at the Raise the Minimum Wage website.²

The most rigorous modern research on the impact of raising minimum wages shows that raises increase worker earnings with negligible adverse impact on employment levels. As more and more U.S. cities enact local minimum wages, the research has similarly shown that such local measures have no adverse effect on jobs, and implementation of higher local wages has proven manageable for employers. The benefits for low-wage workers and their families of higher wages have been very significant, raising wages in the face of broader economic trends that have led to stagnant and falling wages across the bottom of our economy, reducing economic hardship, lifting workers out of poverty, and improving other life outcomes.

Low paying industries are disproportionately fueling job growth today, with more and more adults spending their careers in these positions. Raising the wage floor, which has badly eroded over the decades even as corporate profits have skyrocketed, is urgently needed to ensure that local economies can rely on workers’ spending power to recover and that the growing numbers of workers relying on low wages to make ends meet can contribute fully to this recovery.
Raising the minimum wage across the country, including in Miami Beach, would go a long way toward restoring the minimum wage to where it was at its peak, when unemployment rates were low, the minimum wage reflected much higher purchasing power, and the minimum wage was equal to half of what the median worker earned.

Who Would Benefit From A Higher Minimum Wage in Miami Beach?

The cost of living in Miami Beach substantially exceeds the cost of living in most other parts of Florida and ranks among the highest in the country. A single worker in the Miami/Miami Beach/Kendall metro area with no children needs at least $31,354 per year—or at least $15 per hour working full time—to get by. A single worker with one child requires $52,068, or more than $25 per hour, for basic living costs.

The Growing List of Cities and States Enacting Minimum Wage Increases Reflects a Deepening Wage Crisis and Popular Support for Bold Change

The U.S. economy has seen steady growth and improvement in the unemployment rate in recent years, but wages have been flat or declining for much of the labor force. Averaged across all occupations, real median hourly wages declined by 4 percent from 2009 to 2014, and lower-wage occupations experienced greater declines in their real wages than did higher-wage occupations. Moreover, job growth over the past year—and in the recovery overall—continues to be unbalanced, with especially pronounced job gains in lower-wage industries and slow growth in mid-wage industries. There are approximately 1.2 million fewer jobs in mid and higher-wage industries than there were prior to the recession, while there are 2.3 million more jobs in lower-wage industries. Thus, low-wage workers and families are being squeezed between flat pay and rising living costs.

The worsening prospects and opportunities for low-wage workers have prompted a record number of cities, counties, and states to enact higher minimum wage rates for their residents. Since November 2012, nearly 17 million workers throughout the country have earned wage increases through a combination of states and cities raising their minimum wage rates; executive orders by city, state and federal leaders; and individual companies raising their pay scales. Of those workers, nearly 10 million will receive gradual raises to $15 per hour. More than fifty cities and states have raised their minimum wage since 2012.

As the Fight for $15 movement gathers strength, advocates in a rapidly growing list of localities and states are calling for a $15 minimum wage. Los Angeles, San Francisco, Seattle, SeaTac, Washington, and Emeryville, California, have already enacted a $15 minimum wage for all workers. New York and California approved a statewide $15 minimum wage earlier this year. More than a dozen cities and counties are currently pushing for a $15 minimum, and the list of states considering the same is rapidly expanding. States now considering legislative proposals and/or ballot initiatives that would raise the statewide minimum wage to $15 include Missouri and New Jersey.

Recent polling data shows that approximately two out of three individuals support a $15 minimum wage, and support among low-wage workers is even higher. A poll of low-wage workers commissioned by NELP found that approximately 75 percent of low-wage workers support a $15 minimum wage and a union. It also found that 69 percent of unregistered respondents would register to vote if there were a presidential candidate who supported raising the minimum wage to $15 and making it easier for workers to join a union, and 65 percent of registered voters reported that they are more likely to vote if a candidate supports $15 and a union for all workers.
The trend in localities and states pushing for higher minimum wage rates will likely continue to intensify as wages continue to decline, inequality remains at historically high levels, and the federal government fails to take bold action to ensure that hard-working individuals can make ends meet.

**Higher Wages from Minimum Wage Increases Have Very Significant Beneficial Effects for Low-Income Individuals and Households**

The higher incomes that result from minimum wage increases have very direct and tangible impacts on the lives of the workers affected and their families. Significant increases in minimum wages have proven an effective strategy for addressing declining wages and opportunity for low-wage workers by raising pay broadly across the bottom of the city economy. For example, over the decade that San Francisco’s strong minimum wage has been in effect, it has raised pay by more than $1.2 billion for more than 55,000 workers, and it has permanently raised citywide pay rates for the bottom 10 percent of the labor force. The widely recognized success of San Francisco’s minimum wage led Mayor Ed Lee to broker an agreement with business and labor to place an increase to $15 on the November 2014 ballot, which the voters overwhelmingly approved.

The higher pay resulting from minimum wage increases translates to a range of other important improvements in the lives of struggling low-paid workers and their households. For workers with the very lowest incomes, studies show that minimum wage increases lift workers and their families out of poverty. Similarly, higher incomes for low-wage workers and their households translate to improved educational attainment and health. For example, a recent study by the National Institutes of Health determined that “[a]n additional $4000 per year for the poorest households increases educational attainment by one year at age 21.” Another study found that raising California’s minimum wage to $13 per hour by 2017 “would significantly benefit health and well-being.” It stated that “Californians would experience fewer chronic diseases and disabilities; less hunger, smoking and obesity; and lower rates of depression and bipolar illness.” Moreover, “[i]n the long run, raising the minimum wage would prevent the premature deaths of hundreds of lower-income Californians each year.” Yet another study found that high dropout rates among low-income children can be linked to parents’ low-wage jobs and that youth in low-income families have a greater likelihood of experiencing health problems.

**The Most Rigorous Research Shows That Higher Minimum Wages Raise Worker Incomes without Reducing Employment**

The most rigorous research over the past 20 years—examining scores of state and local minimum wage increases across the U.S.—demonstrates that these increases have raised workers’ incomes without reducing employment. This substantial weight of scholarly evidence reflects a significant shift in the views of the economics profession, away from a former view that higher minimum wages cost jobs. As Bloomberg News summarized in 2012:

> [A] wave of new economic research is disproving those arguments about job losses and youth employment. Previous studies tended not to control for regional economic trends that were already affecting employment levels, such as a manufacturing-dependent state that was shedding jobs. The new research looks at micro-level employment patterns for a more accurate employment picture. The studies find minimum-wage increases even provide an economic
boost, albeit a small one, as strapped workers immediately spend their raises.26

The most sophisticated of the new wave of minimum wage studies, “Minimum Wage Effects Across State Borders,” was published in 2010 by economists at the Universities of California, Massachusetts, and North Carolina in the prestigious *Review of Economics and Statistics*.27 That study carefully analyzed minimum wage impacts across state borders by comparing employment patterns in more than 250 pairs of neighboring counties in the U.S. that had different minimum wage rates between 1990 and 2006. The study’s innovative approach of comparing neighboring counties on either side of a state line is generally recognized as especially effective at isolating the true impact of minimum wage differences, since neighboring counties otherwise tend to have very similar economic conditions, and the study has been lauded as state-of-the-art by the nation’s top labor economists, such as Harvard’s Lawrence Katz, MIT’s David Autor, and MIT’s Michael Greenstone. (By contrast, studies often cited by the opponents of raising the minimum wage that compare one state to another—and especially those comparing states in different regions of the U.S.—cannot as effectively isolate the impact of the minimum wage, because different states face different economic conditions, of which varying minimum wage rates is but one.)

Consistent with a long line of similar research, the Dube, Lester, and Reich study found no difference in job growth rates in the data from the 250 pairs of neighboring counties—such as Washington State’s Spokane County compared with Idaho’s Kootenai County where the minimum wage was substantially lower—and found no evidence that higher minimum wages harmed states’ competitiveness by pushing businesses across the state line.28

However, it is not simply individual state-of-the-art studies, but the whole body of the most rigorous modern research on the minimum wage that now indicates that higher minimum wages have had little impact on employment levels. This is most clearly demonstrated by several recent “meta-studies” surveying research in the field. For example, a meta-study of 64 studies of the impact of minimum wage increases published in the *British Journal of Industrial Relations* in 2009 shows that the bulk of the studies find close to no impact on employment.29 This is vividly illustrated by a graph from the meta-study showing the results clustered around zero:
Another recent meta-study by Paul Wolfson and Dale Belman of the minimum wage literature demonstrates similar results.\textsuperscript{30}

Further underscoring how minimum wage increases are simply not a major factor affecting job growth, economists at the Center for Economic & Policy Research and Goldman Sachs have noted that the U.S. states that have raised their minimum wages above the minimal federal level are enjoying stronger job growth than those that have not.\textsuperscript{31}

**The Evidence from Cities, in Particular, That Have Adopted Significantly Higher Local Minimum Wages Similarly Shows That They Have Not Cost Jobs and That Implementation Has Proven Manageable for Employers**

The experiences of cities with higher local minimum wages—and the most rigorous economic research on the impact of city wage laws—have shown that they have raised wages broadly without slowing job growth or hurting local employers.

The two U.S. cities that have had higher local minimum wages for the longest period are San Francisco, California, and Santa Fe, New Mexico. Both adopted significantly higher local minimum wages in 2003 and the impact of the minimum wages has been the subject of sophisticated economic impact studies. In San Francisco, a 2007 study by University of California researchers gathered employment and hours data from restaurants in San Francisco as well as from surrounding counties that were not covered by the higher minimum wage and found that the higher wage had not led San Francisco employers to reduce either their employment levels or employee hours worked.\textsuperscript{32} A follow-up 2014 study examined the combined impact on San Francisco employers of the city’s minimum wage ordinance and of other city compensation mandates that cumulatively raised employment costs 80 percent above the level of the federal minimum wage. The study again found no adverse effect on employment levels or hours, and found that food service jobs—the sector most heavily affected—actually grew about 17 percent faster in San Francisco than in surrounding counties during that period.\textsuperscript{33}

In Santa Fe, a similar 2006 study conducted after the city raised its minimum wage 65 percent above the state rate compared job growth in Santa Fe with that in Albuquerque (which at that time did not have a higher city minimum wage). It determined that “[o]verall, . . . the living wage had no discernible impact on employment per firm, and that Santa Fe actually did better than Albuquerque in terms of employment changes.”\textsuperscript{34}

A sophisticated 2011 study of higher minimum wages in San Francisco, Santa Fe, and Washington, D.C., compared employment impacts to control groups in surrounding suburbs and cities. It similarly found that “[t]he results for fast food, food services, retail, and low-wage establishments . . . support the view that citywide minimum wages can raise the earnings of low-wage workers, without a discernible impact on their employment . . . .”\textsuperscript{35}

In addition, the actual experiences of cities that have recently raised the minimum wage at the local level have shown that such increases have been manageable. For example, in San Jose, California, business groups made similar predictions before voters in 2012 approved raising the city’s minimum wage. But the actual results did not bear out those fears. As the *Wall Street Journal* reported, “[f]ast-food hiring in the region accelerated once the higher wage was in place. By early [2014], the pace of employment gains in the San Jose area beat the improvement in the entire state of California.”\textsuperscript{36} USA
Today similarly found, "[i]nterviews with San Jose workers, businesses and industry officials show [the city minimum wage] has improved the lives of affected employees while imposing minimal costs on employers."  

The same pattern of dire predictions followed by manageable real world implementation was repeated when SeaTac, Washington, phased in its $15 minimum wage—the nation’s first at that level. As The Seattle Times reported, “[f]or all the political uproar it caused, SeaTac’s closely watched experiment with a $15 minimum wage has not created a large chain reaction of lost jobs and higher prices . . . .”  

The Washington Post similarly reported that “[t]hose who opposed the $15 wage in SeaTac and Seattle admit that there has been no calamity so far,” and highlighted how even though Tom Douglas, a Seattle restauranteur, stated in April 2014 that a $15 wage could “be the most serious threat to our ability to compete” and that he “would lose maybe a quarter of the restaurants in town,” as of September 2014, he had opened, or announced, five new restaurants that year.

In Seattle, while many business owners supported the increase, other business owners predicted that increasing the city’s minimum wage to $15 would lead to dramatic job losses for restaurants and strain on small businesses. An article by the Puget Sound Business Journal reported in October 2015 that the restaurant business in Seattle is, in fact, booming. More recent reports confirm that neither the city’s economy nor the restaurant industry has suffered. A few months after Seattle began phasing in its minimum wage, the region’s unemployment rate hit an eight-year low of 3.6 percent, significantly lower than the state unemployment rate of 5.3 percent. Since Seattle passed its trailblazing $15 minimum wage, the number of food services and beverage industry business licenses issued in the city has increased by 6 percent.

Low Wages Paid By Large Profitable Employers Present a Significant Cost to the Public by Forcing Workers to Rely on Public Assistance in Order to Afford Basic Necessities

Nationally, nearly three quarters (73 percent) of enrollments in America’s major public benefits programs are from working families. With wages that leave their earnings below subsistence levels, these workers must rely on additional support from programs like the Supplemental Nutrition Assistance Program (SNAP), Medicaid, Children’s Health Insurance Programs, and the Earned Income Tax Credit (EITC) in order to afford basics like food, housing, and health care.

Data available for some of the largest employers in the retail and fast-food industries indicate that the low wages paid by profitable companies like Walmart and McDonald’s entail substantial costs for the public, as a whole.

A 2013 report from the Democratic Staff of the U.S. House Committee on Education and the Workforce estimates that low wages paid at a single Walmart supercenter cost taxpayers between $900,000 and $1.7 million on average per year.

Similarly, a 2013 study from the University of California-Berkeley found that the low wages paid by companies in the fast-food industry cost taxpayers an average of $7 billion per year. A companion study from NELP found that the bulk of these costs stem from the ten largest fast-food chains, which account for an estimated $3.9 billion per year in public costs.
Thank you so much for the opportunity to testify today. I would be happy to answer any questions that you may have.

For more information, please contact NELP Staff Attorney Laura Huizar at lhuizar@nelp.org. For more about NELP, visit www.nelp.org or www.raisetheminimumwage.org.

5 Id.
7 Id.
8 Id.
10 Id.
11 Id.
13 Id.
14 Id.
15 Id.
18 Id.
20 Arindrajit Dube, Minimum Wages and the Distribution of Family Incomes (Dec. 2013) at 31, available at https://dl.dropboxusercontent.com/u/15038936/Dube_MinimumWagesFamilyIncomes.pdf ("I find robust evidence that minimum wages tend to reduce the incidence of poverty, and also proportions with incomes under one-half or three-quarters of the poverty line").
23 Id.
24 Id.
28 Similar, sophisticated new research has also focused in particular on teen workers—a very small segment of the low-wage workforce affected by minimum wage increases, but one that is presumed to be especially vulnerable to displacement because of their lack of job tenure and experience. However, the research has similarly found no evidence that minimum wage increases in the U.S. in recent years have had any adverse effect on teen employment. See Sylvia Allegretto et al, Industrial Relations, Do Minimum Wages Reduce Teen Employment? (Apr. 2011) at vol. 50, no. 2. A NELP Summary is available at http://nelp.3cdn.net/eb5df32fa67a9e9b_65m6izwb.pdf.


