

Minimum Wage Hike Could Cost Albuquerque Workers Up to 1,300 Jobs

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October, 2012

In a 2008 book summarizing studies on the minimum wage from the last two decades, economists David Neumark (UC-Irvine) and William Wascher (Federal Reserve Board) determined that the “preponderance of evidence” backs up the economic intuition that mandating higher wages for less-experienced employees causes some loss of hours or jobs.

The range of job loss measured in these studies has varied. Some studies have found employment loss in the range of one percent for each 10 percent increase in the minimum wage; in other studies, the response to a higher minimum wage has been even larger. In this policy brief, we use Census Bureau data and estimate the number of job losses that would occur following an increase in Albuquerque’s minimum wage to \$8.50, based on a range of employment loss estimates found in the economic literature.²

(The “one percent” category implies a one percent decline in employment for affected employees for each ten percent increase in the minimum wage. The “three percent” category implies a three percent decline in employment; and so on.)

Job Loss Estimates

One Percent	217 Jobs
Three Percent	651 Jobs
Six Percent	1,301 Jobs
Six percent for High School Dropouts ages 16-29; Two percent for all others	589 Jobs

At the low end, the proposal would eliminate 217 jobs; at the high end, it would eliminate roughly 1,300 jobs. Since the proposal in Albuquerque indexes the city minimum wage for inflation and also changes the wage laws for tipped employees, these estimates should be considered a conservative approximation that do not account for other potentially harmful consequences of the law.

An earlier analysis from Rio Grande estimated that the minimum wage proposal would be unlikely to reduce poverty rates, given that both the mean (\$55,139) and median (\$43,579) income of an affected employee in Albuquerque is considerably above the poverty level. The full analysis is available here: <http://riograndefoundation.org/content/rio-grande-foundation-study-exposes-proposed-minimum-wage-hike-misguided-harmful-policy>

¹ The Employment Policies Institute assisted with the analysis in this policy brief.

² Current Population Survey Outgoing Rotation Group data, pooled for 2009-2011. 26,516 directly affected workers in Albuquerque.