

Testimony of Yannet Lathrop

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Good afternoon and thank you for the opportunity to testify today before the Massachusetts House of Representatives. My name is Yannet Lathrop and I am a Researcher and Policy Analyst at the National Employment Law Project.

The National Employment Law Project (NELP) is a non-profit, non-partisan research and advocacy organization specializing in employment policy. We are based in New York with offices in Washington D.C. and across the country. We partner with federal, state, and local lawmakers on a wide range of workforce issues – including in Massachusetts where in recent years we have provided analysis on issues ranging from unemployment insurance to last year’s state minimum wage increase.

Relevant for today’s hearing, we have provided analysis for several of the states and cities that have recently approved \$15 minimum wages. This includes New York State, which approved a \$15 minimum wage for fast food workers this summer, and where Governor Andrew Cuomo is now proposing to expand that wage to workers in all occupations across the state.

NELP testifies today in support of H.B. 1773, which would implement a \$15-an-hour wage standard for fast food and retail workers in Massachusetts.

1. A Growing Number of Jurisdictions Around the Country Are Adopting \$15 Minimum Wage Policies

By adopting a \$15-an-hour wage for fast food and retail workers, Massachusetts would join a growing number of U.S. jurisdictions that over the last two years have approved raising the minimum wage to \$15, either for specific sectors like fast food or for the workforce as a whole. Most significantly, in August New York approved the nation’s first \$15 minimum wage for the fast food industry state-wide, which will phase in by 2021 (and by 2018 in New York City). Moreover, in the Commonwealth, Massachusetts Governor Charlie Baker negotiated a similar \$15 minimum wage for Medicaid-funded home care workers in the state this summer.¹

In fact, several states are now in the process of pushing to raise their minimum wages to \$15 statewide for all workers. New York Governor Andrew Cuomo launched a campaign for a statewide \$15 minimum wage in New York in September. And similar proposals for statewide \$15 wages are likely to appear on November 2016 ballots in California and Washington, D.C.

At the local level, six U.S. cities and counties have approved \$15 minimum wages over the past two years: SeaTac, WA (2013), Seattle (2014), San Francisco (2014), Los Angeles City (2015), Los Angeles County (2015), and Emeryville, CA (2015). Similar measures are being considered in a growing number of localities. See Table 1 for a list of the existing \$15 minimum wages in the United States, as well as pending proposals.

More background on \$15 minimum wages is available on the National Employment Law Project’s website at <http://raisetheminimumwage.org/pages/movement-for-15>.

Table 1: Selected \$15 Wage Policies and Proposals in the U.S.

Existing Laws			
Jurisdiction	Wage & Phase-In Year	Year Passed	Legislative or Initiative
New York State – Fast Food	\$15.00 (2018-2021)	2015	Administrative
Massachusetts – Home Care	\$15.00 (2018)	2015	Administrative
Los Angeles City, CA	\$15.00 (2020)	2015	Legislative
Los Angeles County, CA	\$15.00 (2020)	2015	Legislative
San Francisco, CA	\$15.00 (2018)	2014	Initiative
Seattle, WA	\$15.00 (2017-2021)	2014	Initiative
SeaTac, WA	\$15.00 (2014)	2013	Initiative
Emeryville, CA	\$15.00 (2018)	2015	Legislative
Greensboro, NC – City Employees	\$15.00 (2020)	2015	Legislative
Proposals			
California	\$15.00 (2021)	Filed	Initiative
New York State	\$15.00 (TBD)	Proposed	Legislative
Washington, D.C.	\$15.00 (2020)	Filed	Initiative
Oregon	\$15.00 (2019)	Filed	Initiative
Missouri	\$15.00 (2023)	Filed	Initiative
Portland, ME	\$15.00 (2017)	Filed	Initiative
Sacramento, CA	\$15.00 (TBD)	Proposed	Initiative

Source: National Employment Law Project, <http://raisetheminimumwage.org/pages/15-Laws-Current-Campaigns>

2. A Number of Cities in the U.S. Already Have \$15 Minimum Wages for Key Low-Wage Industries, and There Is No Evidence That They Have Cost Jobs or Been Unmanageable

In addition to recently approved \$15 wages and current proposals, there are at least a half dozen places in the U.S. that have for several years been implementing minimum wages of \$15 or more for workers in key low-wage industries (see Table 2). These range from Washington, DC’s \$16.73 minimum wage for security guards in large buildings, to Los Angeles’s \$15.37 minimum wage for hotel workers, to Syracuse’s \$15.08 minimum wage for restaurant, retail and service workers at the Syracuse airport.

Table 2: Selected Examples of Existing \$15 Wage Laws for Key Low-Wage Industries

City	Year Adopted	Current Minimum Wage (2015)	Industry Covered
Washington, DC	2007	\$16.73 (\$12.71 base wage + \$4.02 benefits or additional wages)	Security guards in large buildings
Los Angeles, CA	2014	\$15.37	Hotel workers ²
St. Louis, MO	2002	\$16.58 (\$12.56 wages + \$4.02 benefits or additional wages)	Restaurant, retail & service workers at St. Louis airport ³
San Jose, CA	2008	\$15.78 (\$14.53 + \$1.25 benefits or additional wages)	Restaurant, retail & service workers at San Jose airport ⁴
SeaTac, WA	2013	\$15.24	Hospitality and transportation workers ⁵
Syracuse, NY	2012	\$15.08 (\$12.77 + \$2.31 benefits or additional wages)	Restaurant, retail & service workers at Syracuse airport ⁶

All of these policies are currently in effect for these targeted industries and every indication is that the industries have manageably transitioned to the higher wages. The most recent example is Los Angeles' hotel industry, where the \$15.37 minimum wages was phased in very quickly last year with no indication that it has affected the city's strong hotel development market.⁷

3. Massachusetts Families Need at Least \$15 to Make Ends Meet

Opponents of the proposed \$15 minimum wage, such as Dunkin Brands CEO Nigel Travis, have suggested that \$15 is excessive and beyond what workers need. In reality, a \$15 minimum wage by 2018 would simply bring workers closer to affording basic needs – and for workers supporting children and those in the highest cost regions of the state, would not even be enough.

According to the Economic Policy Institute's Family Budget Calculator – which calculates basic living costs for different family sizes in regions across the nation – by 2018, when H.B. 1773's proposed \$15 minimum wage would phase up to \$15, single adult workers will need over \$15 in Springfield and Worcester just to afford the basics, and approximately \$20 in Boston and rural Western Massachusetts. Moreover, hourly wages needed by adults caring for at least one child are even higher (See Table 3), ranging from \$29 to \$36 or more per hour by 2018.

Thus, a \$15 minimum wage is by no means excessive in light of living costs in the Commonwealth. It would allow single workers in the less expensive regions of the state to afford a basic needs budget, and bring workers in other regions and those with children closer to being able to afford the basics.

Table 3: Hourly Wage Needed to Afford a Basic Household Budget in Eastern, Central and Western Massachusetts, by Family Size ⁸

Region	Family Size	2014	2015	2016	2017	2018
Boston MSA	Single Adult	\$18.92	\$19.30	\$19.69	\$20.08	\$20.48
	With 1 Child	\$33.75	\$34.42	\$35.11	\$35.81	\$36.53
Springfield MSA	Single Adult	\$14.61	\$14.91	\$15.20	\$15.51	\$15.82
	With 1 Child	\$27.66	\$28.21	\$28.78	\$29.35	\$29.94
Worcester MSA	Single Adult	\$14.39	\$14.67	\$14.97	\$15.27	\$15.57
	With 1 Child	\$27.61	\$28.17	\$28.73	\$29.30	\$29.89
Rural Massachusetts	Single Adult	\$18.18	\$18.54	\$18.91	\$19.29	\$19.67
	With 1 Child	\$33.62	\$34.29	\$34.98	\$35.68	\$36.39

4. More Than 200 Economists Have Endorsed a \$15 Minimum Wage, and Economic Modeling Indicates That the Fast Food Industry Could Manageably Transition to a \$15 Minimum Wage

Other witnesses today will speak in more detail about the economic benefits of a \$15 minimum wage for the Commonwealth's fast food and large retail workers, and how employers in those industries can manageably transition to a \$15 wage. It is worth noting, however, that there is growing support among economists nationally for phasing the minimum wage up to that level. More than 200 economists, including leading researchers at the University of Massachusetts, have

endorsed a \$15 minimum wage, finding that raising the minimum to \$15 an hour “will be an effective means of improving living standards for low-wage workers and their families and will help stabilize the economy. The costs to other groups in society will be modest and readily absorbed.”⁹

Furthermore, economic modeling by University of Massachusetts researchers provides a road map for how Massachusetts’ fast food industry could manageably transition to a \$15 minimum wage. As Jeannette Wicks-Lim discusses in her research and testimony, the University of Massachusetts study indicates that this transition could be achieved without reduction in employment, with only modest price adjustments, and without reduction in profits.¹⁰

5. The Restaurant Industry Has Thrived in Areas with Significantly Higher Minimum Wages; Predictions That Restaurants Would Close or Lay-Off Workers Have Not Materialized

Predictions of store closures by business owners and certain trade associations are common when cities or states propose raising the minimum wage. However, real world experience in places that have actually raised wages substantially have proven these predictions unfounded, as documented both by reports in the business press and by rigorous academic studies:

- In San Jose, *The Wall Street Journal* reported, “Fast-food hiring in the region accelerated once the higher wage was in place. By early this year, the pace of employment gains in the San Jose area beat the improvement in the entire state of California.”¹¹
- In San Francisco, a University of California study found, as reported by *Bloomberg Business*, that after the city phased in what was at the time the highest minimum wage in the nation, “[a]mong food-service workers, who are more likely to be affected by minimum-wage laws, employment grew 17.7 percent in San Francisco, faster than either of the other [neighboring] Bay Area counties.”¹² (See Appendix A for a summary of other key research).
- In SeaTac, Washington, *The Puget Sound Business Journal* reported that “none of these dire warnings [of business closures or job cuts] have come to pass,” and the *Washington Post* reported that a major hotel that predicted it would have to lay workers off instead decided to expand.¹³
- In Seattle, the number of food service businesses increased in the first month after the higher minimum wage took effect, continuing its growth trend of recent years.¹⁴

Such after-the-fact, citywide data is far more probative of what actually happens when the minimum wage is increased substantially than are predictions beforehand by individual employers. Similarly, the fact that restaurant jobs have continued strong growth in regions with significantly higher minimum wages is better evidence of the impact of higher wages on the industry than individual incidents of businesses closing, since the restaurant industry is subject to consistently high level of churn, with significant numbers closing any given year to be replaced by new businesses opening.¹⁵

6. The Fast Food and Retail Industries Are Dominated By Multi-Chain Employers That Pay Very Low Wages

Contrary to suggestions by certain industry groups, the fast food industry both nationally and in Massachusetts is dominated by multi-unit chains. (See Appendix B for a list of chains operating in the state). Wages earned by workers employed in fast food are very low, highlighting the need for targeted action to raise wages significantly in the industry.

- Fast food chains operating at least eight units in Massachusetts currently employ 73,000 workers – or 78% of total fast food employment in the state, which is estimated at 93,000 workers.¹⁶
- While fast food employment in Massachusetts increased by 34.8 percent from 2000 to 2014, and the number of fast food establishments in the state also increased by a similar proportion (32.9 percent), average annual wages have decreased by 8.1 percent in real terms. In 2014, the median hourly wage for fast food workers in the Commonwealth was just \$9.23.¹⁷
- Like fast food, employers in the retail industry also pay low wages in Massachusetts. The median hourly wage in the retail industry is \$13.26, with cashiers earning just \$9.70 and retail salespersons earning \$10.68.¹⁸

7. Fast Food and Retail Jobs Are No Longer Just for Teens. Increasingly, Workers Employed by These Industries Are Adults with Adult Responsibilities

Opponents of minimum wage increases often assert that low wages in retail and fast food do not need to be addressed because the industry overwhelmingly employs teens looking to earn spending money, or young workers interested in building a resume before moving on to better, more lucrative employment.

The reality, however, is that these industries employ substantially more adults than teens, including a significant number of parents raising dependent children. Moreover, employment in these industries has been growing rapidly over the past several years – particularly in fast food, where job growth surpasses the pace of growth for the private sector overall. Therefore, it is critical that the minimum wage for fast food and retail workers be increased to ensure that families relying on these wages are able to afford the basics for themselves and their families.

- Available data overwhelmingly suggests that workers in fast food and retail are adults rather than teens: The vast majority of workers employed in fast food and retail are at least 20 years old, and around a quarter are parents to dependent children. A great majority of these workers have also at a minimum completed high school, and more than three in four work 20 hours per week or more. (See Table 4 for details).
- Fast food job growth has surpassed overall job growth in the state: Since the end of the Great Recession, employment in fast food has grown 18.3 percent, compared with 7.7 percent in the private sector as a whole. During this time, the retail industry also posted

significant job growth: Employment in the industry increased by 4.6 percent from 2009 to 2014.¹⁹

Table 4: Selected Demographic Characteristics of Front-Line Retail and Fast Food Workers

Category		Retail (%)	Fast Food (%)
Age	Under 20	11.9	32.4
	20 to 39	43.8	47.1
	40 to 54	24.9	14.7
	55 and over	19.5	5.9
	Total 20 and Older	88.2	67.7
Education	Less than high school	9.2	33.3
	High school or equivalent	30.3	36.4
	Some college, or less than bachelors	36.2	24.2
	Bachelors or higher	24.3	6.1
	Total high school or higher	90.8	66.7
Family Status	Married parent	23.2	15.2
	Single parent	7.0	9.1
	Married, no children	16.2	6.1
	Single, no children	53.5	69.7
	Total parent	30.2	24.3
Work Hours	Full-time (35 hours or more)	55.7	36.4
	Mid-time (20 to 34 hours)	28.1	39.4
	Part-time (under 20 hours)	16.2	24.2
	Total 20 hours or more	83.8	75.8

8. Fast Food Franchisees Enjoy Significant Economic Advantages Over Independent Small Restaurants

Representatives of the fast food industry have argued that fast food restaurants operating under franchise agreements with the national chains are economically the equivalent of small, independent businesses. They argue that even if chains and large employers may reasonably be asked to pay a significantly higher minimum wage, franchisees should not be treated in the same fashion.

In reality, however, it is widely recognized in the business literature that fast food franchisees enjoy significant economic advantages over independent small restaurants. It is therefore reasonable to hold them to the same standards as large and chain employers.

It is the fundamental economic theory of franchising that participation in a franchise system allows franchisees to achieve greater profitability than they would earn as independent businesses.²⁰ If that were not true, fast food franchisors would not be able to charge the very significant initial purchase fees, ongoing royalty and other payments they require of their franchisees. These very significant profitability advantages of franchise members are illustrated by case studies of individual fast food restaurants that have left the McDonald's franchise system. Even where such restaurants continued to be operated by the same people at the same location selling similar menu products, they nonetheless saw sales decline substantially after leaving the McDonald's franchise system, and tended to go out of business.²¹

Some examples of the services and other advantages that allow franchisees to achieve greater profitability than independent, non-franchised fast food establishments include:

- *Access to an established, quality brand with widespread recognition* – According to the International Franchise Association: “A franchise provides an established product or service which may already enjoy widespread brand-name recognition. This gives the franchisee the benefits of a pre-sold customer base which would ordinarily take years to establish.”²²
- *An overall proven “system”* – Again, according to the IFA: “The major advantage of buying a business format franchise is that the ‘system,’ the means for distributing goods and or services, has been developed, tested, and associated with the trademark.”²³
- *Real estate/Site selection* – “Many franchisors provide location assistance, which can range from finding the right site to help with sales or rental negotiation,”²⁴ according to a leading website for potential franchisees.
- *Employee and/or management training* – Another major website for potential franchisees states, “Typically franchises will have extensive training programs that help their franchisees efficiently hire and train new employees. This eliminates a time-consuming step in getting your business started.”²⁵
- *Systems/software* -- According to Franchise Business Review, “Franchisors provide the technology platforms and materials operators need to handle tasks like invoicing, scheduling, marketing, and customer service.”²⁶

The net results of access to these brand and systems advantages is that franchised fast food restaurants enjoy strong revenue and profits – and can reasonably be expected to pay a significantly higher minimum wage. This is why jurisdictions such as Seattle have differing minimum wage rates for large versus small employers, have elected to treat franchisees as economically comparable to large employers, and therefore require them to pay the higher wage.

Thank you so much for the opportunity to testify today. I’d be happy to answer any questions that you may have.

For more information, please contact Yannet Lathrop at ylathrop@nelp.org. For more about NELP, visit www.nelp.org or www.raisetheminimumwage.org.

ENDNOTES

¹ Katie Johnston, “Mass. home health workers win wage hike to \$15 an hour,” Boston Globe, June 26, 2015 <https://www.bostonglobe.com/business/2015/06/26/home-health-workers-win-wage-hike-hour/KrsUcC8dPIDdwpnYjNzRI/story.html>

² City of Los Angeles, California, *Ordinance 183241*, http://clkrep.lacity.org/onlinedocs/2014/14-0223_ord_183241.pdf.

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- ³ City of St. Louis, Missouri, *Living Wage Adjustment Bulletin*, <https://www.stlouis-mo.gov/government/departments/supply/documents/upload/4-1-15-Living-Wage.pdf>.
- ⁴ City of San Jose, California, *Memorandum: Airport Living Wage Ordinance Rates Effective July 1, 2015*, http://www.flysanjose.com/fl/business/training/ALWO_Adj.pdf.
- ⁵ City of SeaTac, Washington, *Employment Standards Ordinance*, <http://www.ci.seatac.wa.us/index.aspx?page=681>.
- ⁶ City of Syracuse, New York, *Living Wage Ordinance*, Chapter 50 of the Revised General Ordinance of the City of Syracuse, http://www.syracuse.ny.us/Living_Wage.aspx; and Rick Moriarty, "Syracuse Lawmakers Extend Living Wage Law to Airport," *Syracuse Post Standard*, July 30, 2012, http://www.syracuse.com/news/index.ssf/2012/07/syracuse_lawmakers_extend_livi.html.
- ⁷ See, e.g., National Real Estate Investor, *Investors Favor U.S. Hotels Development in Los Angeles and New York*, April 23, 2015, <http://nreionline.com/hotel/investors-favor-us-hotels-development-los-angeles-and-new-york>.
- ⁸ Estimates by the National Employment Law Project, based on the Economic Policy Institute's *Family Budget Calculator*, <http://www.epi.org/resources/budget/>. We assume modest inflation of 2 percent per year, and no growth in the median wage.
- ⁹ *Economists in Support of a \$15 U.S. Minimum Wage by 2020*, <http://www.sanders.senate.gov/download/15-minimum-wage-petition?inline=file>.
- ¹⁰ Robert Pollin and Jeannette Wicks-Lim, *A \$15 U.S. Minimum Wage: How the Fast-Food Industry Could Adjust Without Shedding Jobs*, University of Massachusetts Amherst, Political Economy Research Institute, Working Paper Series Number 373, January 2015, http://www.peri.umass.edu/fileadmin/pdf/working_papers/working_papers_351-400/WP373.pdf.
- ¹¹ Eric Morath, "What Happened to Fast-Food Workers When San Jose Raised the Minimum Wage? Hold the Layoffs", *Wall Street Journal*, April 9, 2014, <http://blogs.wsj.com/economics/2014/04/09/what-happened-to-fast-food-workers-when-san-jose-raised-the-minimum-wage/>.
- ¹² Susan Berfield, "San Francisco's Higher Minimum Wage Hasn't Hurt the Economy," *Bloomberg Business*, January 22, 2014, <http://www.bloomberg.com/bw/articles/2014-01-22/san-franciscos-higher-minimum-wage-hasnt-hurt-the-economy>; Michael Reich, Ken Jacobs & Miranda Dietz, eds., *When Mandates Work: Raising Labor Standards at the Local Level*, Univ. of Calif. Press, 2014, <http://irle.berkeley.edu/publications/when-mandates-work/>; and Carolyn Lochhead, "S.F. Praised as Model for U.S. on Increasing Minimum Wage," *SF Gate*, January 28, 2014, <http://www.sfgate.com/politics/article/S-F-praised-as-model-for-U-S-on-increasing-5183378.php>.
- ¹³ Marc Stiles, "Once Controversial, \$15-An-Hour Minimum Wage Now A Shoulder Shrug in SeaTac," *Puget Sound Business Journal*, December 22, 2014, <http://www.bizjournals.com/seattle/blog/2014/12/once-controversial-15-an-hour-minimum-wage-now-a.html>; and Dana Milbank, Raising the Minimum Wage Without Raising Havoc, *Washington Post*, September 5, 2014, http://www.washingtonpost.com/opinions/dana-milbank-no-calamity-yet-as-seatac-wash-adjusts-to-15-minimum-wage/2014/09/05/d12ba922-3503-11e4-9e92-0899b306bhea_story.html.
- ¹⁴ Barry Ritholtz, "A Pizza Place Closes in Seattle..." *The Big Picture*, April 30, 2015, <http://www.ritholtz.com/blog/2015/04/a-pizza-place-closes-in-seattle/>.
- ¹⁵ See, e.g., Kerry Miller, "The Restaurant Failure Myth," *Bloomberg Business*, Apr. 16, 2007, <http://www.bloomberg.com/bw/stories/2007-04-16/the-restaurant-failure-mythbusinessweek-business-news-stock-market-and-financial-advice>. According to some estimates, 60 percent of restaurants close in their first three years.
- ¹⁶ National Employment Law Project calculations using data from the *Quarterly Census of Employment and Wages* (Bureau of Labor Statistics), and data on fast food chains operating at least eight units in Massachusetts (data provided by the Economic Policy Institute).
- ¹⁷ Changes in employment and the number of establishments: Bureau of Labor Statistics, *Quarterly Census of Employment and Wages*, calculations by the Employment Policy Institute. Median wages: Bureau of Labor Statistics, *May 2014 State Occupational Employment and Wage Estimates*, Massachusetts, http://www.bls.gov/oes/current/oes_ma.htm.

¹⁸ Industry wage estimates: Economic Policy Institute analysis of *Current Population Survey Outgoing Rotation Group* microdata, pooled years 2011-2014. Other wage estimates: Bureau of Labor Statistics, *May 2014 State Occupational Employment and Wage Estimates*, Massachusetts, http://www.bls.gov/oes/current/oes_ma.htm.

¹⁹ Economic Policy Institute's estimates using data from the Bureau of Labor Statistics, *Quarterly Census of Employment and Wages*.

²⁰ Francine Lafontaine and Roger Blair. *The Economics of Franchising*. New York: Cambridge Univ. Press, 2005.

²¹ *Canterbury et al v. Commissioner of Internal Revenue*, 99 T.C. 223 (1992).

²² International Franchise Association, "What Are the Advantages and Disadvantages of Owning a Franchise?" <http://www.franchise.org/what-are-the-advantages-and-disadvantages-of-owning-a-franchise>.

²³ International Franchise Association, "FAQs About Franchising," <http://www.franchise.org/faqs-about-franchising>.

²⁴ Franchise Direct, "The Advantages of Franchising: Why Buy a Franchise?" October 3, 2013, <http://www.franchisedirect.com/information/guidetobuyingafanchise/whyinvestinafranchise/29/342/>.

²⁵ Ben Baggett, "Starting Your Own vs. Building A Business," *Franchise Gator*, <http://www.franchisegator.com/articles/starting-your-own-vs-building-a-business-11761/>. See also, Joel Libava, "Franchise Ownership: The Pros and Cons," *The Franchise King*, <http://www.thefranchiseking.com/franchise-ownership-pros-cons>.

²⁶ Franchise Business Review, *Top Franchises 2014*, March 20, 2014, <http://www.franchisebusinessreview.com/franchise-reports/top-franchises-2014/>.

Appendices

Appendix A: Summary of Key Economic Research on the Impact of Minimum Wages Laws

Study	Locations Studied	Summary of Findings
<i>The Wage and Employment Impact of Minimum-Wage Laws in Three Cities</i> (Schmitt, 2011). ²⁷	San Francisco, CA Santa Fe, NM Washington, DC ²⁸	“The 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...”
<i>When Mandates Work: Raising Labor Standards at the Local Level</i> (Reich, Jacobs and Dietz, 2014). ²⁹	San Francisco, CA	A study of San Francisco’s minimum wage, living wage, health care, and paid sick leave laws – which collectively raised the compensation of low-wage workers 80% higher than the federal minimum wage without costing jobs. From 2004 to 2011, private sector employment grew by 5.6% in San Francisco but fell by 4.4% in other Bay Area counties that did not have a higher local wage. Among food-service workers, who are more likely to be affected by minimum wage laws, employment grew 17.7% in San Francisco, faster than in the other Bay Area counties. San Francisco employers absorbed the higher costs through a combination of reduced employee turnover and improved customer service and worker productivity.
<i>The Economic Effects of a Citywide Minimum Wage</i> (Reich, Dube and Naidu, 2007). ³⁰	San Francisco, CA	“We find that the San Francisco wage floor policy increased pay significantly at affected restaurants.... We do not detect any increased rate of business closure or employment loss among treated restaurants; this finding is robust across a variety of alternative specifications and control subsamples.”
<i>Measuring the Employment Impacts of the Living Wage Ordinance in Santa Fe, New Mexico</i> (Potter, 2006). ³¹	Santa Fe, NM	“Overall, this analysis found that 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.”
<i>Minimum Wage Effects Across State Borders: Estimates Using Contiguous Counties</i> (Dube, Lester and Reich, 2010). ³²	288 pairs of contiguous U.S. counties with differing minimum wage rates	Taking advantage of the fact that a record number of states raised their minimum wages in the 1990s and 2000s, this widely cited study compares employment levels among every pair of neighboring U.S. counties that had differing minimum wage rates at any point between 1990 and 2006 and finds that higher minimum wages did not reduce employment. The study found no evidence of businesses crossing borders or reducing employment in response to higher minimum wages.
<i>Do Minimum Wages Really Reduce Teen Employment?</i> (Allegretto, Dube and Reich, 2011). ³³	All U.S. regions	The study demonstrates that neglecting to control for regional employment trends leads to erroneously attribute reductions in employment to an increase in the minimum wage. After controlling for regional trends, the negative effects on teen employment not only disappeared, but turned slightly positive. These observations hold true whether the economy is booming or in a downturn.
<i>Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis</i> (Doucouliagos and Stanley, 2009), and <i>The New Minimum Wage Research</i> (Belman and Wolfson, 2014). ³⁴	U.S. (Doucouliagos and Stanley); and mostly U.S., but also a few OECD countries (Belman and Wolfson)	In general, meta-studies represent the most accurate and sophisticated approach to studying the employment impact of raising the minimum wage, as they aggregate data from dozens of studies containing thousands of different estimates of the employment impact of minimum wage increases. The meta-studies by Doucouliagos and Stanley (2009) and Belman and Wolfson (2014) show that, if there are adverse employment effects from minimum wage increases, they are too modest to be statistically significant or to have meaningful consequences in the dynamic labor markets of the United States.

APPENDIX A ENDNOTES:

²⁷ John Schmitt, *Why Does the Minimum Wage Have No Discernable Impact on Employment?*, Center for Economic and Policy Research, February 2013. Accessed July 20, 2015, <http://www.cepr.net/documents/publications/minwage-2013-02.pdf>.

²⁸ Study finds that the minimum wage increase implemented in Washington, DC, in 1993 was too small to raise wages in fast-food, food services, retail, and other low-wage establishments. The citywide increase therefore does not allow the authors to draw conclusions about the employment effects of citywide minimum wages for DC.

²⁹ Michael Reich, Ken Jacobs and Miranda Dietz (eds.), *When Mandates Work: Raising Labor Standards at the Local Level*, University of California Press (2014). Accessed July 20, 2015, <http://irle.berkeley.edu/publications/when-mandateswork/>.

³⁰ Michael Reich, Arindrajit Dube and Suresh Naidu, University of California-Berkeley, "The Economic Effects of a Citywide Minimum Wage," *Industrial & Labor Relations Review*, Vol. 60, No. 4 (2007). Accessed July 17, 2015, http://www.irle.berkeley.edu/cwed/wp/economicimpacts_07.pdf.

³¹ Nicholas Potter, Bureau of Business and Economic Research, University of New Mexico, *Measuring the Employment Impacts of the Living Wage Ordinance in Santa Fe, New Mexico*, June 30, 2006. Accessed July 17, 2015, <http://bber.unm.edu/pubs/EmploymentLivingWageAnalysis.pdf>.

³² Arindrajit Dube, T. William Lester, and Michael Reich, "Minimum Wage Effects Across State Borders: Estimates Using Contiguous Counties," *IRLE Working Paper No. 157-07* (2010). Accessed July 16, 2015, <http://www.irle.berkeley.edu/workingpapers/157-07.pdf>.

³³ Sylvia A. Allegretto, Arindrajit Dube, and Michael Reich, "Do Minimum Wages Really Reduce Teen Employment? Accounting for Heterogeneity and Selectivity in State Panel Data," *IRLE Working Paper No. 166-08*. Accessed July 16, 2015, <http://www.irle.berkeley.edu/workingpapers/166-08.pdf>.

³⁴ In Schmitt, Op. Cit.; and Dale Belman and Paul Wolfson, "The New Minimum Wage Research," *Employment Research Newsletter*, Vol. 21, No. 2, pp. 4-5. Accessed July 16, 2015, http://research.upjohn.org/cgi/viewcontent.cgi?article=1220&context=empl_research.

Appendix B: Fast Food Chains Operating at Least 8 Units in Massachusetts, by Estimated Employee Count

Brand	Est. Number of Employees in Massachusetts	Total Number of Units in Massachusetts	Franchised	Average Employees Per Unit (Est.)
Dunkin' Donuts	22,140	1,107	Yes	20
McDonald's	12,005	245	Yes	49
Subway	4,600	460	Yes	10
Starbucks	4,248	236	No	18
Burger King	3,750	125	Yes	30
Panera Bread	3,408	71	Yes	48
Wendy's	2,790	90	Yes	31
Domino's Pizza	1,989	117	Yes	17
Taco Bell	1,620	60	Yes	27
Papa Gino's	1,560	120	Yes	13
Honey Dew Donuts	1,540	110	Yes	14
KFC	1,260	45	Yes	28
Chipotle Mexican Grill	1,204	43	No	28
Au Bon Pain	1,176	28	Yes	42
D'Angelo Sandwich Shops	1,128	94	Yes	12
Five Guys	1,110	37	Yes	30
Dairy Queen	990	33	Yes	30
Pizza Hut	506	23	Yes	22
Boston Market	504	21	Yes	24
Papa John's	480	24	Yes	20
Buffalo Wild Wings	450	9	Yes	50
Ben & Jerry's	315	21	Yes	15
Orange Leaf Frozen Yogurt	420	42	Yes	10
Little Caesars	420	21	Yes	20
Qdoba Mexican Grill	405	27	Yes	15
Bruegger's Bagels	368	23	Yes	16
Cosi	364	14	Yes	26
Boloco	340	17	No	20
Sarku Japan	336	12	Yes	28
Auntie Anne's	315	21	Yes	15
Popeyes Louisiana Kitchen	280	10	Yes	28
Cold Stone Creamery	180	15	Yes	12
The Coffee Bean & Tea Leaf	169	13	Yes	13
Einstein Brothers	168	12	Yes	14
Moe's Southwest Grill	165	11	Yes	15
Pinkberry	140	14	Yes	10
Nathan's Famous	126	9	Yes	14
Dippin Dots	42	14	Yes	3

Source: Economic Policy Institute.