

REPORT ON BASELINE EMPLOYER SURVEY AND WORKER INTERVIEWS

The Seattle Minimum Wage Study Team¹

University of Washington

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Daniel J. Evans School of Public Policy & Governance
University of Washington
Box 353055
Seattle, WA 98195

School of Social Work
University of Washington
Box 354900
Seattle, WA 98195

School of Public Health
University of Washington
Box 357230
Seattle, WA 98195



UNIVERSITY *of* WASHINGTON

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¹The team investigators are Jacob Vigdor, Mark Long, Jennifer Romich, Scott W. Allard, Heather D. Hill, Jennifer Otten, Robert Plotnick, Scott Bailey, and Anneliese Vance-Sherman. Any opinions expressed in this report are those of the investigators and not the University of Washington or any other affiliated organization. To contact the Seattle Minimum Wage Study Team, email mwage@uw.edu.

Executive Summary

This document is the first in an anticipated series of reports regarding The Seattle Minimum Wage Study (SMWS). The Seattle City Council commissioned the study as part of Council Resolution #31524, adopted by unanimous vote on June 2, 2014. The resolution called for the City to contract with a group of academic researchers to conduct a rigorous and comprehensive evaluation of the City's minimum wage ordinance, passed by the Council that day. In December 2014, the City executed a contract with the University of Washington to conduct this evaluation. Seven UW faculty, in collaboration with two economists from the Washington Employment Security Department, comprise the SMWS investigator team. This report summarizes the findings from the baseline data collection from employers, workers, and area prices. The findings reported here are descriptive and do not examine the short- or long-run impacts of the Ordinance on businesses, workers, or the local economy.

Employer Survey

Over 500 randomly-selected Seattle businesses responded to a survey designed to capture their knowledge of the Ordinance at the time it went into effect in April 2015, and what effects they anticipate.

The majority of Seattle employers surveyed (92.1%) were aware of the Ordinance in Spring 2015, yet at that time were less certain about how the Ordinance phased in. More than 20% of all firms reported minimum wage levels higher or lower than the Ordinance required, with more than 10% of respondents reporting that the Ordinance required them to pay a \$15 per hour minimum wage as of April 1, 2015.

Seattle employers most commonly reported responding or planning to respond to the Ordinance by raising wages for Seattle employees, raising prices on goods and services, and increasing wages for employees earning between \$11-\$15/hour.

Seattle employers also commonly reported a number of other anticipated changes to business operations as a result of the Ordinance. Many believed employee morale would improve and more individuals would apply for job openings. Overall, Seattle employers do not anticipate improvements in productivity among minimum wage workers.

Employers' survey responses show a wide range of responses at the point when the Ordinance first went into effect in April 2015. A short follow-up survey in the coming months will assess how perceptions of employers have shifted in the year that followed.

Worker Interviews

This report provides preliminary results from one wave of interviews with 55 workers in the City of Seattle during the first year of the implementation of the city minimum wage law. This component of the SMWS is designed to capture detailed experiences and perspectives of workers likely to be affected by the minimum wage. We plan to conduct in-depth interviews with the same workers three times in a period of three years, with follow-up phone calls between interviews.

Our sample was recruited at community organizations and in public spaces throughout Seattle. At

the time we recruited them, the study participants were all working for less than \$15 per hour in the City of Seattle, had annual incomes less than \$50,000 per year, and had children in the home. They are a diverse group in terms of their race/ethnicity, nativity, marital status, and the industry and occupation in which they work.

The first wave of interviews, conducted between February and November 2015, focused on the circumstances of work and family life, as well as the workers' knowledge and opinions about the Seattle minimum wage ordinance. Our key findings are:

- Nearly all the workers in the study knew about the Seattle Minimum Wage ordinance, but most had vague or incorrect knowledge.
- Those aware of the law generally had positive or ambivalent opinions.
- Many workers expressed doubt that the law would fundamentally alter their financial situations.
- The low-wage earners in our sample relied heavily on substantial government and community assistance.
- Despite receiving assistance, most workers in our study struggle to "make ends meet."

Price Analysis

We have engaged in a number of activities to track the existence and magnitude of price increases over time. Starting before the minimum wage increased on April 1, 2015 we in some cases have more than a year's worth of data to examine. We have collected price data through a combination of online "web scraping" and in-person visits to area grocery stores, restaurants, and other retail locations.

Our preliminary analysis of grocery, retail, gasoline, and rent prices has found little or no evidence of price increases in Seattle relative to the surrounding areas.

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Acknowledgments

Thank you to the over 2,000 Seattle employers who responded to our screener and survey, as well as the workers who participated in interviews.

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Introduction

This report describes the findings of efforts to survey several hundred Seattle businesses and interview dozens of low-wage workers employed in the City. These baseline surveys and interviews were conducted mostly from January to May of 2015, around the time the City minimum wage first increased to \$11/hour. They capture some of the characteristics of adults employed in low-wage work in Seattle, and of the businesses that rely on them. The surveys and interviews reveal how businesses and workers expected a higher minimum wage to impact their operations or livelihoods. Because they were conducted at such an early stage in the process of raising the minimum wage, they are not designed to reveal the actual impact of the minimum wage.

The next anticipated report in this series, to be released in the coming months, will use administrative records from the Employment Security Department to closely examine the impact of the \$11 wage on measures of employment, hours, and earnings for the majority of workers employed in the City of Seattle. Impacts will be inferred by comparing trends in these measures before and after the April 1, 2015 wage increase to trends in nearby areas, and to trends in previous calendar years when the minimum wage did not increase on April 1st.

The report is organized as follows: the first section summarizes the employer survey, and the second the worker interviews. It concludes with a brief commentary on price trends, which were the subject of a study released in January but hold relevance given the findings of both the employer survey and worker interviews.

SURVEY OF SEATTLE EMPLOYERS²

Background

The initial phase of the SMWS conducted a survey of employers with business licenses in the City of Seattle. The *Survey of Seattle Employers (SSE)* gathered information from local businesses and nonprofits with workers subject to the Minimum Wage Ordinance. Survey questions collected information about business models, employment practices, and finances at the time the Ordinance was implemented. The survey also collected information about how employers understood the phase-in of the Minimum Wage Ordinance, self-reported initial responses to the Minimum Wage Ordinance, and self-reported plans for how firms may respond to the Minimum Wage Ordinance.

This 2015 survey sets a *baseline* from which future responses can be compared. Subsequent survey waves will collect similar information from the same set of employers, providing information about how the Ordinance may be affecting employers over time. SSE and subsequent surveys provide insight into employers' beliefs about how changing the minimum wage affects their workers and businesses; the UW study team will also examine employment records as reported to the state, Census data, and similar sources to triangulate employer reports about changes in employment and profitability.

About the Survey

The UW research team developed and pilot-tested the survey instrument in early 2015. A random sample of Seattle for-profit firms and non-profit organizations was drawn from the City of Seattle business license directory, with oversampling of firms in industries with a high proportion of low-wage workers or those likely to be particularly affected by the wage ordinance: accommodation and food service; retail trade; and manufacturing. Thus, the random sample of was drawn from a sampling frame of 29,702 Seattle business license holders. While the sample includes both for-profit firms and non-profit organizations, we refer to all survey respondents in this report as “firms” or “businesses.”

After a phone screening, a subset of firms with Seattle employees were invited to complete a 20-minute phone or web survey that collected baseline information about current numbers of Seattle employees, business practices including compensation, and knowledge of the Minimum Wage Ordinance. The survey period spanned January to May 2015, the period before and immediately after the time the Ordinance went into effect. A total of 693 randomly-sampled businesses completed the survey for a response rate of 66.1% of those contacted.

This report focuses on 567 employers that affirmed having workers earning less than \$15 per hour on the screener or the survey. Data in this report are based on unweighted survey responses, meaning that every survey response is counted equally. Weighted analyses show largely similar results. **Appendix A** contains further details on sampling and analysis methodology.

² This section was authored by Romich,J., Allard,S., Althausen,A., Buszkiew, J. and Obara, E.

Initial Survey Findings

Characteristics of Survey Respondents.

Survey results are based on responses from 567 employers of Seattle employees earning \$15 per hour or less. Most responding employers fall into the “small employer” category as established by the Minimum Wage Ordinance; 88.1% report having fewer than 500 employees. The majority (55.4%) consider themselves to be “family-owned.” A total of 9.5% of respondents reported they were franchises. Additionally, of the 567 respondents, 60 (10.5%) reported to be non-profit organizations.

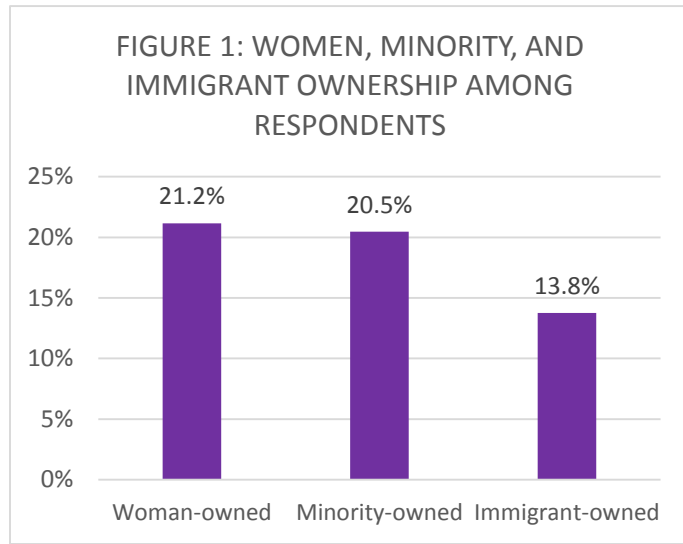
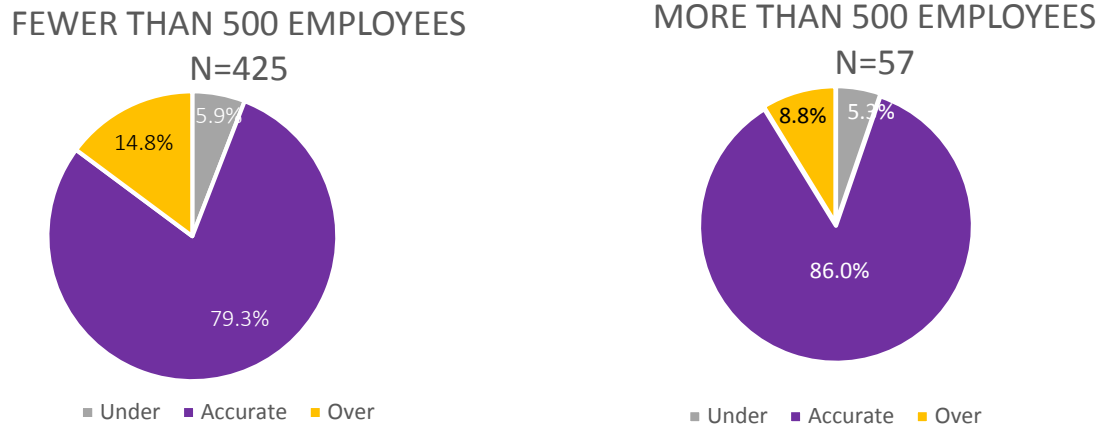


Figure 1 shows that responding employers include many women, minority- and immigrant-owned firms. Respondents to the survey reflect the diversity of business ownership in Seattle, with over one fifth of the respondents reporting women- or minority-ownership.

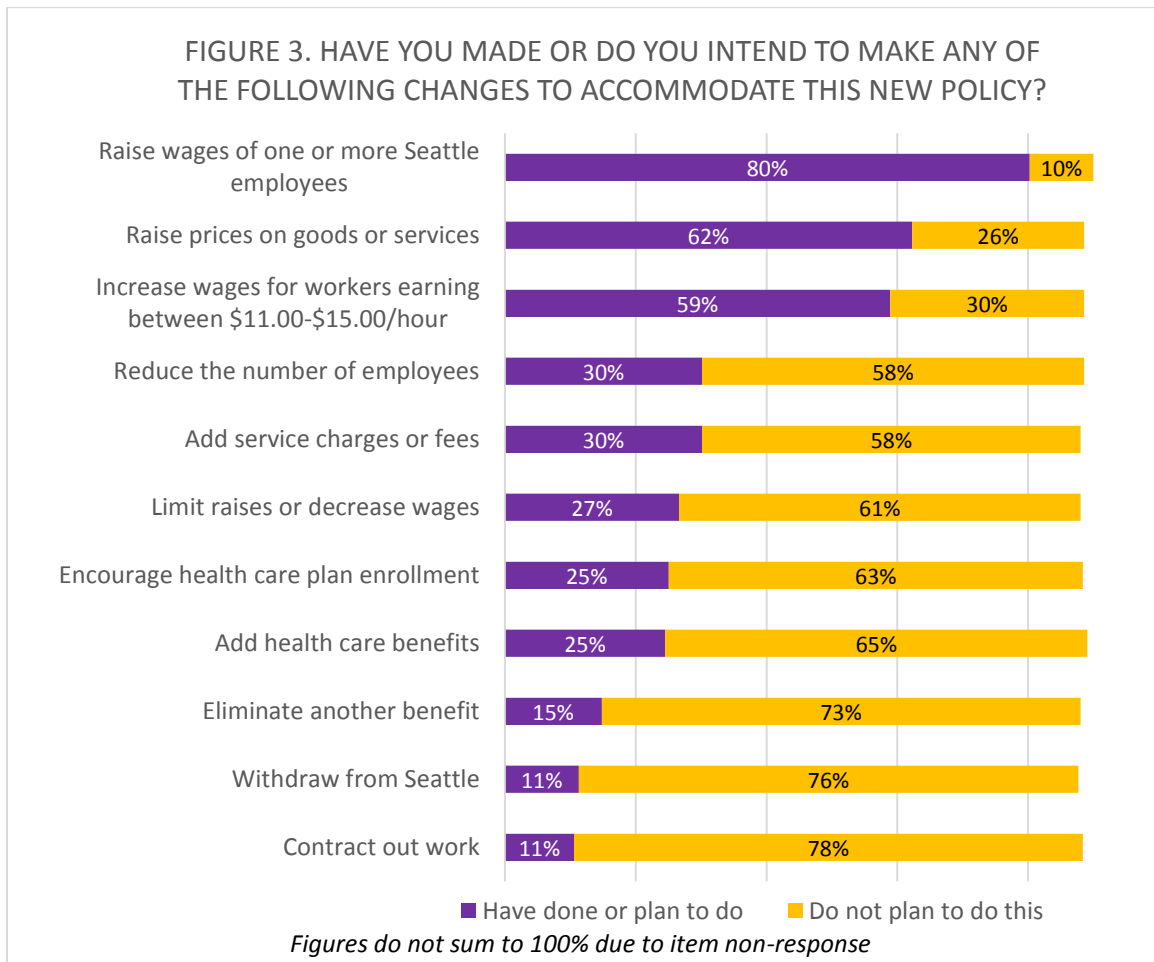
Most Employers Aware of the Minimum Wage Ordinance. The Survey asked employers if they were aware of the City of Seattle minimum wage requirements that took effect as of April 1, 2015. The vast majority, 92.1%, affirmed they knew about the Ordinance. There was not a significant difference of awareness between firms interviewed before or after the Ordinance took effect on April 1, 2015 (92.0% v. 92.2%, $p=.943$). Manufacturing firms were slightly less aware of the ordinance than non-manufacturing employers (84.1% v. 92.7%, $p=.042$). Other firm characteristics, such as whether they were franchises, family-, woman-, minority- or immigrant-owned, or non-profits and size were not associated with awareness. Firm size also was not associated with awareness of the Ordinance.

Employers Less Certain About How Ordinance Phases In. A number of employers appeared to have the impression that the Ordinance phased in at a higher minimum wage level more quickly than is actually the case. We asked employers, "Based on your understanding of the Seattle Minimum Wage Ordinance, what is the minimum wage that you have to pay employees working in Seattle as of April 1, 2015?" Across all firms, a majority of employers reported their minimum wage level accurately. Of firms with 500 employees or fewer whose minimum wage level should have been \$10.00 or \$11.00 per hour on April 1st depending on the wage portion of the "minimum compensation" requirement, 79.3% reported an accurate minimum wage level. For firms with more than 500 employees, for whom \$11.00 per hour was the correct wage level, 86.0% reported an accurate minimum wage level. Roughly one-fifth of all firms reported a wage level higher or lower than the Ordinance required, with almost one in ten firms (11.9%) indicating the Ordinance required them to pay a \$15 per hour minimum wage as of April 1, 2015.

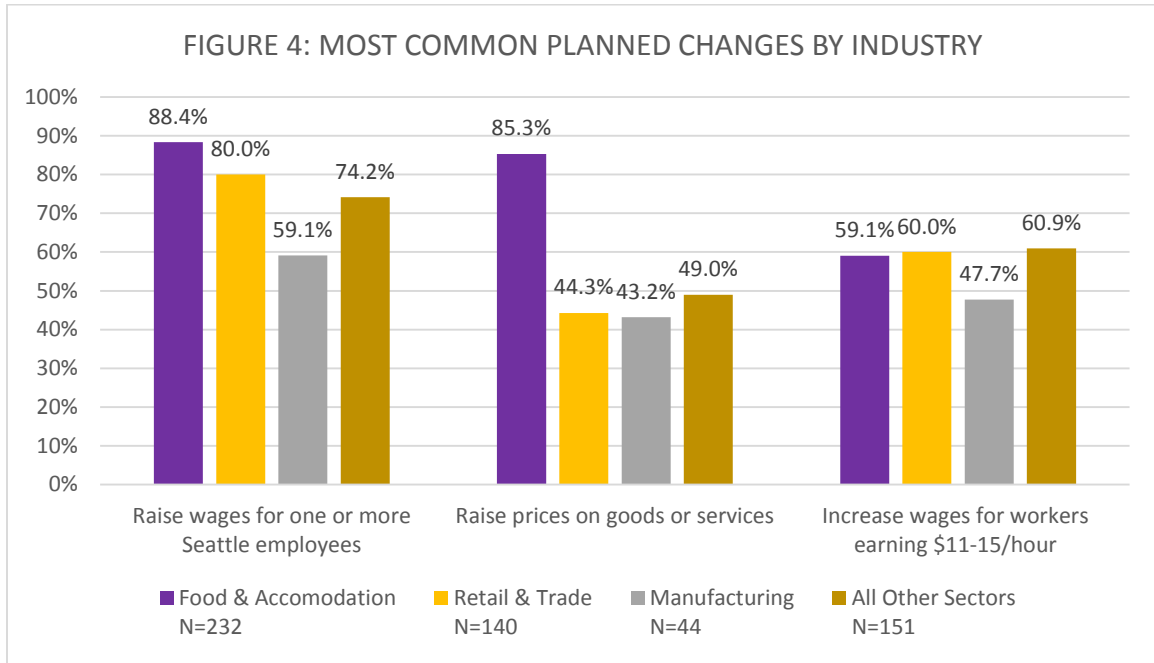
FIGURE 2. PERCEIVED WAGE ESTIMATES BASED ON FIRM



Initial Employer Responses to the Ordinance. The Survey asked employers about how they were changing employment and business practices in response to the minimum wage requirements. Figure 3 shows wage increases were the most common reported or planned response. Over half of employers surveyed report either raising or planning to raise prices as well. Close to a third report plans to add services charges or fees.

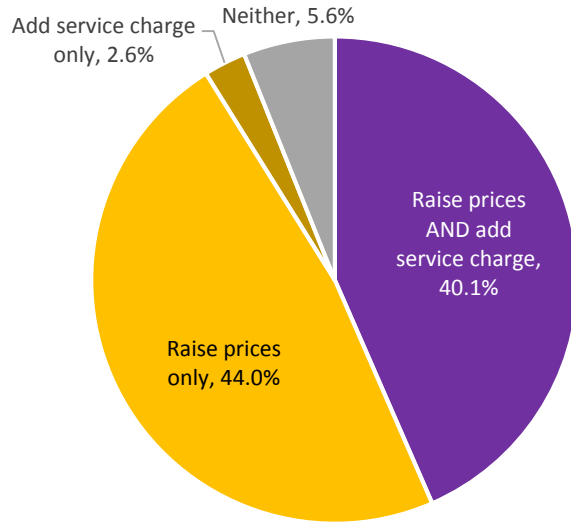


A smaller share of survey respondents report efforts or plans to modify health insurance coverage, perhaps in response to the phase-in schedule that allows employers to count contributions to an employee’s health coverage as part of that employee’s compensation. One quarter of firms report adding or planning to add health care benefits for some or all employees. A similar percentage of employers plan to or are encouraging employees to sign up for the health care benefits that they do offer.



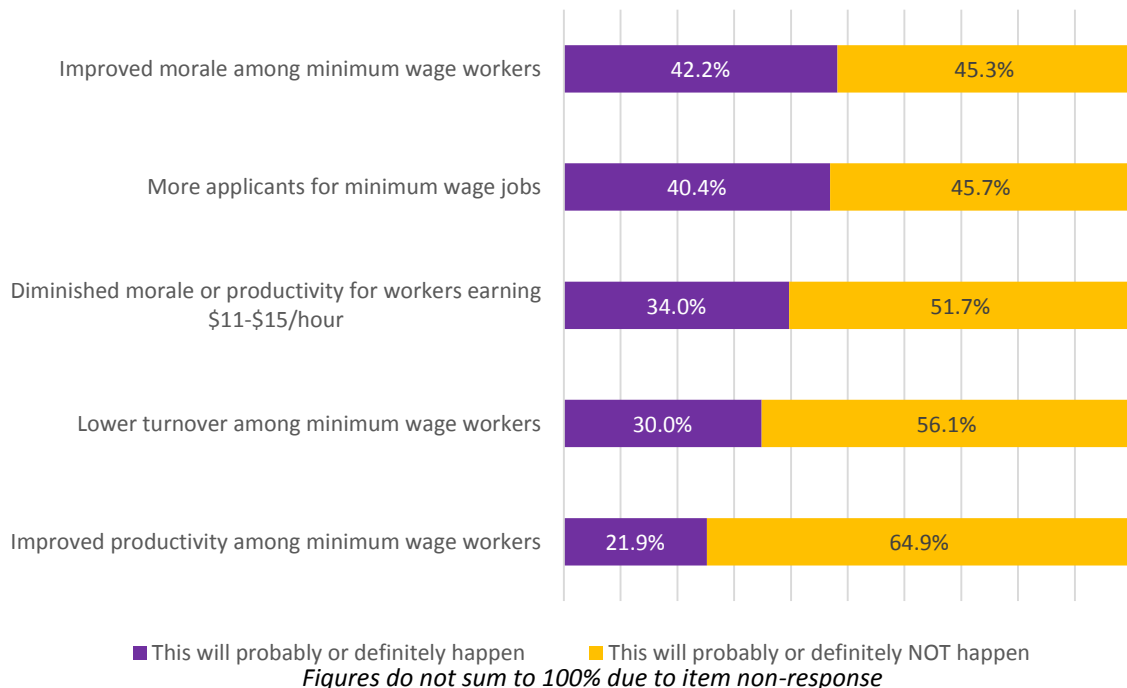
Employers reported and planned changes vary by industry. As shown in Figure 4, the manufacturing sector reported the least amount of planned change regarding raising wages and raising prices on goods. Within the food and accommodation sector self-reports of price increases are widespread. As Figure 5 shows, most firms in this sector plan to raise prices alone (44.0%) or in conjunction with adding service charges (40.1%). Only 6% of Seattle food and accommodation employers do *not* plan to add a service charge or raise prices.

FIGURE 5. PLANS TO RAISE PRICES IN FOOD/ACCOMODATION SECTOR
N=232



Employers anticipate more changes in the future. We asked employers to assess how the minimum wage policy might affect their ability to hire workers and maintain a productive workforce in the future. Figure 6 displays employers’ opinions and predictions on these matters.

FIGURE 6. DO YOU ANTICIPATE ANY OF THE FOLLOWING HAPPENING DUE TO THE NEW MINIMUM WAGE POLICY



Although many employers expected that the Ordinance would improve morale, reduce turnover, and increase numbers of job applicants, about half of employers who responded did not think morale, turnover, or application numbers were likely to change as a result of the Ordinance.

In addition to asking employers about what changes they anticipated, we asked them about how much turnover they had in the period before the ordinance took effect and how hard they found it to hire and retain a quality workforce. By re-asking these questions in the second round of the survey planned for 2017, we will provide more authoritative evidence on how these factors are changing over time.

Next Steps

A brief follow-up survey will be conducted in early summer 2016 with all of the firms that completed this baseline survey. This follow-up survey will assess changes made in the past year since the Minimum Wage Ordinance went into effect. In 2017 another full survey will assess the changes in employment and business practice over the first two years of the new wage regime.

INTERVIEWS WITH SEATTLE WORKERS³

About the Study

The SMWS includes an in-depth qualitative study of 55 workers who had low-wage jobs during the initial implementation of the minimum wage law. The goal of this component is to capture worker perspectives on and experiences with work, budgets, and family life. Our research questions are:

1. How do workers perceive **job quality** and the value of specific attributes of available jobs, such as compensation, schedules, and relationships with supervisor and coworkers?
2. What **strategies** do workers in low paying jobs use to “**make ends meet**” each month? What are the perceived trade-offs of packaging earnings with other financial and in-kind supports?
3. How do work conditions and monthly budgets affect **family life**, including daily routines, family dynamics, and parenting?
4. What **changes** to job quality, monthly budgets, and family life do workers experience **during the implementation of the minimum wage law**?

To conduct the worker study, the SMWS investigators contracted with the Social Development Research Group (SDRG) at the University of Washington to train and manage an interviewing team. (The full list of study personnel is shown in **Appendix D**.) The UW investigators participated in the training of the SDRG staff, and then collaborated closely with them to conduct all recruitment, interviewing, and follow-up activities. All activities of this study have been approved by the University of Washington Institutional Review Board, which reviews research in order to protect the rights of human subjects. All participant names in this report are pseudonyms.

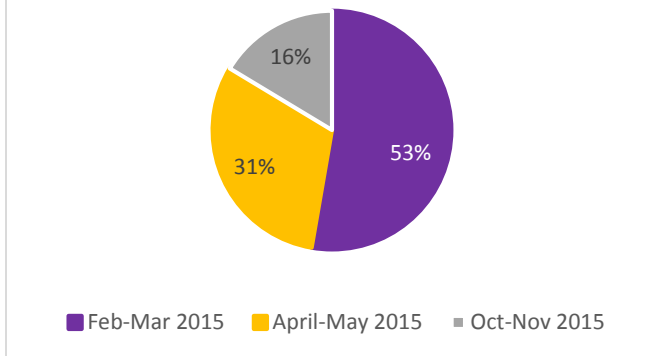
Study Design

The worker study is designed to follow workers in low-paying jobs for three years during the implementation of the Seattle minimum wage ordinance. We narrowed our focus to adults working in Seattle for no more than \$15 per hour who had low-incomes (less than \$50,000 per year) and at least one child under the age of 18 years living with them. The worker also had to be paid through formal employment (not “off-the-books” work or self-employment). These criteria were meant to focus the study on families with children that are relying on one or more minimum wage workers to make ends meet. Importantly, the study does not include other groups of workers affected by the law, such as youth and undocumented workers.

Beginning in February 2015, we recruited volunteers to the study at community organizations and in public spaces. The recruitment process benefitted greatly from the cooperation of many non-profit and for-profit firms in Seattle, which allowed us to post flyers and/or set up a table to recruit and screen for eligibility. A full list of our recruitment partners is provided in **Appendix D**.

³ This section of the report was authored by Hill, H., Romich, J., Kahn-Kravis, T., and Wething, H.

FIGURE 7. TIMING OF WAVE 1 INTERVIEWS



The first interviews with the workers were conducted between February and November 2015. Figure 7 shows the timing of the Wave 1 interviews. We interviewed more than half the sample before the first minimum wage increase was implemented on April 1, 2015. We conducted interviews at the participant’s home, or another location of their choice. Our team interviewed workers in English and Spanish, or in English with live interpretation to Cantonese, Vietnamese, or Somali, depending on the language preferences of the participant. The interviews lasted

60-90 minutes and were audio recorded. We used an interview guide with a set of open-ended questions and suggested probe questions to follow-up about work conditions, family budgets, and family life. Our interviewers were trained to keep the interviews conversational and to give the participant a role in guiding the course of the conversation. The respondents also filled out a short survey on their demographic and job characteristics.

Following each interview, the audio recording was transcribed, cleaned of identifying information, and uploaded to a data analysis software. As a team, we developed a codebook (i.e. labels or categories for the data) and tested it with multiple transcripts. Each transcript was then coded by one team member and reviewed by another. The team also produced one-page summaries of each case, which we use to provide context in our analysis.

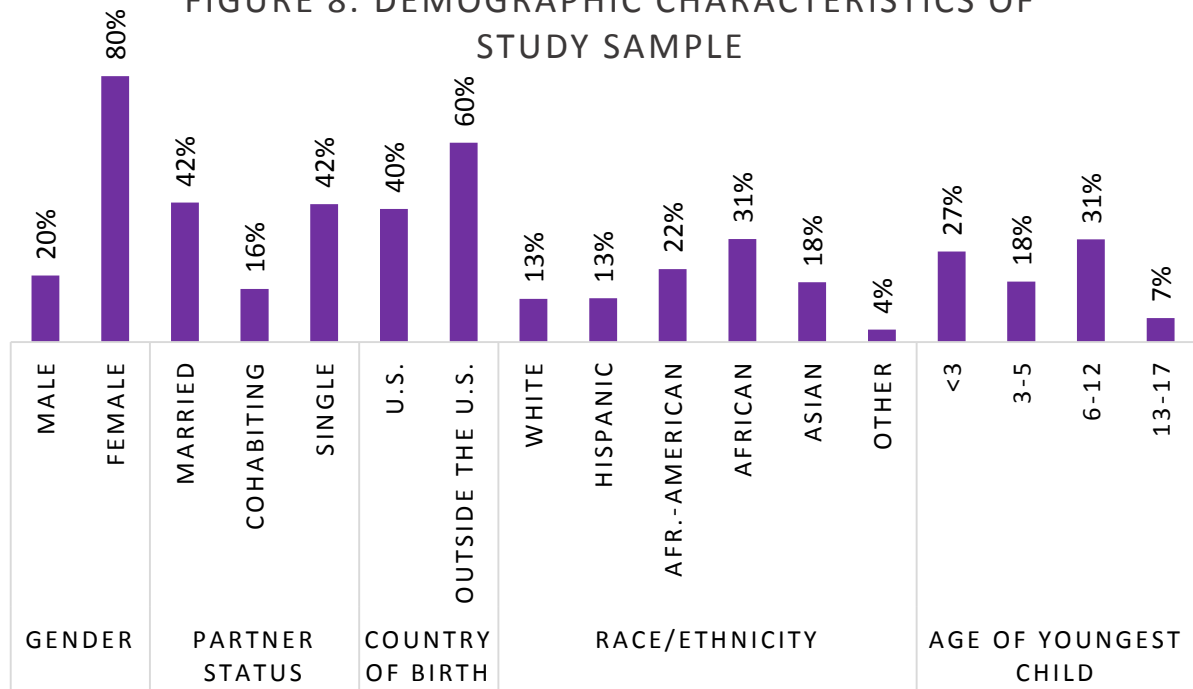
Between the yearly in-depth interviews, we are conducting short semi-regular follow-up phone interviews. This is an approach to maintain contact with our sample and to collect data on changes in work and life circumstances between interviews. Of our 55 respondents, we reached 41 by phone at least once between October 2015 and February 2016.

Study Participants

Figures 8 and 9 show the key demographic characteristics of the study participants and their jobs at the time of the first interview. Our study sample is majority female and immigrant, with a nearly even split of married or cohabiting versus single respondents. The self-reported racial/ethnic identity of our sample include substantial proportions of members identifying as white, Hispanic, African-American, African, and Asian. Nearly half the sample has a child under 6 in the home.

In addition, the sample includes workers in a variety of industries and occupations (summarized as “type of work” in Figure 9) and in both part- and full-time jobs. Hourly wages at the time of the first interview ranged from the state minimum wage to \$14.95. The follow-up calls with the workers in our study illustrate the instability of low-wage work. We reached 41 of the 55 workers in our sample by phone between October 2015 and February 2016. Of those, 15 percent were unemployed at the time of at least one of the calls; 21 percent had changed jobs at least once between the first interview and the second phone call.

FIGURE 8. DEMOGRAPHIC CHARACTERISTICS OF STUDY SAMPLE



Source. UW Seattle Minimum Wage Study, in-depth interviews with 55 workers in low-wage jobs, 3/2015-11/2015

The sample was not designed to be statistically representative of low-wage workers in Seattle with children, but it nonetheless captures the diversity of individual and job characteristics among low-wage workers in Seattle quite well. This comparison is shown in Appendix Table 1 using the U.S. Census Bureau’s American Community Survey data for Seattle workers with low wages, children in the home, and low incomes. Compared to the population estimates, our sample is somewhat more likely to be female, unmarried, and to work in caregiving and childcare positions, but is otherwise quite similar for other characteristics.

Figure 9. Job Characteristics of Study Sample

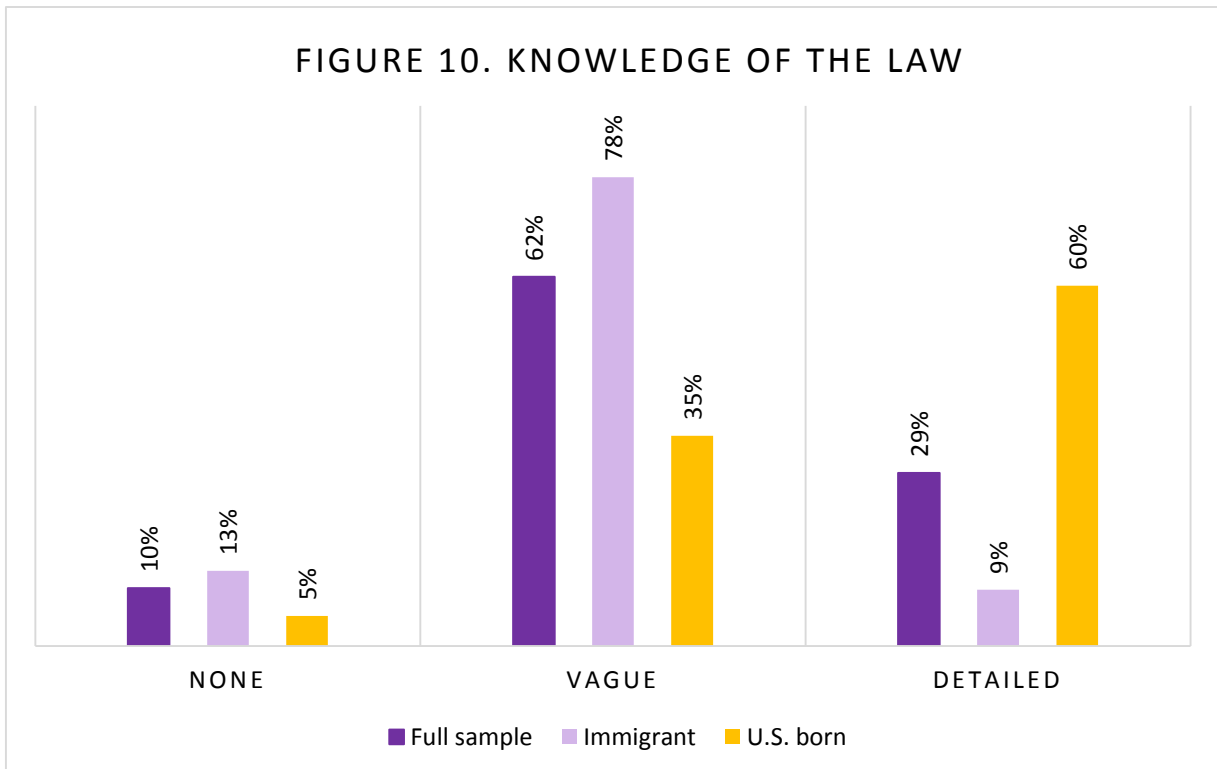
Job characteristics	Percentage or Mean (Range)
Hourly wage	\$11.83 (\$9.47-\$14.95)
Type of work	
Retail/Sales	11%
Caregiving & Health Service	22%
Childcare & Teaching	18%
Social & Human Services	5%
Food service	16%
Reception/Admin	9%
Cleaning/Janitorial	9%
Other	9%
Work hours (last week)	
0	7%
1-29	38%
30-40	49%
41+	5%

Source. UW Seattle Minimum Wage Study, in-depth interviews with 55 workers in low-wage jobs, 3/2015-11/2015

Findings from Worker Interviews

Our analysis of the Wave 1 interviews focuses on providing a baseline portrait of low-wage work in the City of Seattle from the perspective of workers themselves. Below we summarize the results of narrative analysis of the interview data on two topics: 1) worker knowledge and opinions of the law; and 2) monthly income and expenses. Narrative analysis uses qualitative data from the worker interviews to identify themes across cases, differences between cases, and exceptions to themes. The participants' own words are then used to explain and illustrate those findings.

Workers know about the law, but for most their knowledge is vague. During the interviews, workers were asked whether and what they knew about the Seattle minimum wage law and how they expected the law to affect their lives. Of the 55 workers in this study, 33 (60%) have vague knowledge, 17 (31%) have detailed knowledge, and only 5 (9%) had no knowledge of the City of Seattle minimum wage ordinance (Figure 10). We defined “vague knowledge” as having knowledge that the law was proposed or passed, but not knowing how it will be phased in or how it might affect participants’ own wages. Many workers with vague knowledge of the law referenced the ordinance as the “\$15 per-hour wage” but were confused about starting date of implementation, or why they weren’t receiving \$15 per hour in their paycheck currently. Others confused national or union campaigns with the city law, and a few referenced the City of SeaTac minimum wage.



Svetlana, who works as a caregiver, said:

"[My coworkers] told me that it's mandatory that they have to pay, after summer, it starts in summer, I don't remember. They have to pay at least \$15.00...."

Another caregiver, Edris, referenced his union's negotiations for a higher wage:

"[The union] is trying to increase the hourly rate to \$15...They send me emails and stuff, which I really don't concentrate on... I don't think it is easy to get that minimum wage up, but we'll see."

As shown in Figure 10, immigrant workers in our study were much more likely than U.S.-born workers to have no (13%) or vague (78%) knowledge of the law. Kang, an immigrant from China who works as a janitor, said:

"We have just kind often heard that there's gonna be a minimum wage increase to \$15.00 an hour. We just wanna know when this is gonna start. How are they gonna start this?"

Sharifa, a Somali child care provider, expressed disappointment that the wage was not yet \$15 per hour:

"I know they say it was last year or this year, I'm not really sure...I heard they say it, but I never seen what exactly happened...No one's getting what they say last year, like \$15,00 should be the minimum wage of work."

Most workers knew of the law from the news and from talking to friends and family. Just 9 of the 55 workers in our study (16%) had discussed the minimum wage law with their employers, but those who had were more likely to have detailed knowledge of the law. When Nina, a food service provider, was asked what she had heard about the minimum wage law, she responded:

"... I think it's going up in April to \$11.00. That's what my boss told me and I was like, excited...She...said well, in April you guys are supposed to get a \$2.00 or whatever raise, \$1.50 raise and I was like, to what? And she was like, \$11.00, I think. Then somebody came and said yeah, she's correct. It's \$11.00 in April. I think gradually, over the next like, five years it's supposed to go up to \$15.00 as minimum wage or something like that."

Nina was among a small number of workers who could accurately describe when they should expect to get raises in the job they held at the time of the first interview. One of the most knowledgeable was Robert, another food service worker. He explained,

"(o)ur pay goes up to \$11 starting in April, then it goes up to \$13 in 2016, then up to \$15 by the end of 2017, I think."

Most workers are either supportive or ambivalent about the law. Among those who were aware of the law (n=50), just over half (n=26) expressed support for the intent of the minimum wage law and another 44 percent (n=22) were ambivalent. Only two of our study participants expressed explicit opposition to the law.

The most common positive opinions focused on the high cost of living in Seattle. For instance, two study participants said:

"I think it's a great idea because if you really think about it, especially in Seattle, rent is high, and by getting \$10.00 if you calculate it, you work forty hours per week, what you're getting is not enough" (Edris, caregiver).

"I think it's a fair amount for minimum wage because of the cost of living. And what is all available to you to just be able to live at a – pay your bills and not have anything extra..." (Evelyn, laundry attendant).

Another common reason for supporting the law was that it would more fairly compensate workers for the work that they perform. Riza, a Filipina nursing assistant, says

"...nursing assistance is a hard job. It's a very...dangerous job. Receiving at \$12.00 per hour is some kind of...unfair."

When Alisha, a food service worker, was asked about how the wage might affect her, she responded,

"... I think it will affect me like positively, you know what I mean? Like of course it's going to be more income. My time will be worth more, you know what I mean? So that's where I think about things. You know, for me it's like, well, what is my time worth?"

Workers doubt that their financial situations will change substantially because of the law. Among the respondents who had positive opinions of the law or who expressed ambivalence, it was very common to raise concerns about how the law would affect prices on common household expenses and their income from government benefits. Multiple respondents worried that "everything will go up" with the minimum wage. Importantly, these views reflect the lived experience of poor families for whom an increase in one column is often offset by a decrease in another. When Califa, a teaching assistant, was asked about how the ordinance wage might affect her life, she replied,

"It might increase the rent. They might like more to add, when you get one benefit, you may lose the other benefit you have, I don't know."

Nina, a food service worker, expressed a similar concern.

"I think that, as soon as it all goes up, everything else is going to go up. Our gas is going to have to go up again. My rent is not going to be as cheap. With making that much you might not even need Section 8 or food stamps, supposedly."

Overall, there is a pessimism that the law can change the fundamental challenges of supporting a family with earnings from the jobs available to less-educated workers. Some examples of this pessimism are:

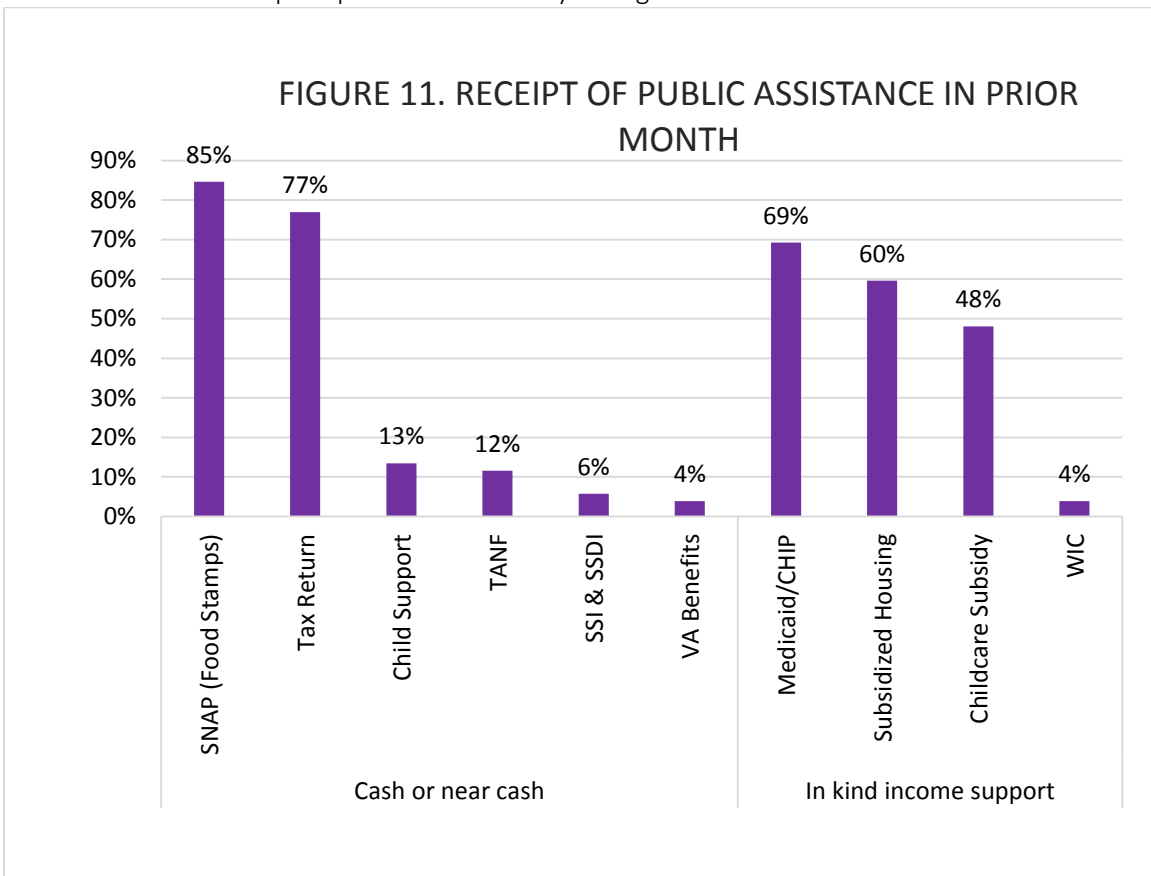
"Maybe they are going to increase the salary but maybe they are going to increase the electricity bill or the gas bill, I hope I'm wrong. So in that case we are going to be in the same situation" (Carlo, custodian).

"[In one way] it is good so you can get big check. You can do for your personal stuff for the kinds and everything, helping for your family. The other way is like,

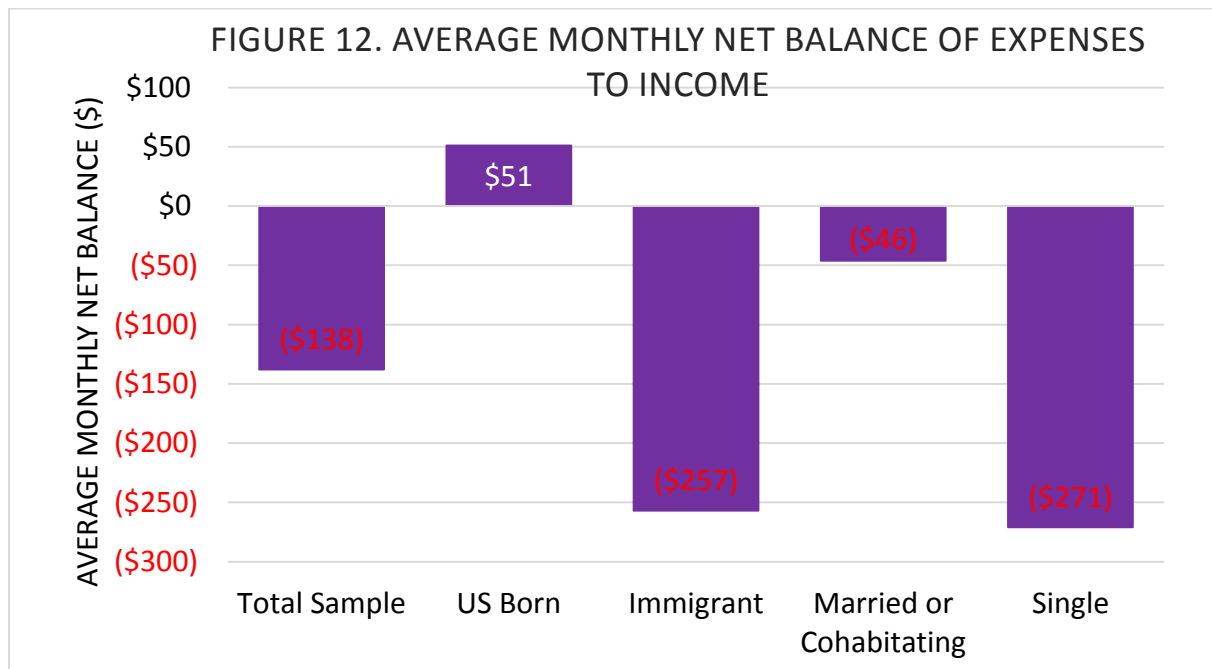
when you get the paycheck they're gonna minus it for your food stamp and the housing goes up so you are not saving anything. So for me, it's not like nothing to me" (Eden, caregiver).

"[My life will be] probably the same because the rate increase and then the living expenses increase as a result...More pay, but I have to pay more for stuff" (Binh, assembly line worker).

The low-wage earners in this study relied heavily on government and community assistance. Our interviews asked participants to provide a detailed monthly budget for the month prior to the interview. We walked through the timing, source, and amount of all income sources coming into the household, and then the type and amount of all expenses. We also asked about savings and debt. Most respondents (87%) reported that the prior month reflected a typical month of their income and expenses. At the first interview, the vast majority of the workers were living in some form of subsidized housing, and receiving food stamp benefits and subsidized health care (see Figure 11). Our interviews occurred during tax time; 77 percent had recently received or expected to receive an Earned Income Tax Credit. Smaller proportions of the workers in this sample relied on cash benefits from child support, Temporary Assistance for Needy Families (TANF, also known as WorkFirst), Supplemental Security Income (SSI), Social Security Disability Insurance (SSDI), or cash benefits from the Veterans' Administration (VA). About half were using child care subsidies. Unmarried study participants were more likely than married study participants to be in subsidized housing, but otherwise there were not major differences in the receipt of public assistance by immigrant or marital status.



Despite receiving public assistance, workers earning low wages are not “making ends meet.” For most workers in our study, expenses generally exceed income. Thirty-four out of the 54 participants with budget information (67%) had a negative balance of income to expenses in the month prior to the interview. As shown in Figure 6, the average monthly net balance for the full sample is -\$138. Importantly, this income deficit is much larger for immigrants and single workers, than for U.S. born and married or cohabiting workers. A small number of workers in this study that have no rent and very low expenses because of work benefits, or help from family or friends to pay their bills.



One illustration of the financial difficulties faced by these workers is the amount of “rent burden”: having housing costs that exceed 30% of income. About half the sample pays no rent or fair rent (less than 30% of income), which is to be expected, given that most are living in subsidized housing. However, nearly 40 percent are rent burdened or highly rent burdened, paying in some cases more than half of their income to rent.

The subjective experience of having insufficient income to cover expenses varied among the participants. Most participants (34 of 54) were matter-of-fact about the limits of their budgets and felt that they were “getting by” on low wages. Mariam, a Somali immigrant, caregiver, and mother of four says:

“We [only] spend it what we need it for. I don't know. I used to spend money like if I don't even need something and I want it, I have to have that. But now, nuh-uh. Since I have four kids, I'm changing. I'm grown for the better. I'm proud of it.”

Svetlana, a single mother raising two children, echoed this comment:

“And so, if I know that I can't spend money, I don't spend money...So, I always keep money for daycare and for rent, and on the rest, if I have something we can go somewhere, if I don't have, so I won't buy anything.”

Valentina, a mother of two, recently saw her financial situation improve somewhat when she got a job at a community college. Although her budget is still tight, she says,

"It's been pretty typical for me for the past three months since I got a full-time job and what not. Prior to that it was a little bit different...I didn't have a job, or I didn't have a stable job. I depended on – I had food stamps, which fed us. I was getting more in child support. I was paying less in childcare. I was paying like \$60.00. My income was always very different because of just the random jobs that I was doing here and there. So it was never consistent. So for the past three months, I've been able to budget a little bit better because there's more consistency now."

However, 19 workers described a constant and stressful struggle to make ends meet. Many were behind on at least one bill (the most common was electricity) and some mentioned that they had to or are planning to actively cut out some of their expenses. When asked if respondents could describe a time in the past few months when they didn't have enough money to pay all their bills, six workers described this as a monthly occurrence. The financial struggles cause stress and anxiety for these workers. Mai, a married Vietnamese immigrant describes anxiety attacks related to finances:

"All we think about, make sure everything to be paid for because if they come with our wages, it's not making enough. I make sure – I just want my bill to be paid, because that's like why I'm stressing for. So, we don't make enough like everybody else with \$20.00, \$30.00 bucks an hour. So, that's what's really stressing me out, you know? When I'm stressing out, like when I'm, like my anxiety attacks, during I can't breathe..."

At the time of the interview, Sean, his partner, and his three children were all living in transitional housing. He recounted daily stress due to inconsistent work and pay:

"Every day I stress...sitting there turning my wheels on how am I gonna pay this, how am I gonna pay the – we pay \$402.00 a month here for rent and we're late on rent almost every [month] – we have to pay it late. I get paid biweekly and that's exactly what my check is because child support, 400 something bucks, I'm lucky if I get good hours, is what I'll get paid. And then on top of that we have to get diapers. We have to pay the cell phone bill or I won't be able to work. So then we get all that paid and we wind up short just trying to make it, it's scraping by, you know? It'd be nice to get into something that I knew what my hours were gonna be and I knew what my check was gonna be every payday. Yeah, instead of continuously stressing, oh, it's gonna be short again. It's gonna be short."

Nassir, a shuttle driver who lives with his four children and wife expresses his frustration with feeling stuck in low paying work,

"...the income is not enough as a family of six people. It's not really enough, but it's better than nothing. And the thing is, I don't want to stay on the welfare system or to live in a subsidized housing program. I want to have my own home, get a better life, do some business in this country, there's a lot of opportunity. But

with this kind of income...I can't move forward because everything is expensive here in Seattle...We are stuck in this – so it's a paycheck to paycheck, which will not take me anywhere in the future.”

Workers use multiple strategies to get by, such as “paying on bills,” and scrimping or going without. Regardless of whether they felt they were getting by or struggling, most of our sample members had insufficient income to cover expenses and had to use some combination of strategies to make ends meet financially on low wages. One of the most common is “paying on bills,” or paying just part of the money owed. Fatimah, an African immigrant and single mother of two who works in retail, describes this strategy best when she says,

“What I try to do is pay a little bit so that it doesn’t look like nobody paid anything so pay \$50.00 here, pay \$50.00 there and then kind of gives you a little bit of time until you have chunk of money where you can pay it off and I try to do that, kind of keep it balanced so everything stays smoothly moving along the way of not cut off...”

Latoya, who works at a grocery store, describes this strategy as an endless cycle of catching up:

“Because my living expenses are way over my pay, I just don’t make enough to do all the things I need to do, so I have to borrow from Peter to pay Paul, to borrow from Susan to pay June. You know? It’s just ongoing.

Almost all respondents report paying rent first before they worry about other bills. Utility bills, especially electricity, were commonly “paid on” rather than paid. When asked if she could describe a time when she didn't have enough money to pay all of her bills in the month, Stacey, a substitute teacher replied,

“All of the time. I just – well, the main one is the light bill. Because my housing is already on subsidy, we don't qualify for any of the subsidized plans for the light company because the point is your housing is subsidized so that you can pay the bill, but the bill is outrageous. So it's just that's one thing where I usually get notices...I might get a late fee for childcare, but it gets paid before the month is over...So if anything, my light bill is what suffers the most or gets pushed back until I can take care of it...”

Others carefully monitor consumption and spending, and scrimp or go without food and other necessities.

“And I don’t spend a lot because I don’t have a lot to spend, but I hit every sale I can. I am a coupon cutter...and then I don’t allow my son to eat up all the snacks...I’m sorry (I say), you’re going to have to wait until dinner.”(Evelyn, laundry attendant)

“I’ve just been buying fast food, like Taco Time and McDonald’s. And I know that food is garbage, but it’s like, okay, do I want to spend \$50 on groceries or just spend \$10 and we ate for the night and everybody’s good until we figure out what we’re going to eat tomorrow. You know?” (Shanae, receptionist)

“When I was sick just this last time it was \$1,000 I still have to pay. I’m, like, that’s going to take me forever to pay off, so I’m not going to the doctor’s no more. I’m supposed to have an annual checkup or something and I’m supposed to have mammograms every year because I have got the cancer gene. I can’t afford it. I told them I can’t afford it.” (Leslie, non-profit staff person).

A handful of respondents commented that they recently stopped their cable service, cancelled internet service, or disconnected a phone landline to save on monthly expenses.

Next Steps

We are currently in the field collecting the second wave of interviews with this same sample of workers. These interviews will not only capture change over time in work and family life, but will also delve more deeply into topics that were particularly relevant to participants in the first interview, including interactions with public assistance programs and the quality of jobs. If we secure additional funding, we will conduct wave 3 interviews in spring 2017.

PRICE ANALYSIS⁴

As noted above, a majority of Seattle area businesses indicated that they planned to raise prices in order to cover higher payroll costs resulting from the increased minimum wage. Many workers indicated that they expected these price increases to occur, potentially offsetting some of their gains from higher wages. We conclude this report with a brief look at whether there is any evidence of these price increases actually happening in Seattle.

The SMWS has engaged in a number of activities to track the existence and magnitude of price increases over time. Our methods are detailed in a January report (Hill, Otten, van Inwegen and Vigdor 2016). In summary, we have collected price data through a combination of online "web scraping" and in-person visits to area grocery stores, restaurants, and other retail locations. Starting before the minimum wage increased on April 1, 2015 we in some cases have more than a year's worth of data to examine.

By and large, across most retail sectors, we have found little or no evidence of price increases in Seattle relative to the surrounding area.

- Our team sent members to a dozen King County grocery stores, both inside and outside Seattle, to track prices. We were unable to measure any impact of the minimum wage increase on prices. (**Appendix Graph 1**)
- Our team scraped gas prices from a set of 120 stations both inside and outside Seattle from March to October 2015. We were unable to measure any impact of the minimum wage increase on prices. As most consumers will be aware, the dominant trend in gas prices over the past year has been downward. (**Appendix Graph 2**)
- Our team scraped apartment rents from Craigslist; once again we were unable to measure any impact of the minimum wage increases on rents in Seattle relative to the surrounding area. (**Appendix Graph 3**)
- Our team collected retail prices using a combination of web harvesting and on-foot collection. We were unable to measure any impact of the minimum wage increase on general price levels. (**Appendix Graph 4**)

The sole exception to this pattern occurred in restaurants, where both online and in-person price collection point to average increases on the order of 7%. Restaurant prices also exhibited some increase outside Seattle, implying that not all of this increase can necessarily be attributed to the higher minimum wage. This exception is consistent with the evidence presented above, indicating that restaurants were more likely to plan price increases than businesses in other industries.

By saying we were "unable to measure" price increases, we leave open the possibility that such increases did happen, but our methods were incapable of capturing them. If so, the most likely scenario would be one where the minimum wage increased prices modestly, perhaps 1-2%.

In some cases, price increases may be yet to come, particularly as businesses continue to face minimum wage increases each year. In other cases, however, the absence of price effects shows the relative unimportance of labor in a business's cost structure. A simple rule of thumb can be stated as follows: the fewer hours of labor required to generate \$1,000 in revenue, the lower the

⁴ This section was authored by Otten, J., van Inwegen, E., and Vigdor, J.

anticipated impact of the minimum wage. In order to sell \$1,000 worth of meals, for example, a full-service restaurant must employ cooks, servers, dishwashers, and other personnel. By contrast, a gas station can clear \$1,000 worth of revenue with a single employee in a booth who only rarely interacts with customers. Similarly, an apartment building owner can raise a comparable amount of revenue with only a minimal amount of attention from a superintendent or other building personnel.

To conclude, it is important to restate that this report describes employer and worker perspectives of the minimum wage, and provides preliminary analysis of the introduction of an \$11 per hour minimum wage on prices. The patterns reported here provide no information about the impacts of the policy on businesses, workers, or the local economy. This is the first chapter in a story with many more to come.

APPENDIX A. EMPLOYER STUDY SAMPLE SELECTION, SURVEY RESPONSE, AND ELIGIBILITY

Sample Selection

Seattle business license data was provided to the project in December 2014 by Jackie Mitchell, City of Seattle Department of Finance and Administrative Services, at the request of the City Auditor Office of City Auditor, City of Seattle, WA. From this initial set of business license data, a file of 49,758 unique businesses defined by “business legal name” was created. Firms listed as sole proprietors were not included because such firms are unlikely to have employees subject to the Minimum Wage Ordinance. The final population of unique businesses with structures other than sole proprietor numbered 29,702.

The final population of firms was broken into eight main strata by number of firms (one branch or more than one branch) and by four main aggregate industry classifications based on industries with higher proportions of workers making minimum wage (accommodation and food, retail trade, manufacturing, and all other).

Survey Eligibility & Response

Firms were invited to participate in the survey through a letter explaining the study. The University of Washington’s Social Development Research Group (SDRG) was contracted to complete short screening interviews by telephone to determine whether sampled firms had employees subject to the Minimum Wage Ordinance. SDRG screened 2,203 firms and determined that an additional 340 firms of the 3,780 were not in business, resulting in a screening rate of 64%.

Next, firms who responded to the screener were determined to be eligible for the subsequent survey if they responded that they had employees in Seattle and that they had workers who could be classified as "low wage workers" (making <\$15/hour). Firms who were determined to be eligible or were of unknown eligibility (missing a response to one of the two eligibility questions) by the screener were then surveyed. Of the 2,203 firms screened, 1,048 reported that they had or possibly had workers in Seattle earning less than \$15 per hour as of the time of the call and were considered eligible for the survey. (In some cases the representative reached for the phone screener did not know full wage information; these cases were deemed eligible for the survey). As with the screener, the SDRG conducted the longer survey.

All firms determined to be eligible for the survey or were of unknown eligibility were surveyed and had their eligibility confirmed. To confirm that they had Seattle employees, all survey respondents were again asked if they had any employees working in Seattle. To confirm that they had low wage workers, responses to the numeric and percentage pay range grids were used to determine the amount or proportion of employees paid at each of 5 ranges (\geq \$15/hour, \$11-\$14.99/hour, \$10-\$10.99/hour, \$9.47-\$9.99/hour, and <\$9.47/hour). Any firm who said they had any number or proportion of employees earning <\$15/hour were considered to have low wage workers. In addition, firms providing a response to questions asking about the "most common job title for an employee making \$11/hour" or the "most common job title for an employee making \$15/hour" were considered to be eligible if they provided a job title and reported having Seattle employees. These eligibility criteria yielded the 567 employers in the analysis sample. Sample sizes for individual questions may vary due to item non-response.

APPENDIX B. WORKER STUDY DEMOGRAPHICS⁵

Appendix Table 1. Demographic Characteristics of Study Sample (n=55) Compared to Population Estimates

Characteristic	Study Sample Percentage or Mean (Range)	Census Population Estimates for Eligible Seattle Workers ¹	
		Mean or Percentage	95% CI
Age (years)	38.4 (24-56)	37.9	37.6-38.2
Gender			
Female	80%	57.7%	34.5%-50.5%
Male	20%	42.3%	49.5%-65.5%
Partner status			
Married	42%	59.3%	51.1%-67.0%
Cohabiting	16%	38.1%	36.7%-39.6%
Single	42%		
Number of children	2.1 (1-8)	2.0	2.0-2.1
Household size	4.1 (2-11)	3.8	3.7-3.8
Age of youngest child	6.2 (0-17)	6.4	6.2-6.6
Country of birth			
U.S.	40%	47.5%	46.0%-49.0%
Outside U.S.	60%	52.5%	51.0%-54.0%
Race/ethnicity			
African-American, Non-Hispanic	22%	29.8%	22.9%-37.8%
African	31%		
Asian	18%	18.0%	11.3%-29.2%
Hispanic	13%	18.5%	17.0%-20.0%
White, Non-Hispanic	13%	30.2%	23.2%-38.2%
Other	4%	22.0%	12.6%-32.5%
Work hours (last week)			
0	7%	--	--
1-29	38%	19.1%	17.9%-20.3%
30-40	49%	59.4%	57.9%-60.9%
41+	5%	21.5%	20.3%-22.7%
Type of work			
Retail/Sales	11%	11.9%	10.9%-12.9%
Caregiving & Health Service	22%	11.2%	10.3%-12.1%
Childcare & Teaching	18%	4.6%	4.0%-5.2%
Social & Human Services	5%	1.7%	1.3%-2.1%
Food service	16%	20.1%	18.9%-21.3%
Reception/Admin	9%	6.8%	6.1%-7.6%
Cleaning/Janitorial	9%	8.4%	7.6%-9.2%
Other	9%	35.3%	45.7%-48.7%
Hourly wage	\$11.83 (\$9.47-\$14.95)	\$10.10	\$10.01-\$10.19
Household yearly income	\$20,810 (\$5,760-\$46,795)	\$26,242	\$25,900-\$26,582

Source. Seattle Minimum Wage Study worker interviews. Population estimates from the American Community Survey 2008-2012, 5-year sample. Accessed through IPUMS USA at <https://usa.ipums.org/usa/>.

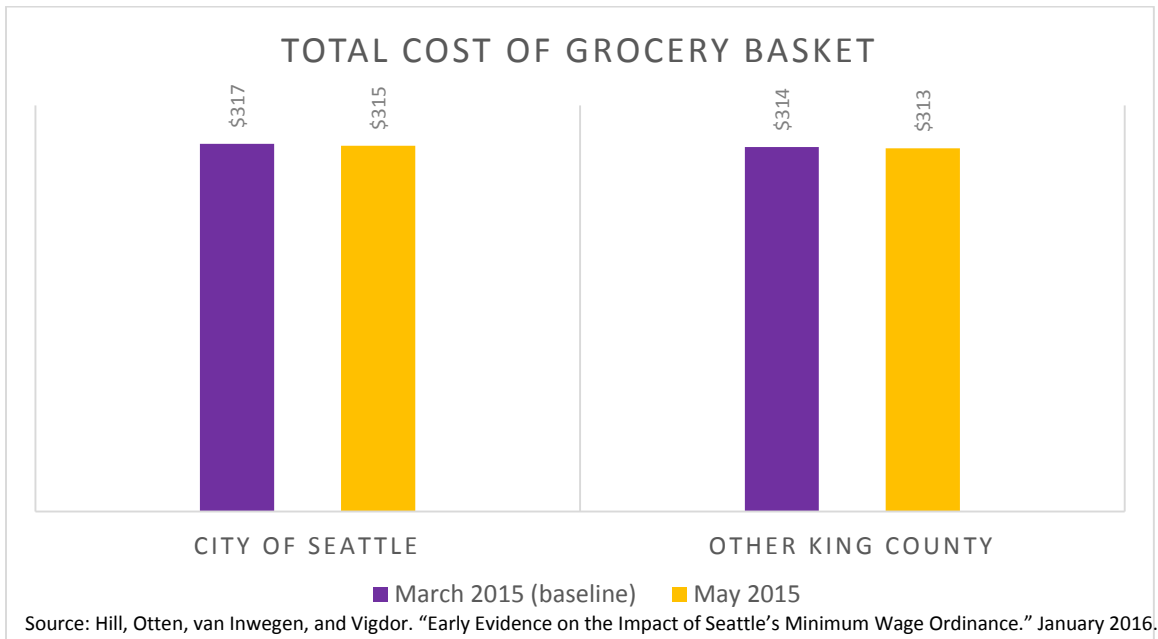
Notes. The 95% confidence intervals indicate that we can be 95% confident that the true population value falls between the lower and upper numbers.

¹Eligible workers are those employed with an hourly wage of <\$15, who have at least 1 child in their household, and a household income at or less than \$50,000/year.

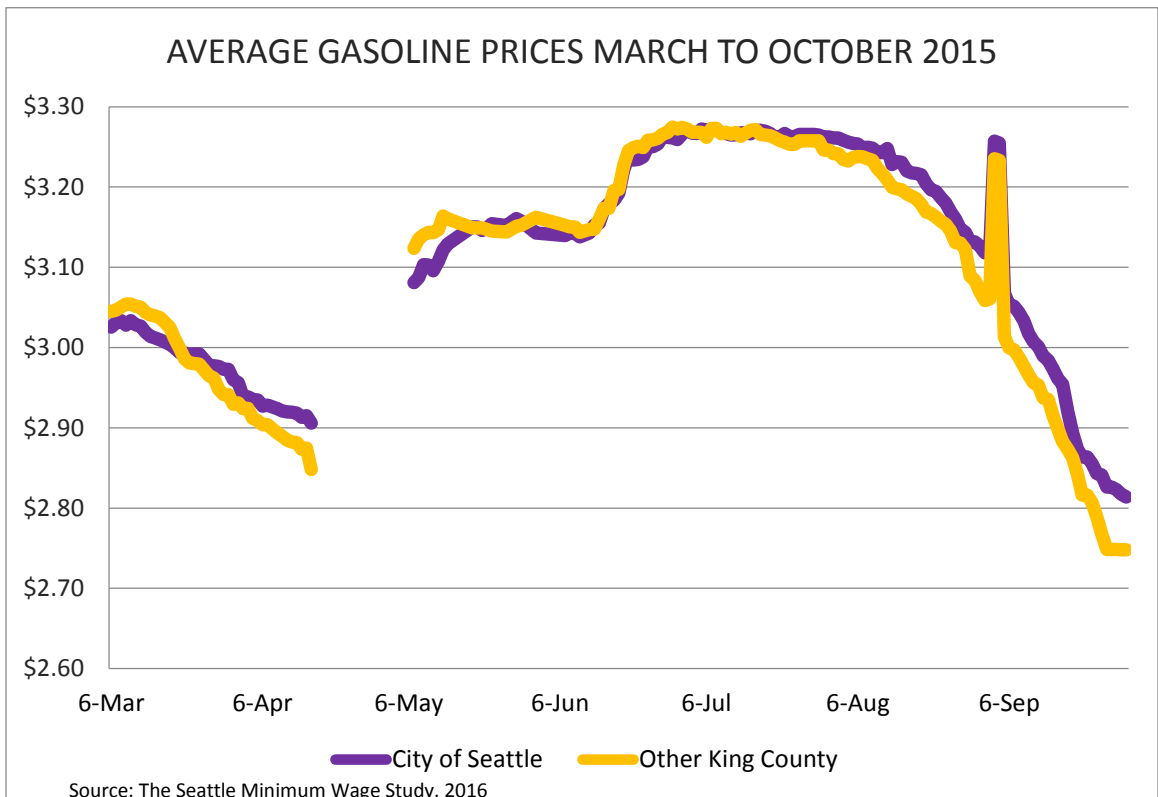
⁵ One participant chose not to provide budget information, so the total sample for this analysis is 54.

APPENDIX C. PRICE ANALYSIS

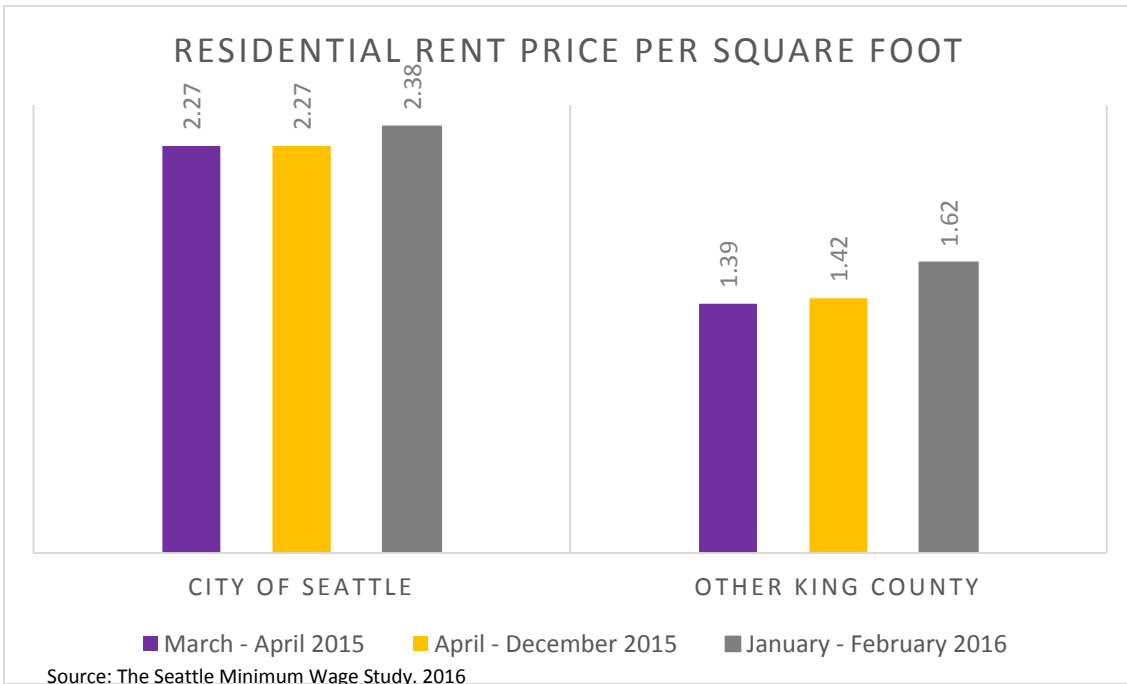
Appendix Graph 1



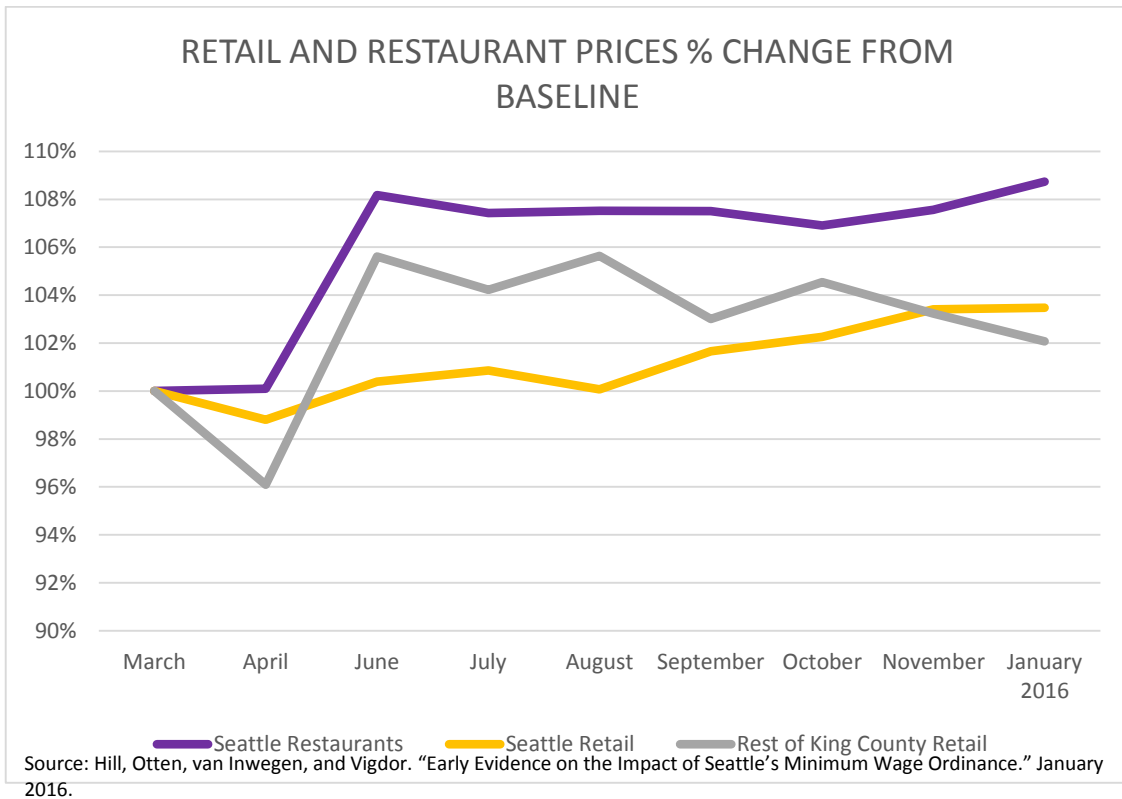
Appendix Graph 2



Appendix Graph 3



Appendix Graph 4



APPENDIX D. STUDY PERSONNEL & PARTNERS

UW Minimum Wage Study Team:

Investigators

Jacob Vigdor, Evans School of Public Policy & Governance, Principal Investigator
Mark Long, Evans School of Public Policy & Governance, Co-Principal Investigator
Jennifer Romich, School of Social Work, Co-Principal Investigator
Scott W. Allard, Evans School of Public Policy & Governance, Co-Investigator
Heather D. Hill, Evans School of Public Policy & Governance, Co-Investigator
Jennifer Otten, School of Public Health, Co-Investigator
Robert Plotnick, Evans School of Public Policy & Governance, Co-Investigator

Research Staff

Anne Althausen, Evans School of Public Policy & Governance, Research Coordinator
Emma van Inwegen, Evans School of Public Policy & Governance, Research Analyst
Corinne Mar, Center for Studies in Demography and Ecology, Research Scientist

Research Assistants

Angela Bruns, Sociology PhD student, Research Assistant
James Buszkiewicz, Public Health PhD student, Research Assistant
Talia Kahn-Kravis, Evans School MPA student, Research Assistant
Emmi Obara, Public Policy PhD student, Research Assistant
Chiho Song, Social Work PhD student, Research Assistant
Hilary Wething, Evans School PhD student, Research Assistant

Social Development Research Group (SDRG):

Danielle Woodward, Survey Research Division Director
Tim Sanders, Data Collection Supervisor
Mary Grassley, Data Manager/Programmer
Lorelei Lin, Data Collection Supervisor
Shirley Alcantara, Administrative Support
Collene Gaolach, Survey Programmer
Adam Livengood, Assistant Data Collection Supervisor

Interviewers

Deborah Cohen
Calla Natzke
Nina Kaseberg
Benjamin Johnson
Christine-Marie Youssef
David Fong
Sheherezad Krzyzaniak
Melinda Tsuchiya
Stacey Shively
Juanita Baker

Herb Krohn
Alicia Silva-Santisteban
Laura Smales

Washington State Employment Security Department:

Scott Bailey, Regional Economist
Anneliese Vance-Sherman, Regional Labor Economist

UW Students and Seattle Community Members

Caitlin Aylward
Kathleen Finneran
Hibo Hassan
Ariel Li
Abdulahi Osman
Trangthanh Pham
Qingqing Sun
Van Thi Bao Tran
Liyuan Zhang

Worker study recruitment partners

The study team greatly appreciates the organizations and individuals that helped connect us to eligible workers in Seattle. The following organizations allowed our worker study team to actively recruit and screen potential participants in or directly outside their facilities:

- Asian Counseling and Referral Service
- Bellwether Housing
- Boys & Girls Clubs (multiple sites)
- Catholic Community Services, Catholic Housing Services (multiple sites)
- Centerstone
- Delridge Community Center
- El Centro de la Raza
- Goodwill
- Neighborhood House Head Start programs (multiple sites)
- Northwest Chinese School
- Rainier Beach Community Center
- Seattle Housing Authority
- Seattle Public Libraries (multiple sites)
- Seattle Public Schools
- Somali Community Services
- South Park Community Center
- Southwest Youth and Family Services
- Target
- Vietnamese Friendship Association
- West Seattle Food Bank
- YWCA

In addition, we provided flyers to managers or staff at 6 libraries, 4 affordable housing buildings, 13 social service agencies, and 40+ restaurants, bars and hotels.

