

Table 1
Summary of Living Wage Information

City	Date enacted (wage requirement)	Coverage
Baltimore	Passed in December 1994 but wage requirements were as follows: July 1995 (6.10) July 1996 (6.60) July 1997 (7.10) July 1998 (7.70) July 1999 (7.90)	Contractors > \$5000
Berkeley (CA)	June 2000 (9.75 with benefits; 11.37 without)	Companies conducting business with the city and lessees
Boston	September 1998 (100% of poverty level)	Contractors > \$100,000; subcontractors > \$25,000 (> 25 employees)
Buffalo	Passed in July 1999 but wage requirement is 6.22 starting in 2000 with health benefits; 7.22 without.	Contractors and subcontractors > \$50,000 (> 10 employees)
Cambridge	May 1999 (10.00)	City employees, contractors and subcontractors > \$10,000; recipients of business assistance > \$10,000
Chicago	July 1998 (7.60)	Contractors and subcontractors > 25 employees
Corvallis (OR)	November 1999 (9.00)	Contractors > \$5,000
Dayton	April 1998 (7.00 with health benefits; 8.50 without)	City employees
Denver	March 2000 (100% of poverty level; assumes 2,080 annual hours)	Contractors and subcontractors > \$2,000
Detroit	November 1998 (100% of poverty level with health benefits; 125% without)	Contractors, subcontractors, and financial assistance recipients > \$50,000
Duluth	July 1997 (6.50 with health benefits; 7.25 without)	Recipients of grants, low interest loans, or direct aid > \$25,000; 10% of employees exempted

Durham	January 1998 (7.55)	Contractors and city employees
Hartford	October 1999 (110% of poverty level with health benefits)	Contractors > \$50,000; commercial development projects receiving subsidies > \$100,000
Hayward (CA)	April 1999 (8.00 with health benefits; 9.25 without; adjusted annually on April 1 for cost of living in Bay Area)	City employees; contractors and subcontractors > \$25,000 – maintenance, custodial, landscaping, laundry, temporary, pest, security, and social service
Jersey City	June 1996 (7.50 with health benefits)	Contractors
Los Angeles	April 1997 (7.25 with health benefits; 8.64 without; indexed annually for inflation)	Contractors > \$25,000; assistance > \$100,000 or \$1 million lump sum
Madison	March 1999 (100% of poverty level for family of four in 1999; 105% in 2000; 110% in 2001)	Contractors and subcontractors > \$5,000; Assistance > \$100,000; non-union city employees
Milwaukee	November 1995 (set to poverty level for family of three on March 1 of each year; assumes 2,080 annual hours)	Contractors and subcontractors > \$5,000
Minneapolis	March 1997 (100 % of poverty level for family of four with health benefits; 110% without benefits)	Assistance > \$25,000, as of December 1998; > \$100,000 initially
New Haven	April 1997 (100% of poverty level for a family of four initially; 120% of poverty level phased in over 5 years)	Contractors
Oakland	April 1998 (initially set to 8.00 with health benefits and 9.25 without; upwardly adjusted by prior December 31 to December 31 change in the Bay Area CPI)	Contractors > \$25,000; assistance > \$100,000
Omaha	May 2000 (8.19 with health benefits; 9.01 without)	City employees, contractors > \$75,000; assistance > \$75,000

Pasadena	September 1998 (7.25 with health benefits; 8.50 without)	Contractors > \$25,000; city employees
Portland	July 1996 (7.00) July 1998 (7.50) July 1999 (8.00; starting in this year, the living wage is 9.00 if health benefits are not included)	Custodial, security, and parking attendant contracts
St. Louis	August 2000 (with benefits, 130% of poverty level for a family of three; assumes 2,080 annual hours; without benefits, an amount that is annually adjusted – initially 1.39 – must be added to the wage)	Contractors and businesses receiving tax breaks
St. Paul	January 1997 (100% of poverty level for family of four with health benefits; 110% without)	Recipients of assistance > \$100,000
San Antonio	July 1998 (9.27 to 70% of service employees in new jobs; 10.13 to 70% of durable workers)	Businesses receiving tax breaks
San Fernando	April 2000 (7.25 with health benefits; 8.50 without)	Contractors > \$25,000
San Francisco	November 2000 (9.00)	Contractors
San Jose	November 1998 (9.50 with health benefits; 10.75 without; reset each February to the new poverty level for a family of three and adjusted upward for higher San Jose cost of living – currently a 45.2% premium)	Contractors > \$20,000; assistance > \$100,000 (excludes trainees and workers under 18); city employees.
Santa Cruz	October 2000 (11.00 with health benefits; 12.00 without)	City employees and contractors
Somerville (MA)	May 1999 (8.35 with health benefits)	City employees, contractors, and subcontractors

Tucson	September 1999 (8.00 with health benefits; 9.00 without)	Contractors; recipients of economic development assistance > \$100,000 annually
Warren (MI)	January 2000 (100% of poverty level for family of four with health benefits; 125% without)	Contractors; businesses receiving subsidies > \$50,000
West Hollywood	October 1997 (initially, 7.25 with health benefits; 8.50 without; adjusted annually as the City Employees Retirement System benefits are adjusted)	Contractors > \$25,000 and entering into a contract of at least 3 months
Ypsilanti (MI)	May 1999 (8.50 with health benefits; 10.00 without)	Contractors > \$5,000 (> 10 employees); non-profits receiving > \$10,000 in assistance

Note: Some cities are listed in some sources as having living wage ordinances, but instead have prevailing wage laws (for example, New York, Gary, and Memphis). Other cities, like Des Moines, have an average wage goal policy, rather than a living wage law. In addition to the cities in the table, numerous counties and one school district have adopted similar living wage ordinances. Much of the information for this table was obtained through correspondence with city governments. Some data, however, was obtained through information made publicly available by the Employment Policies Institute (www.epionline.org) and the Association of Community Organizations for Reform Now (www.acorn.org). The consistency of information provided by these two organizations and the city governments gives us confidence in the accuracy and completeness of the above table.

Table 2
Variables Used in the Analysis

Variable	Definition/construction
<i>CPS ORG variables:</i>	
Hourly wage	earnings per hour for hourly workers; usual weekly earnings/usual hours at main job per week for everyone else
Hours worked	usual hours worked per week at main job
Employment	dummy variable set equal to one if individual currently has a job; set to zero otherwise
<i>CPS ADF variables:</i>	
Total family earnings	sum of annual earnings of each family member
Total family income	combined earned and unearned income of each family member
<i>Policy variables:</i>	
Minimum wage	the minimum wage effective in the state in which the SMSA is located (weighted average of minimums if SMSA straddles states)
Living wage	the living wage effective in an SMSA
Poverty threshold	the yearly income determined by the U.S. Census Bureau below which a family with a given number of adults and children are in poverty
<i>Other variables:</i>	
Year dummy variables	separate dummy variables for each year from 1996 to 2000
Month dummy variables	separate dummy variables for each calendar month (11)
SMSA dummy variables	separate dummy variables for each SMSA

Table 3
Contemporaneous and Lagged Effects on Log Wages of Workers in Various Percentile Ranges of the Wage Distributions of SMSAs

Percentile range of SMSA's wage distribution	Below 10th	10th – 25th	25th – 50th	50th – 75th
Specification 1:				
Minimum wage (β)	22.94 (6.25)	7.62 (4.88)	-0.85 (5.23)	0.96 (5.10)
Living wage (γ)	-0.53 (2.23)	0.27 (1.62)	0.95 (1.65)	-0.03 (1.63)
Specification 2:				
Minimum wage 6 months ago	16.28 (6.16)	2.07 (4.94)	-6.14 (5.36)	-0.35 (5.05)
Living wage 6 months ago	1.91 (2.25)	0.84 (1.70)	2.22 (1.76)	0.34 (1.79)
Specification 3:				
Minimum wage 12 months ago	9.11 (6.46)	-0.35 (5.12)	-1.99 (5.47)	1.79 (5.27)
Living wage 12 months ago	6.95 (2.40)	0.93 (1.78)	-0.01 (1.85)	-1.08 (1.92)
Sample size	34,435	42,912	71,135	72,737
Mean wage	5.35	7.51	10.57	15.82

Note: Reported are the estimated effects of minimum wages and living wages effective in an SMSA on the log wages of workers in the ranges of the wage distribution in SMSA-month cells specified at the top of each column. Standard errors that are robust to non-independence and heteroscedasticity in city-month cells are reported in parentheses. All estimates are multiplied by 100. Thus, for these log-log specifications, elasticities are given by the coefficients divided by 100. The sample includes data for each month from 1996-2000. Data from an SMSA is included for a month if there are at least 25 observations. The sample excludes individuals not living in SMSAs. A total of 130 cities are used in the analysis. Observations for which allocated information is required to construct the wage variable in the CPS are dropped.

Table 4
Summary of the Construction of “Potentially Covered” Worker Variable

	Coverage specified in legislation ^a	Private industries classified as potentially covered in our sample ^b	Public sector workers classified as potentially covered ^c	Proportion in bottom quartile
<u>Cities where only contractors are subject to living wage law:</u>				
Baltimore	Contractors > \$5000	Construction, transportation (excluding U.S. Postal workers), communications, utilities and sanitary services, custodial, protective service, parking, certain professional and social services	...	0.18
Boston	Contractors > \$100,000; subcontractors > \$25,000	Same as Baltimore	...	0.20
Buffalo	Contractors and subcontractors > \$50,000 (> 10 employees)	Same as Baltimore	...	0.15
Chicago	Contractors and subcontractors	Same as Baltimore	...	0.18
Dayton	City employees	...	City employees	0.06
Denver	Contractors and subcontractors > \$2,000	Same as Baltimore	...	0.17
Durham	Contractors and city employees	Same as Baltimore	City employees	0.25
Jersey City	Contractors	Same as Baltimore		0.19
Milwaukee	Contractors and subcontractors > \$5,000	Same as Baltimore	...	0.14

Portland	Custodial, security, and parking attendant contracts	Custodial, protective service, parking	...	0.03
San Francisco	Contractors	Same as Baltimore	...	0.21
Detroit	Contractors, subcontractors, and financial assistance recipients > \$50,000	All	...	0.90
Hartford	Contractors > \$50,000; commercial development projects receiving subsidies > \$100,000	All	...	0.86
Los Angeles	Contractors > \$25,000; assistance > \$100,000 or \$1 million lump sum	All	...	0.90
Minneapolis	Assistance > \$25,000, as of December 1998; > \$100,000 initially	All	...	0.91
Omaha	City employees, contractors > \$75,000; assistance > \$75,000	All	...	0.95
St. Louis	Contractors and businesses receiving tax breaks	All	...	0.90
San Antonio	Businesses receiving tax breaks	All	...	0.86
San Jose	Contractors > \$20,000; assistance > \$100,000 (excludes trainees and workers under 18); city employees	All (excluding workers under 18)	City employees	0.94

Tucson	Contractors; recipients of economic development assistance > \$100,000 annually	All	...	0.82
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Note: Only information for those cities that are large enough to make our sample cut for the wage analysis in Table 3 are included in this table.

- a. The “Coverage specified in legislation” column repeats information from Table 1.
- b. Three-digit industry codes in the CPS were used to identify non-public sector workers that were most likely subject to living wage legislation. “Certain professional and social services” include health services, libraries, educational services, job training, child care, family care, residential care, miscellaneous social services, museums, architectural and surveying, accounting and auditing, research and testing, management and public relations, and miscellaneous professional and related services. This is based on a study of Baltimore’s living wage law (Niedt, et al., 1999) that looked at the types of workers and firms with city contracts.
- c. City workers were those that are classified as local government workers in the CPS.

Table 5
 Contemporaneous and Lagged Living Wage Effects on Log Wages of Covered Sector and
 Uncovered Sector Workers in Various Percentile Ranges of the Wage Distributions of SMSAs

Percentile range of SMSA's wage distribution	Below 10th	10th – 25th	25th – 50th	50th – 75th
Contemporaneous effects:				
Uncovered-sector workers	-4.99 (2.97)	-1.02 (1.82)	-0.07 (1.80)	-0.48 (1.74)
Covered-sector workers	2.11 (2.53)	1.23 (1.78)	1.31 (1.80)	0.41 (1.75)
6 month lagged effects:				
Uncovered-sector workers	-4.62 (3.07)	-1.09 (1.92)	0.94 (1.96)	-0.52 (1.87)
Covered-sector workers	5.66 (2.56)	1.98 (1.89)	2.89 (1.91)	1.04 (1.97)
12 month lagged effects:				
Uncovered-sector workers	0.61 (3.49)	-1.28 (2.07)	-0.28 (2.03)	-0.93 (1.97)
Covered-sector workers	10.61 (2.72)	2.26 (2.00)	0.29 (2.08)	-1.12 (2.19)

Note: See Table 3 notes for details.

Table 6

Contemporaneous and Lagged Effects on the Probability of Employment in Various Ranges of the Imputed Wage Distributions of SMSAs

Percentile range of SMSA's imputed wage distribution	Below 10th	10th – 25th	25th – 50th	50th - 75th
Specification 1:				
Minimum wage	-1.25 (5.94)	7.19 (5.12)	3.21 (3.69)	-1.79 (3.17)
Living wage	-1.77 (2.14)	0.02 (1.81)	2.58 (1.18)	1.79 (1.04)
Specification 2:				
Minimum wage 6 months ago	2.33 (6.05)	6.86 (5.08)	0.65 (3.66)	-0.09 (3.18)
Living wage 6 months ago	-3.22 (2.26)	1.16 (1.88)	2.31 (1.24)	1.32 (1.08)
Specification 3:				
Minimum wage 12 months ago	8.05 (6.29)	-0.24 (5.20)	6.96 (3.74)	-3.17 (3.23)
Living wage 12 months ago	-5.62 (2.45)	1.62 (2.02)	1.55 (1.31)	2.44 (1.16)
Sample size	83,326	118,541	197,477	199,703
Mean percentage employed	43.98	58.70	68.80	79.12

Note: Reported are the estimated effects of the minimum wage and living wage effective in an SMSA on the employment of individuals in the ranges of the imputed wage distribution in SMSA-month cells specified at the top of each column, using linear probability models. All estimates are multiplied by 100. Because the living wage is expressed in logs, elasticities are given by the coefficient divided by the mean percentage reported in the last row of the corresponding column. The wage distribution is imputed using basic respondent characteristics described in the text. Observations for which allocated information is required to construct the employment variable in the CPS are dropped. A total of 223 cities are used in the analysis. See Table 3 notes for further details.

Table 7
 Contemporaneous and Lagged Effects on the Probability that Family Earnings or Income Fall
 Below the Poverty Line

	Based on total earnings		Based on total income ^a		Using urban workers in same state as control group:	
	(1)	(2)	(3)	(4)	Based on total earnings	Based on total income
Specification 1:						
Minimum wage (December)	-7.29 (6.27)	-2.18 (4.84)	-13.77 (7.08)	-9.09 (5.44)	-2.56 (4.83)	-9.18 (5.45)
Living wage (December)	-3.27 (1.45)	-2.20 (1.31)	-0.61 (1.60)	-0.03 (1.46)	-2.71 (1.43)	-0.16 (1.56)
Specification 2:						
Minimum wage 6 months ago (June)	-1.03 (5.83)	3.44 (4.82)	-8.39 (6.63)	-3.30 (5.51)	3.04 (1.24)	-5.21 (5.47)
Living wage 6 months ago (June)	-4.73 (1.61)	-4.26 (1.41)	-1.46 (1.79)	-1.32 (1.67)	-5.87 (1.61)	-2.88 (1.71)
Specification 3:						
Minimum wage 12 months ago (January)	-5.54 (5.33)	-2.07 (4.78)	-3.54 (6.58)	-0.28 (5.86)	-2.31 (4.77)	-0.33 (5.84)
Living wage 12 months ago (January)	-5.08 (1.44)	-4.84 (1.35)	-3.85 (1.76)	-3.34 (1.73)	-5.47 (1.55)	-3.45 (1.78)
Years that sample covers	96-99	95-99	96-99	95-99	95-99	95-99
Number of observations	107,821	134,584	82,195	103,601	134,584	103,601
Mean percentage below poverty	25.78	26.01	18.62	18.73	26.01	18.73

Note: Reported are the estimated effects of minimum wages and living wages effective in an SMSA

on whether a family's earnings or income are below the poverty line, using linear probability models.

All estimates are multiplied by 100. Because the living wage is expressed in logs, elasticities are

given by the coefficient divided by the mean percentage reported in the last row of the corresponding

column. Given that the ADF surveys are conducted in March and information on family earnings and

income refer to the prior calendar year, the applicable contemporaneous and lagged minimum and

living wages are noted in parentheses in the left-hand column. The regressions include year dummy variables, instead of the month dummy variables included when using the ORGs in earlier tables.

Observations for which allocated information is required to construct the total earnings variable or the total income variable in the CPS are dropped for the relevant analyses. A total of 229 cities are used in the earnings analysis and 218 are used in the income analysis. See Table 3 notes for further details.

a. Family income adds income of family members from the following 17 sources to the family earnings measure: unemployment compensation, Workers Compensation, Social Security/Railroad Retirement, Supplemental Security, public assistance and welfare, Veteran benefits, survivors benefits, disability benefits, retirement benefits, interest, dividends, rent, education benefits, child support, alimony, financial assistance, and “other” income.