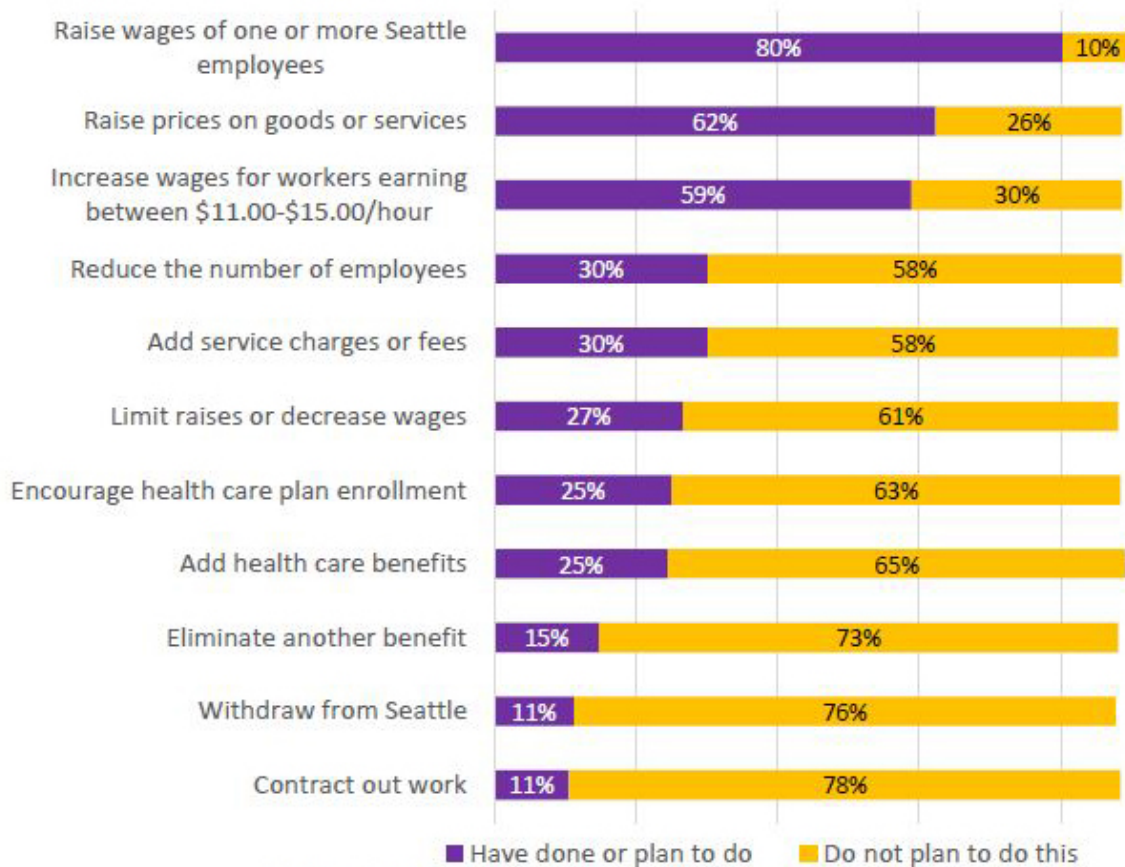


Effect on prices minimal one year after Seattle's \$15 minimum wage law implementation

April 19 2016, by Peter Kelley

FIGURE 3. HAVE YOU MADE OR DO YOU INTEND TO MAKE ANY OF THE FOLLOWING CHANGES TO ACCOMMODATE THIS NEW POLICY?



Figures do not sum to 100% due to item non-response

Most Seattle employers surveyed in a University of Washington-led study said in 2015 that they expected to raise prices on goods and services to compensate for the city's move to a \$15 per hour minimum wage.

But a year after the law's April 2015 implementation, the study indicates such increases don't seem to be happening.

The interdisciplinary Seattle Minimum Wage Study team, centered in the Evans School of Public Policy & Governance surveyed employers and workers and scanned area commodity and [service](#) prices. The team's report found "little or no evidence" of price increases in Seattle relative to other areas, its report states.

The City of Seattle's \$15 [minimum wage](#) ordinance was adopted in June of 2014, and began taking effect on April 1, 2015. Under the law, businesses with fewer than 500 employees will reach the \$15 an hour wage in seven years, or 2021. Employers with 500 or more employees (either in Seattle or nationally) will reach that level in three years.

When approving the ordinance, the Seattle City Council also commissioned a thorough study of the law's impacts, and sealed a contract with the UW in December 2014. The study is led by Evans School professors Jacob Vigdor and Mark Long with Jennifer Romich, associate professor in the UW School of Social Work, and other co-authors from the Evans School and the School of Public Health. Two economists from the Washington Employment Security Department are also on the team.

The researchers released the [first in an anticipated series of reports](#) April 18 in a presentation to the Seattle City Council.

The study, conducted between January and May 2015, surveyed 567

randomly selected Seattle employers as well as 55 workers, asking their awareness of and feelings about its expected and actual effects, to establish a baseline for that information.

Responses indicate that nearly all employers knew about the new law, though many were uncertain about its implementation. Many employers expressed hope the higher wages will improve both worker morale and boost job applications, though they also doubt it will improve individual employee productivity among minimum wage workers.

Sixty-two percent of employers said they expected to raise prices of [goods](#) and services to accommodate the higher wages brought by the law. Ten percent of the employers believed incorrectly that the ordinance would force their business to move to a \$15 wage immediately upon implementation.

But in an analysis of area prices over time, done through a combination of "web scraping" and in-person visits to grocery stores, restaurants and other retail locations, such price increases were not in evidence.

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

Workers, for their part—many of whom reported struggling to make ends meet despite community and government assistance—responded to the survey wondering doubtfully if the wage increases would truly improve their financial situation. Most knew about the law but many were uncertain of details, the study found.

"Today's report documents both the hopes and fears that workers and business managers expressed as Seattle began its initiative to raise the minimum wage," said Vigdor. "Business owners are hopeful that small

changes to their operation—such as small price increases—will keep them in the black.

"Workers are hopeful about the promise of greater income, but harbor few illusions about the potential for price increases, or reductions in government benefits, to eat away at these gains."

The team's subsequent study on the Seattle minimum wage [law](#) will include:

- A second round of worker interviews this spring to learn more about its effects on work and family life, and more in spring of 2017 if funding allows.
- Analysis this spring of employment security data on employment, hours, and earnings for a report to be released this summer
- Another full survey of employers and workers in 2017.
- A brief follow-up survey of employers this summer to depict changes over time.
- Continued study of [prices](#), expanding to the areas outside Seattle.
- A study this fall on the impact of the ordinance on Seattle nonprofits, through surveys and interviews.

"From its inception, this study has sought to do more than track employment figures," Vigdor said. "Our team hopes to develop a full understanding of how businesses and nonprofits change their practices to accommodate [higher wages](#), and of whether a higher minimum wage meaningfully transforms lives. Today's report showcases that broader approach."

Provided by University of Washington

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