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FIGHT FOR \$15 AND A UNION

Ten-Year Legacy of the Fight for \$15 and a Union Movement

Reducing the Racial Wealth Gap and Generating Tens of Billions in Additional Economic Activity

Yannet Lathrop, Matthew D. Wilson, and T. William Lester

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Introduction and Executive Summary

Ten years ago, on November 29, 2012, a group of 200 fast-food workers in New York City—fed up with low pay and roadblocks to organizing—walked out of their jobs demanding a \$15 hourly wage and a union. At the time, the *New York Times* described the strike as “the biggest wave of job actions in the history of America’s fast-food industry.”¹

That “biggest wave of job actions,” led by Black workers and other workers of color, would not stay contained to the fast-food industry for long. Over the course of the decade that followed, the Fight for \$15—as the movement inspired by the strikes would come to be known—spread from coast to coast, animating workers across industries to join the demand for higher wages. To date, 29 states and nearly five dozen cities and counties have raised their wage floors since 2012—many to \$15 an hour or more. In addition, employers of all sizes—including some of the world’s largest corporations employing tens of millions of workers—have been inspired or compelled to raise their pay scales. As a result, since 2012, more than 26 million workers have won higher pay to the tune of \$150 billion.² Nearly half (46 percent) of the benefiting workers are workers of color, whose additional earnings amount to slightly over 50 percent (\$76 billion) of the estimated higher pay.

In addition to higher pay, the Fight for \$15 has brought workplace justice issues to the forefront and inspired worker organizing more broadly.

To commemorate the landmark 10-year anniversary of the Fight for \$15, this report analyzes the movement’s impact beyond wages. We focus on three measures: the movement’s impact on the racial wealth gap (as measured by comparing the median net worth of white workers versus workers of color), its impact on unions (as measured by

membership, coverage, and median hourly wages), and its impact on the overall economy (measured by the multiplier effect). We find that:

- **With regard to the median net worth and the racial wealth gap:**

- Between 2013 and 2019, worker wealth grew faster in states that adopted a minimum wage higher than the federal rate (74 percent increase, on average) compared to states that applied the federal rate (55 percent).
- The increase in personal net worth was particularly strong for Black (174 percent) and Latinx workers (211 percent) in states that raised their minimum wages, and even more so for Black and Latinx workers in states on a path to \$15 or more (186 percent and 233 percent, respectively).
- Although the racial wealth gap persists today, our analysis finds a strong association between the emergence of the Fight for \$15 and the narrowing of the racial wealth gap. In higher-wage states, the Black-white wealth gap decreased by 40.3 percentage points during the period analyzed, and the Latinx-white wealth gap decreased by 29.4 percentage points. In states on a path to \$15 or more, the Black-white and Latinx-white gaps decreased faster: by 54.3 and 48.0 percentage points, respectively.
- Recent studies by economists from the University of California, Berkeley³ found that minimum wage increases have historically had equitable impacts. In addition, an analysis by the Federal Reserve of Cleveland shows that racial income disparities impact the wealth building of Black people over time and suggests that income policies should be a main means of addressing the racial wealth gap.⁴

- **With regard to impacts on union membership, coverage, and pay:**

- Between 2011 and 2021, union membership increased by 3.8 percent in states that raised their minimum wages but decreased by 9.9 percent in states that apply the federal minimum wage.
- When narrowing the analysis to workers who earn at least \$15 per hour, union membership grew much faster (18.4 percent) in higher-wage states, while it decreased by 3.5 percent in federal-rate states.
- The median hourly wage of union members in higher-wage states increased more than three times as fast as their counterparts' in federal-rate states (16.7 percent compared to 5.2 percent).
- In 2021, the union wage premium was \$7 per hour in higher-wage states, and \$5.87 in federal-rate states.
- Assuming full-time, year-round work, that translates to approximately \$15,000 in higher annual earnings for union workers in higher-wage states and \$12,000 for union workers in federal-rate states.

- **With regard to impacts on the economy:**

- We estimate that minimum wage policies since 2012 led to \$87.6 billion in annual economic output.
- That economic output supports an additional 452,000 jobs each year.

Impact on Wealth Building and the Racial Wealth Gap

Black workers and other workers of color have been at the forefront of the Fight for \$15.⁵ Their demand for higher pay has had a tremendous impact on wage policy and the earnings of underpaid workers throughout much of the country. In our 2021 report, we found that between 2012 and 2021, over 26 million workers won nearly \$151 billion in additional pay by fighting for—and winning—higher minimum wage policies in six dozen state and local jurisdictions.⁶ Black workers and other workers of color represent 46 percent of affected workers. Their share of the additional pay is nearly \$76 billion (50 percent). Black workers' earnings increased by \$6,200 annually on average.⁷ The earnings of Latinx and Asian American workers rose by an average of approximately \$7,300 annually.⁸

Higher wages benefit all workers but have a greater impact in communities that have been historically underpaid due to structural racism, sexism, and the enduring occupational segregation that pushes people of color into the most underpaid jobs in the economy. For this reason, changes to minimum wage policies can have a profound effect in reducing racial inequity. A 2021 study by the University of California, Berkeley estimated that minimum wage increases adopted between 1990 and 2019 reduced the Black-white wage gap by 12 percent.⁹ A 2021 study by other Berkeley researchers estimated that the 1966 amendment to the Fair Labor Standards Act—a federal law that expanded minimum wage protections to previously excluded occupations in which people of color were overrepresented—explains more than 20 percent of the reduction in the racial earnings and income gaps between 1967 and 1980.¹⁰

This report adds to the growing literature examining the relationship between minimum wage policy and racial equity by focusing on the impact of higher wage floors on wealth building and specifically on the median personal net worth of people of color. The US Census Bureau notes that “income alone does not provide a complete picture of the resources people have for coping with unforeseen events such as losing a job or an unexpected illness.”¹¹ By focusing on net worth—defined as total assets (such as homes and retirement accounts) minus total liabilities (such as mortgages and student or credit card debt)¹²—we obtain a picture not only of the economic health of people of color and their families but also of the extent to which minimum wage policy may have ameliorated some of the damaging effects of structural racism.

Table 1 summarizes the changes in median personal net worth between 2013 (when the Fight for \$15 was just beginning) and 2019. We find that:

- Overall median personal net worth increased faster in states that adopted minimum wages higher than the federal wage floor (“higher-wage states”) (74 percent), compared to states whose minimum wage did not change (“no-increase states”) (55 percent).
 - **The change in median net worth was particularly fast for Black workers in higher-wage states (174 percent), compared to those in no-increase states (3 percent).**
 - The pace of change in net worth for Latinx workers was also faster in higher-wage states (211 percent) than in no-increase states (123 percent).

- For white workers, the speed of change was not significantly different in higher-wage states compared to no-increase states.
- When comparing states on a path to a \$15 minimum wage or higher (“\$15+ states”) with no-increase states, a similar pattern emerges:
 - Overall, median net worth increases at a faster pace in \$15+ states (76 percent) compared to no-increase states (55 percent).
 - The change is more striking for Black workers: their median net worth increases much faster in \$15+ states (186 percent) than in no-increase states (3 percent).
 - Latinx workers’ wealth increases faster in \$15+ states (233 percent) than in no-increase states (123 percent).
 - White workers fare slightly better in no-increase states (52 percent increase) compared to \$15+ states (48 percent increase).
- In higher-wage states, median net worth increased faster for all workers of color (between 99 percent and 284 percent) compared to white workers (53 percent). This pattern remained true when focusing on states on a path to a \$15 minimum wage or higher (between a 95 percent and 233 percent change for Black workers and other workers of color and a 48 percent change for white workers).
- In no-increase states, the median personal net worth of Black workers increased at a significantly slower pace (3 percent) compared to white workers (52 percent).

Table 1. Change in median personal net worth in states that adopted minimum wages higher than the federal rate and in states without a minimum wage increase, by race or ethnicity, 2013–2019

Minimum wage status	Black	Latinx	Asian	Other	White	Overall
Higher wages states	174%	211%	99%	284%	53%	74%
States on a path to \$15+	186%	233%	95%	103%	48%	76%
No increase	3%	123%	134%	193%	52%	55%

Source: Authors’ analysis of Survey of Income and Program Participation (SIPP), [2014 Wave 1 data](#) (covering the period of January through December 2013), and [2020 Wave 1 data](#) (covering the period of January through December 2019). Note: SIPP Data from 2020 (i.e., SIPP 2021 release) was available but not used to exclude the skewing effects of the COVID-19 pandemic.

The faster increase in the median personal net worth for people of color helped narrow the racial wealth gap. As Table 2 shows, although the racial wealth gap persists today the gap narrowed substantially between 2013 and 2019—especially for Black workers.

- **In higher-wage states, the racial wealth gap decreased.**
 - The Black-white wealth gap decreased by 40.3 points. That is, while the median net worth of white workers in 2013 was a shocking 91.1 times the median net worth of Black workers, in 2019 that gap narrowed to 50.9—a difference of 40.3.
 - The wealth gap also decreased for Latinx workers (–29.4), Asian American workers (–0.8 percent), and other non-white workers (–21.8).
- **The decrease in the wealth gap was especially significant in states on a path to \$15 or more:**
 - The Black-white gap decreased by 54.3 points.
 - The wealth gap for other workers also decreased faster: by 48.0 points for Latinx workers, by 1.0 point for Asian American workers, and by 5.9 points for other non-white workers.
- **However, in states that did not increase their wage floors, the Black-white wealth gap *increased* by 11.6 points** and narrowed only minimally (between –0.5 and –9.2) for all other non-white workers.

Table 2. Change in the racial wealth gap (ratio of white net worth to indicated racial or ethnic group) in states that adopted the minimum wages higher than the federal rate and states without a minimum wage increase, 2013–2019

Minimum wage status	Black	Latinx	Asian	Other	White
All states in the analysis:					
Higher wage (2019)	50.9	28.5	2.7	14.4	1.0
Higher wage (2013)	91.1	57.9	3.5	36.2	1.0
Difference	–40.3	–29.4	–0.8	–21.8	0.0
No increase (2019)	35.9	13.0	0.9	9.9	1.0
No increase (2013)	24.3	19.1	1.4	19.1	1.0
Difference	11.6	–6.1	–0.5	–9.2	0.0
States on a path to a \$15 minimum wage or higher:					
States on a path to \$15+ (2019)	58.2	38.3	3.2	16.0	1.0
States on a path to \$15+ (2013)	112.6	86.3	4.2	21.9	1.0
Difference	–54.3	–48.0	–1.0	–5.9	0.0
No increase (2019)	38.5	13.8	1.1	11.1	1.0
No increase (2013)	29.1	20.9	1.7	35.8	1.0
Difference	9.5	–7.1	–0.5	–24.7	0.0

Source: Authors' analysis of Survey of Income and Program Participation (SIPP), [2014 Wave 1 data](#) (covering the period of January through December 2013), and [2020 Wave 1 data](#) (covering the period of January through December 2019). Note: SIPP Data from 2020 (i.e., SIPP 2021 release) was available but not used in order to exclude the skewing effects of the COVID-19 pandemic. Figures are rounded and may not add up to total.

- A similar pattern can be observed when comparing states on a path to \$15 or more and states without a minimum wage increase:
 - The Black-white gap widened by 9.5 points and narrowed (between -0.5 and -24.7) for all other non-white workers in states without a minimum wage increase.

The faster increase in median net worth for Black workers and other workers of color plus a significant narrowing of the racial wealth gap *in states that adopted higher minimum wage policies*, and the converse—the slower increase in wealth for non-white workers, and either an increase in the racial wealth gap or a much slower decrease—in states that did not raise wages, suggests that minimum wage policies have equity implications. Indeed, recent research by the Federal Reserve Bank of Cleveland suggests that racial disparities in labor income are the primary drivers of the Black-white racial wealth gap—more so than other factors, such as pre-existing levels of wealth, differences in returns on assets, or bequests—and recommends that “policies designed to speed the closing of the racial wealth gap would do well to focus on closing the racial income gap.”¹³

Impact on Union Membership, Coverage, and Pay

Strong unions are indispensable for building worker power, strengthening labor standards, reducing inequality, and raising the wages of union and non-union workers alike.¹⁴ The National Labor Relations Act guarantees workers the right to form a union and collectively bargain. Under the law, employers cannot “interfere with, restrain, or coerce employees in the exercise of the rights guaranteed.”¹⁵ Despite this guarantee, the act provides insufficient penalties and weak enforcement when employers violate the law,¹⁶ even in the face of increasingly sophisticated union-busting strategies developed by employers over the years, resulting in significant barriers to organizing. Consequently, union membership has dropped from its heyday in the 1940s and 1950s, when it hovered in the 30 percent range,¹⁷ to 10.3 percent in 2021 (and just 6.3 percent in the private sector).¹⁸

There is reason for optimism, however. The year 2022 has been a banner year for unions, with a significant uptick in labor activity,¹⁹ high profile campaigns, and important organizing victories.²⁰ In addition, a Gallup poll shows that public approval of unions increased to 71 percent in 2022—the highest since 1965.²¹

But even before 2022, there were important positive developments on the labor front, which can be traced to the emergence of the Fight for \$15. Table 3 compares union membership and coverage in states that have adopted wage increases since 2012 (“higher-wage states”) and states that apply the federal wage floor of \$7.25 (“federal-rate states”)—either because those states do not have minimum wage laws of their own or because their state minimum wage laws are pegged to the federal rate. The period of analysis is from 2011 (the year prior to the emergence of the Fight for \$15) to 2021. We find that:

- **Compared to a decade before, union membership increased in 2021 in states that raised their minimum wages higher than the federal rate but decreased in states that apply the federal minimum wage.**
 - As Table 3 shows, membership in a labor union grew by 3.8 percent in higher-wage states and declined by 9.9 percent in federal-rate states.
 - Although the number of workers who are neither union members nor covered by a CBA also increased in both state categories, the increase was significantly faster in federal-rate states (12.4 percent compared to 7.8 percent).

Table 3. Union membership and coverage in states that raised their minimum wages higher than the federal rate vs. states where the federal minimum wage applies, 2011–2021

Union status	States with minimum wage higher than federal				States where federal minimum wage rate applies			
	2011	2021	Difference	Change (%)	2011	2021	Difference	Change (%)
Member of a labor union	10,980,000	11,390,000	410,000	3.8	3,120,000	2,810,000	-310,000	-9.9
Covered by union but not a member	920,000	880,000	-40,000	-4.3	550,000	490,000	-60,000	-10.6
No union coverage	66,620,000	71,790,000	5,170,000	7.8	42,010,000	47,210,000	5,200,000	12.4

Source: Authors' analysis of [IPUMS-CPS](#), University of Minnesota. Figures are rounded; totals or percentages may not add up.

- While these figures may be, in part, a reflection of the country's increasing polarization—with “blue” states more likely to adopt stronger labor standards²² and have workforces with above average union density²³ than “red” states—the stark differences between states that embraced the call for higher wages and those that ignored it points to a strong association between the Fight for \$15 and union membership outcomes.
- **The association between the emergence of the Fight for \$15 and better union membership outcomes is more evident when narrowing the analysis to only those workers who earn \$15 or more per hour.²⁴**
 - Table 4 shows that union membership among workers earning \$15 or more grew much faster (18.4 percent) in higher-wage states, while it decreased by 3.5 percent in federal-rate states.
 - The number of workers who are neither organized nor covered by a union contract grew at similar rates: 43.5 percent and 44.1 percent.

Table 4. Union membership and coverage for workers making \$15 or more per hour in states that raised their minimum wages higher than the federal rate vs. states where the federal minimum wage applies, 2011–2021

Union status	State minimum wage higher than federal				States where federal minimum wage rate applies			
	2011	2021	Difference	Change (%)	2011	2021	Difference	Change (%)
Member of a labor union	8,430,000	9,980,000	1,550,000	18.4	2,490,000	2,400,000	-90,000	-3.5
Covered by union but not a member	670,000	670,000	0	0.0	400,000	420,000	20,000	4.9
No union coverage	38,350,000	55,040,000	16,690,000	43.5	23,230,000	33,470,000	10,240,000	44.1

Source: Authors' analysis of [IPUMS-CPS](#), University of Minnesota. Figures are rounded; totals or percentages may not add up.

- **The Fight for \$15 also had a positive effect on the wages of unionized workers, particularly in higher-wage states.**
 - Table 5 shows that between 2011 and 2021, the **median hourly wage** of union members in higher-wage states increased more than three times as fast as their counterparts' in federal-rate states (16.7 percent compared to 5.2 percent).
 - For workers who are neither unionized nor covered by a CBA, the median wage increased at similar rates (33.3 percent to 31.1 percent).

Table 5. Comparison of median hourly wage by union membership and coverage for hourly wage workers in states that raised their minimum wages higher than the federal rate and states without a minimum wage or minimum wages equal to the federal rate, 2011–2021

Union status	State minimum wage higher than federal				States where federal minimum wage rate applies			
	2011	2021	Difference	Change (%)	2011	2021	Difference	Change (%)
Member of a labor union	\$19.71	\$23.00	\$3.29	16.7	\$20.54	\$21.60	\$1.06	5.2
Covered by union but not a member	\$17.05	\$25.15	\$8.10	47.5	\$15.00	\$20.00	\$5.00	33.3
No union coverage	\$12.00	\$16.00	\$4.00	33.3	\$12.00	\$15.73	\$3.73	31.1

Source: Authors' analysis of [IPUMS-CPS](#), University of Minnesota. Figures are rounded; totals or percentages may not add up. Wage figures are nominal for their respective years.

- **The union wage premium (the difference in pay between union members and non-union workers) was \$7 per hour in 2021 in higher-wage states and \$5.87 in federal-rate states.** Assuming full-time, year-round work, that translates to approximately \$15,000 in higher annual earnings for union workers in higher-wage states and \$12,000 for union workers in federal-rate states.

Although in public discourse the Fight for \$15 has been more strongly associated with its demand for higher wages than its call for organizing underpaid workers, our analysis shows that the movement's impact has nonetheless been positive for union membership and coverage. It suggests that despite significant barriers to organizing, the Fight for \$15 has inspired workers to organize and, in turn, may have helped ameliorate some of the negative trends in unionization rates since the 1950.

Impact on the Economy

Higher minimum wages benefit not only underpaid workers—whose hourly wages increase when the laws go into effect and whose annual earnings rise accordingly—but also local economies. That is because higher minimum wages put more money into the hands of underpaid workers, who tend to spend a higher share of their income on consumption and tend to spend more locally than higher income households. For example, lower-wage workers' household budgets typically do not allow for international travel or spending on higher-priced imported goods that would spread their extra dollars beyond local boundaries.

Because the various industries in our economy are interconnected—that is, production in one industry depends on suppliers in other industries, and earnings in one industry are spent on goods and services offered by other industries²⁵—economic changes (whether caused by public policies, such as higher minimum wages, or private investment decisions) lead to effects that ripple to other industries and ultimately throughout the economy. That dynamic is known as the multiplier effect.

With that in mind, we sought to understand how impacted workers' additional earnings have affected the overall economy. We began by estimating the overall annualized wage gains for the entire US in 2022 (approximately \$116.8 billion) and assumed that it was distributed equally among households with modest incomes of up to \$50,000. Since this earnings increase has to be paid for by someone, we accounted for reductions in spending and income elsewhere in the economy. Specifically, we also assumed that the increase was paid for by a combination of price increases—which impacted all income groups—and reduced profits. Collectively, these conservative assumptions reduced the impact of those gains to just 20 percent of the original estimate.

Taking those factors into account, we estimate that **minimum wage policies enacted since 2012 led to \$87.6 billion in additional annual economic output, which supports 452,000 jobs each year.** Stated differently, state policies increasing the minimum wage over the past 10 years led to additional income that workers could use to buy more and healthier groceries, repair their cars or replace worn-out tires, afford clothes and toys for their children, visit the doctor, and treat their families to a restaurant meal. Those purchases

then led to additional demand for goods and services provided by grocery stores, department stores, auto repair shops, doctors’ offices, restaurants, and other local businesses, and therefore to support jobs in those businesses. Table 6 lists the *top 10 affected industries*, the estimated number of jobs supported by Fight for \$15 earnings gains, and the additional annual economic output.

Higher wage floors have been described as a win-win for workers, businesses, and the economy.²⁶ Our findings support those claims.

Table 6. Top 10 industries impacted by state minimum wage policies enacted since 2012

Industry	Employment	Labor income	Value added	Output
Nursing and community care facilities	29,000	\$1,256,000,000	\$1,392,000,000	\$2,434,000,000
Limited-service restaurants	22,000	\$513,000,000	\$836,000,000	\$1,797,000,000
Full-service restaurants	16,000	\$454,000,000	\$671,000,000	\$1,148,000,000
Other real estate	16,000	\$476,000,000	\$1,393,000,000	\$3,293,000,000
Hospitals	13,000	\$1,130,000,000	\$1,329,000,000	\$2,476,000,000
Tenant-occupied housing	12,000	\$349,000,000	\$4,641,000,000	\$5,188,000,000
Retail – General merchandise stores	11,000	\$365,000,000	\$552,000,000	\$880,000,000
Retail – Food and beverage stores	11,000	\$402,000,000	\$544,000,000	\$865,000,000
Employment services	10,000	\$463,000,000	\$652,000,000	\$976,000,000
Offices of physicians	9,000	\$1,032,000,000	\$1,084,000,000	\$1,524,000,000
Total for industries	149,000	\$6,440,000,000	\$13,095,000,000	\$20,581,000,000

Source: Authors’ analysis of wage gains between 2011 and 2022 using Impact Analysis for PLANners (IMPLAN) software. Impacts are presented as annual jobs supported or output generated by minimum wage policies since 2012. Figures are rounded.

Conclusion

In a previous analysis, we quantified the impact of the Fight for \$15 in terms of the number of workers (26 million) who have benefited from higher wages and the additional annual earnings they had won (nearly \$151 billion). In this report, we focus on the movement's impacts beyond wages: on the wealth of Black workers and other workers of color and the narrowing of the racial wealth gap; on union membership and wage premium; and on the economy.

We find a strong association between the emergence of the Fight for \$15 and the growth in workers' wealth overall (74 percent on average in states that raised their wages), with significantly faster growth in the wealth of Black (174 percent on average) and Latinx workers (211 percent on average) and a corresponding narrowing of the racial wealth gap.

We also see a strong association between the Fight for \$15 and union membership, which grew by 3.8 percent between 2011 and 2021 in states that raised their minimum wages—bucking overall union density trends that had shown significant decreases in membership since the 1950s. The median hourly wage of union workers also increased by 16.7 percent during this time. In 2021, the union wage premium (the amount that a union member makes above the wage of a non-union worker) was \$7 hourly in states that raised their minimum wage and \$5.87 hourly in states that apply the federal minimum wage rate. This translates to \$15,000 (in higher-wage states) and \$12,000 (in federal-rate states) annually for full-time union workers who work year-round.

Finally, we estimate that minimum wage policies since 2012 have led to \$87.6 billion in annual economic output, which supports 452,000 jobs each year.

Although it is certain that in its 10 years of existence, the Fight for \$15 has delivered wage gains, more equitable outcomes for Black workers and other workers of color, positive union trends, and broad economic benefits, much of those improvements have been limited to regions outside of the South. To broaden its impact, the next phase of the movement will need to focus on Southern states—home to 52.8 percent of the nation's hourly wage workers earning at or below the federal minimum wage²⁷ and where over half (56 percent) of the Black population in the US lives.²⁸ In the absence of federal action to raise the nation's minimum wage above \$7.25 per hour, the wage gap between the South and the rest of the country will only grow, to the detriment of the region's underpaid workers.

Methodology

Racial Wealth Gap

To estimate the impact that the Fight for \$15 movement on the wealth of workers, we used data from the Survey of Income and Program Participation (SIPP) from the 2014 and 2020 data releases. The SIPP is a national survey of households conducted by the US Census Bureau since 1961. While the SIPP data is a panel survey that can be used to study changes in an individual's economic status over time, for this analysis we used it to capture a snapshot estimate of median individual net worth for workers (employed or unemployed) by race and ethnicity in 2013 (the period covered by the 2014 file) and 2019 (the period

covered by the 2020 file). We then split the sample into two groups by using the state of residence variable to construct estimates for the set of states that passed a minimum wage increase higher than the federal level since 2012 (29 states) and those that have had no state-level minimum wage changes (22). In addition, we conducted a separate sample split to break out just those states that passed minimum wage changes on a path to reach \$15 or higher (12 states). We calculated the median net worth at the individual level since this is the level at which the variable is measured in the SIPP (rather than at the household level).

Finally, we reported the racial wealth gap for states with a higher minimum wage and states without a minimum wage increase during the period analyzed by comparing the ratio of median net worth for white individuals to that of other racial or ethnic groups for each year. This is commonly called the “white/Black wealth gap” or the “white/Latinx wealth gap.”

Impact on Unions and Unionized Workers

We used 2011–2021 Current Population Survey public use microdata to measure union membership, union coverage, and the share of union members and covered workers making \$15 per hour or more. Data was divided into two groups of states: states that enacted a minimum wage above the federal minimum wage in 2012 or after and states that use the federal minimum wage (\$7.25 per hour). Figures are included for both workers who receive an hourly wage and salaried workers. Hourly wages were calculated by dividing yearly wage or salary income by the product of the number of weeks worked in the previous year and usual hours worked per week in the previous year.

Economic Impacts

Our goal was to estimate additional economic activity generated throughout the economy due to the increased wages enabled by all state (and local) minimum wage increases since 2012. This is referred to as the “multiplier effect” of a given change in the economy. To conduct this analysis, we used a national input-output model contained in the IMPLAN Pro (Impact Analysis for PLANners) software. IMPLAN is an industry-standard input-output modeling program that allows researchers to estimate the projected effects of an exogenous (“outside”) change in final demand that results from new economic activity within a study region.

To determine the economic impact of minimum wage changes, we needed to determine how spending in the economy would change under the presence of minimum wage policies, relative to a counterfactual condition under which no minimum wage changes occurred since 2012. We began by estimating the overall annualized wage gains for the entire US in 2022, which was approximately \$116.8 billion in 2022 dollars. Since the literature indicates that the majority of wage increases accrue to relatively low-income households,²⁹ we distributed the \$116.8 billion across the four lowest household income groups (less than \$15,000 through \$40–50,000). These were included in IMPLAN as an institutional spending pattern under households in the SAM matrix.

However, these wage gains do not represent “new money” or a purely exogenous stimulus in the economy. Therefore, they must be offset by subtracting economic activity elsewhere in the economy. To generate the offsetting expenditures, we assumed that 70 percent of the wage increases would be offset by higher prices. *This is a relatively high figure within the literature on the price pass-through of minimum wage policies, which results in a conservative*

estimate. To develop IMPLAN inputs, we distributed 70 percent of the \$116.8 billion as reduced household income evenly across all household income groups. Finally, we assumed that 10 percent of the increase would come from reduced profits, which was included in the model as a reduction of proprietor's income of \$11.68 billion. The other 20 percent of the wage increase was not offset and represents increases in productivity due to minimum wage increases.

These three distinct factors—positive household income for low-income groups, negative household income across all households due to higher prices, and reduced profits—were entered simultaneously into the input-output model (IMPLAN software) to generate the overall multiplier effect of minimum wage policy since 2012.

The findings show that these minimum wage policies collectively result in an additional \$87.6 billion in economic output each year, which supports approximately 452,000 jobs annually. These positive effects result from the fact that IMPLAN data on spending and savings patterns by household income groups shows that lower-income groups spend more and spend more locally (i.e., don't buy as many imported goods or travel internationally) and save less than upper-income groups. The interpretation of these figures is on an annual basis and dollar figures are in 2022 dollars.

The Authors

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practices in the restaurant industry. His current projects include a theoretical and empirical reassessment of the term “inner-city” as a worthwhile category for social analysis and policymaking. He is also continuing quantitative work that evaluates the effectiveness of urban economic development tools such as Tax Increment Financing and Opportunity Zones. Dr. Lester received a PhD in City and Regional Planning from the University of California, Berkeley (2009), a Masters of Urban Planning and Policy from the University of Illinois at Chicago (2001), and a Bachelor of Arts from the University of Pennsylvania (1999).

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