

Select Findings From “Who would Be Affected by an Increase in Seattle’s Minimum Wage?”

Report for the City of Seattle, Income Inequality Advisory Committee

Definitions: Minimum Wage Worker: Those making the state’s minimum wage. Low Income Worker: Those making below \$15/hour.

Seattle’s Low-Wage Workers:

- About 100,000 people working in Seattle earn less than \$15/hr.
- There are twice as many Seattle residents making between minimum wage and \$15, as there are making the minimum wage.
- Seattle’s population of minimum wage workers is larger than the number of jobs in Seattle that pay minimum wage.
 - 40 percent of those with minimum wage jobs in Seattle live outside of Seattle.
 - 55 percent of Seattle residents with a minimum wage job work in Seattle (45 percent work outside of Seattle).
- Poverty:
 - For Seattle residents making minimum wage, 40% have family income below the poverty level.
 - For Seattle residents making low wages (but above minimum wage), 13 percent have family income below the poverty level.
- About 10 percent of Seattle’s low wage workers are on food stamps. About 2 percent get “welfare” (eg, TANF).
- Age:
 - 48% of Seattle residents earning the minimum wage are less than 25; 21 percent are over 44.
 - 16 percent of Seattle residents in low-wage jobs above the minimum wage are under 25; 33 percent are over 44.
- Gender: Seattle’s Minimum wage workers are disproportionately female (57/43) but there are more male than female low wage workers (47/53).

- Employment Status (FT/PT):
 - More than 1/3 of minimum wage workers work PT.
 - The vast majority of workers earning above \$12 are employed FT.

Seattle's Low-Wage Employers:

- Over half of Seattle's minimum wage workers are employed in food services, retail trade, and health and social assistance. For *all* low-wage earners, about 1/3 are in these three industries.
- In 3 percent of Seattle establishments, 30 percent or more of all employees earn the minimum wage. In 27% of all establishments, 30 percent or more of employees are low-wage employees.

Simulated Effect of an Increase in the Minimum Wage.

Effect of a Change in Minimum Wage to either \$12.12 or \$15. Note: This is a Static Analysis, which means it assumes the only change is that wages go up. The potential for any employer adjustment (eg, relocation, changes in types of jobs offered, etc) is ignored.

- Increasing the minimum wage to \$12.12/hr would reduce Seattle's poverty rate from 13.6% to 10.6%. With an increase to \$15/hr, it would go from 13.6% to 9.4%.
- With an increase to \$12.12, a typical worker earning the minimum wage would see their income go up by 30% (by \$2,912).
- With an increase to \$15.00 a typical worker earning the minimum wage would see their income go up by 51% (by \$5,907).
- Simulations of business costs suggest that at \$15/hour, payroll costs may increase by 9 to 23%, depending on the composition of the workforce. It would be higher if a change in the minimum wage resulted in the "pay ladder" above the new minimum within the firm also changing.
- Effect on Benefits: Food Stamps
 - For each \$1 increase in earnings among low income workers with food stamps, food stamp benefits would decline by 23c to 33c.

Note on Data Sources: *American Community Survey* was used for information on wages, demographic characteristics of individuals, family income of individuals, families in poverty, amount received by social transfers (food stamps, etc), family size, occupation, and location of job.

Washington State Employment Security Department was used for information on employers located in Seattle. This includes type of industry of each employer, the number of employees, and the wages of workers within each establishment.