Twitter Thread by Jake Vigdor

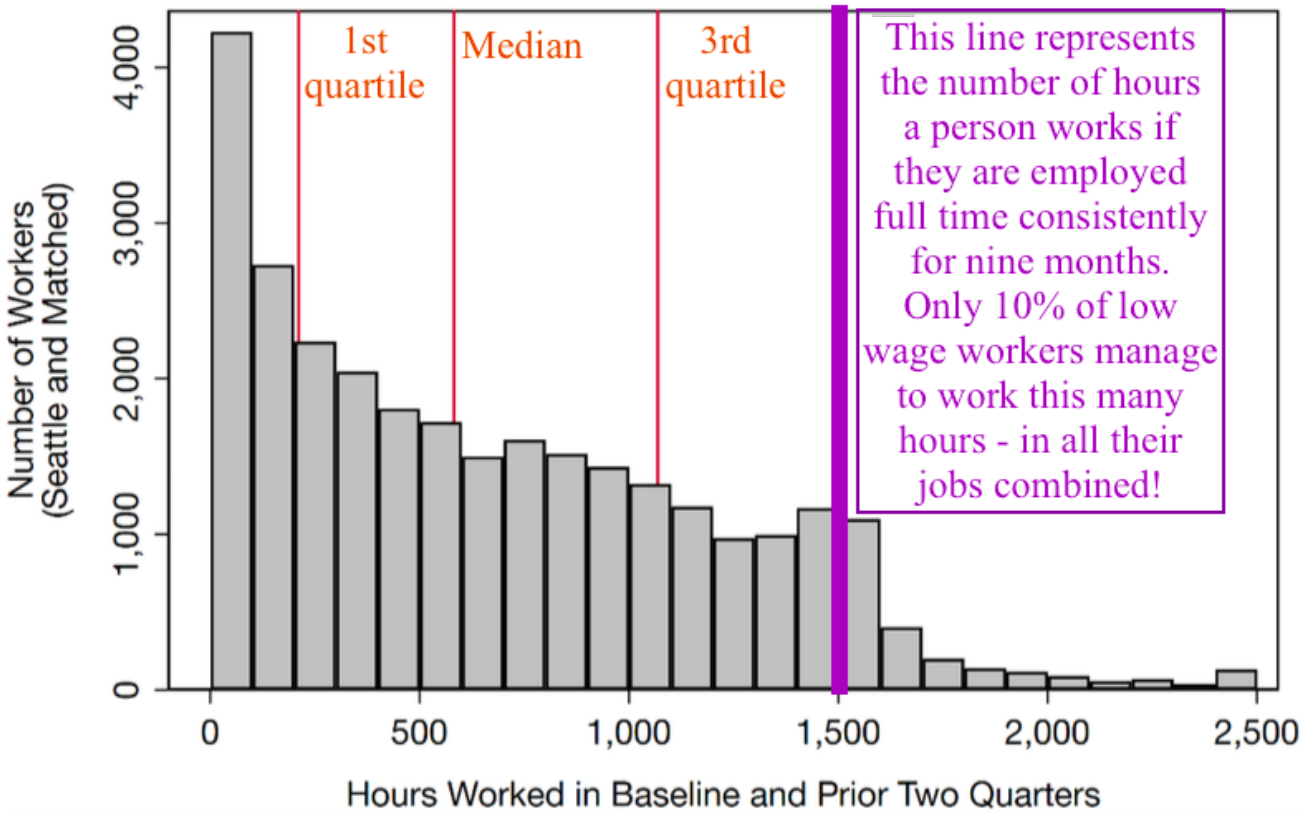
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Hello everyone arguing about the #minimumwage! Someday I'll post a thread about the evidence our @UW team compiled in Seattle.

Today let's talk about hours.

Raise the wage on most low-paying jobs & workers still don't have enough to live on. Because they can't get enough hours.

Figure A8: Distribution of Prior Hours for Treatment and Matched Control Workers



The graph above is based on data from WA: one of only 4 states that collects systematic data on hours worked. It shows information for anyone earning under $11/hr in 2014-15, when the minimum wage was no more than $9.47.

The data have some important limitations:

-No information on gig/contractor employment
-No "informal" employment
-No jobs outside WA

However if a worker is holding 2+ job we can "see" all of them and include them all in calculating how many hours they work.

The median low wage worker works ~800 hours per year.

With a $15 minimum wage, working 800 hours/year, your annual income works out to $12,000.

That's below the poverty line for a single person, and less than half the poverty line for a family of 4.

Whereas if you could get full time hours (2,000/year) your income would be $30k.

The problem with low wage work (aside from low wages): these jobs tend to be unstable, seasonal, or offered by employers that need a large workforce for a limited number of hours per week.

Since the minimum wage is specified in dollars/hour, it can't guarantee a living income.

The @CityofSeattle, and a few other places, have tried to address the hours problem. They've enacted regulations to make hours more stable and predictable, which is a worthy goal. But a job offering a stable, predictable 10 hours a week isn't going to earn you a living.

A century ago, the first minimum wage policies adopted in states like Oregon and Massachusetts set a *weekly* minimum, not hourly. What would a policy like that look like today?

Imagine this: every job must offer either
a) $15/hour
b) $400/week for up to 40 hrs ($15/hr overtime)

Option b) allows businesses to pay as little as $10/hour, if they consistently offer full-time hours.

In exchange for a lower hourly rate, businesses would have to accept risk that, under current policy, they shift to workers.

Consider the case of a beer garden in Seattle.

If the weather's rainy, there won't be many customers and thus little revenue. When workers are paid by the hour, the beer garden passes a portion of this revenue hit to workers by telling them to stay home if it rains.

(at least in the days before Seattle regulated this!)

The hybrid weekly/hourly wage policy would give businesses a choice: they can pay less per hour if they're willing to bear risk themselves. Or they can pay a higher rate that compensates workers for bearing the risk instead.

The hybrid minimum, unlike a straight hourly minimum, would offer at least some workers a guaranteed income above the poverty line (for certain household sizes, anyway).

The main argument against? Same as for the traditional minimum wage: it might reduce employment.

Would it really reduce employment? If so, by how much? That's a thread for another day...

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