



## Studies in the News

California Research Bureau, California State Library

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Featured study:

### **EMPLOYMENT**

2 studies, 2 different outlooks on impact of Seattle's minimum wage hike

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### **EMPLOYMENT**

Hikes in the minimum wage have long been disputed: do they help workers or kill jobs? Two recent studies evaluate the effects of Seattle's minimum wage hike—among the highest in the country—and come to different conclusions. The studies use similar experimental design, but there are differences in the methods and data each uses. One study found Seattle's efforts to help low-wage workers may be backfiring, while the other concluded the increase has so far worked as intended.

***Minimum Wage Increases, Wages, and Low-Wage Employment: Evidence from Seattle.* By Ekatarina Jardim, et al. University of Washington. National Bureau of Economic Research. June 2017. 63 p.**

<http://www.nber.org/papers/w23532> (Available to .gov accounts or from the California State Library)

This study compares wages, employment, and the number of hours low-wage employees work across all industries in Seattle, especially in the food services industry. Researchers analyze data that excludes multi-site locations; low-wage workers in the fast food industry are underrepresented. "Our preferred estimates suggest that the Seattle Minimum Wage Ordinance caused hours worked by low-skilled workers (i.e., those earning under \$19 per hour) to fall by 9.4% during the three quarters when the

minimum wage was \$13 per hour, resulting in a loss of 3.5 million hours worked per calendar quarter. Alternative estimates show the number of low-wage jobs declined by 6.8%, which represents a loss of more than 5,000 jobs. These estimates are robust to cutoffs other than \$19. A 3.1% increase in wages in jobs that paid less than \$19 coupled with a 9.4% loss in hours yields a labor demand elasticity of roughly -3.0, and this large elasticity estimate is robust to other cutoffs.”

***Seattle’s Minimum Wage Experience 2015-16.* By Michael Reich, et al. Institute for Research on Labor and Employment. University of California, Berkeley. June 2017. 26 p.**  
<http://irle.berkeley.edu/files/2017/Seattles-Minimum-Wage-Experiences-2015-16.pdf>

This study separates the food-service industry into full-service (tipped) and limited service (non-tipped; fast-food) restaurants, in keeping with Seattle’s ordinance. Researchers analyzed data that include businesses with single and multi-site locations. Multi-site employers tend to be larger and include more fast-food restaurants. “Our results show that wages in food services did increase—indicating the policy achieved its goal—and our estimates of the wage increases are in line with the lion’s share of results in previous credible minimum wage studies. Wages increased much less among full-service restaurants, indicating that employers made use of the tip credit component of the law. Employment in food service, however, was not affected, even among the limited-service restaurants, many of them franchisees, for whom the policy was most binding. These findings extend our knowledge of minimum wage effects to policies as high as \$13.”

*What others are saying:*

“The UW study has its critics, though it’s worth noting that nobody seemed to have a problem with the research when the same team reported the initial wage hike had no ill effects. But this is an odd rebuttal: ‘Their data exclude workers at businesses that have more than one location,’ notes Ben Spielberg of the Center on Budget and Policy Priorities in the Washington Post, adding that ‘while workers at a stand-alone mom-and-pop restaurant show up in their results, workers at Starbucks and McDonald’s don’t.’” ([Sacramento Bee](#), June 29, 2017).

“Experts cautioned that the effects of the minimum wage may vary according to the industries dominant in the cities where they are implemented along with overall economic conditions in the country as a whole.... Economists might not readily dismiss the [UW] study as an outlier, however. The paper ... makes use of more detailed data than have been available in past research, drawing on state records of wages and hours for individual employees.” ([Washington Post](#), June 26, 2017).

“[S]keptics argue that the researchers confused the effects of a minimum-wage increase with the effects of a hot labor market. During a boom, which Seattle has experienced in recent years, employers bid up wages, effectively replacing low-wage jobs with higher-paying ones. Under such a scenario, one would expect to see a decline in the overall number of hours worked in low-wage jobs. In their place would be a significant increase in hours worked at somewhat higher-paying jobs.” ([New York Times](#), June 26, 2017).

## ECONOMY

***Future Job Automation to Hit Hardest in Low Wage Metropolitan Areas Like Las Vegas, Orlando and Riverside-San Bernardino.* By Jess Chen. ISEA. May 3, 2017.**  
<http://www.iseapublish.com/index.php/2017/05/03/future-job-automation-to-hit-hardest-in-low-wage-metropolitan-areas-like-las-vegas-orlando-and-riverside-san-bernardino/>

Riverside-San Bernardino ranks 3<sup>rd</sup> and Bakersfield ranks 6<sup>th</sup> in this report’s analysis of potentially automatable jobs. “A new analysis suggests that the places that are going to be hardest-hit by automation in the coming decades are in fact outside of the Rust Belt. It predicts that areas with high concentrations of jobs in food preparation, office or administrative support, and/or sales will be most affected—places such as Las Vegas and the Riverside-San Bernardino area may be the most vulnerable to automation in

upcoming years, with 65 percent of jobs in Las Vegas and 63 percent of jobs in Riverside predicted to be automatable by 2025.” ([Atlantic](#), May 3, 2017).

## ENERGY & ENVIRONMENT

**California Greenhouse Gas Emission Inventory Program.** Air Resources Board. June 2017. 3 p.  
<http://advances.sciencemag.org/content/1/1/e1400082>

“The state’s emissions in 2015 dropped just 0.3% from the prior year, according to data released ... by the California Air Resources Board. The board’s detailed annual greenhouse gas inventories are issued more than a year after the fact. While emissions from electrical plants fell in 2015, driven down partly by the rapid growth of large solar facilities, the amount of greenhouse gases spewed by cars and planes rose. That may be due to low fuel prices and an improving economy, both of which typically entice people to drive more.” ([SFGate](#), June 9, 2017).

## GENERAL GOVERNMENT

**California’s Missing Voters.** By Eric McGhee. Public Policy Institute of California. June 2017. 20 p.  
<http://www.ppic.org/main/publication.asp?i=1239>

“In the 2016 election, California’s registration rate rose and turnout climbed. But broader voting trends in the state have been disappointing, with record low turnout in the primary and general elections of 2014. Low turnout has generated wide-ranging concerns about the sources of the problem and potential solutions.” Census data indicates California’s voter registration has declined relative to other states, particularly during midterm general elections. Overall voter turnout has also declined—particularly among Latinos, Asian Americans, and millennials. The report suggests “[m]ore aggressive education, outreach, and mobilization are probably the most effective means of correcting this problem.”

## HEALTH

**“Tobacco Use Among Middle and High School Students – United States, 2011-2016.”** By Ahmed Jamal, et al. *Morbidity and Mortality Weekly Report*, vol. 66 no. 23 (June 16, 2017) 7 p.  
<https://www.cdc.gov/mmwr/volumes/66/wr/mm6623a1.htm>

“During 2015–2016, among high school students, decreases occurred in the use of any tobacco product (25.3% to 20.2%), any combustible tobacco product (17.2% to 13.8%),  $\geq 2$  tobacco products (13.0% to 9.6%), e-cigarettes (16.0% to 11.3%), and hookahs (7.2% to 4.8%) ( $p < 0.05$ ). Among middle school students, e-cigarette use decreased from 5.3% in 2015 to 4.3% in 2016 ( $p < 0.05$ ).... This is in contrast to prior recent years, when declines in the reported use of cigarettes and cigars occurred alongside increases in the use of other tobacco products, including e-cigarettes and hookahs, resulting in no change in the use of any tobacco product during 2011-2016.... Sustained efforts to implement proven tobacco control strategies focusing on all types of tobacco products are critical to reduce tobacco product use among U.S. youths.”

## SCIENCE & TECHNOLOGY

**Stateless Attribution: Toward International Accountability in Cyberspace.** By John S. Davis II, et al. RAND. June 2017. 64 p.  
[https://www.rand.org/pubs/research\\_reports/RR2081.html](https://www.rand.org/pubs/research_reports/RR2081.html)

Cyber crime is increasing around the world—including here in California—but ascertaining responsibility for these crimes has proved difficult. This makes prosecution even more difficult. “The spread of offensive cyber capabilities and their increasing commercial availability has the potential to destabilize governments and threaten the Internet technologies on which we are increasingly dependent,” RAND’s new paper summarizes while also presenting a framework to create a neutral, global body comprised of “private-sector and other nonstate actors” with the capacity to assess which entities have committed these crimes.

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