

JOHNSON COUNTY'S ECONOMIC PERFORMANCE BEFORE AND AFTER THE MINIMUM WAGE INCREASE

DECEMBER 21, 2017

Johnson County Minimum Wage Advisory Committee



Prepared for the Johnson County Minimum Wage Advisory Board by Peter Fisher, Ph.D. and John Solow, Ph.D. with the assistance of Ms. KayLee Lindberg.

Current members

Jesse Case (chair)
Dromi Etsey
Peter Fisher
Rebecca Reedus
Ryan Semts
John Solow (vice-chair)
Rod Sullivan (ex officio)
DaLayne Williamson

Past Members

David Dickey
Rebecca Neades
Carlos Walker
Katie Wilson

Primary Potential Effects of a Minimum Wage Increase

Intended goal:

- increased wages and earnings of low-wage workers

Possible negative consequences:

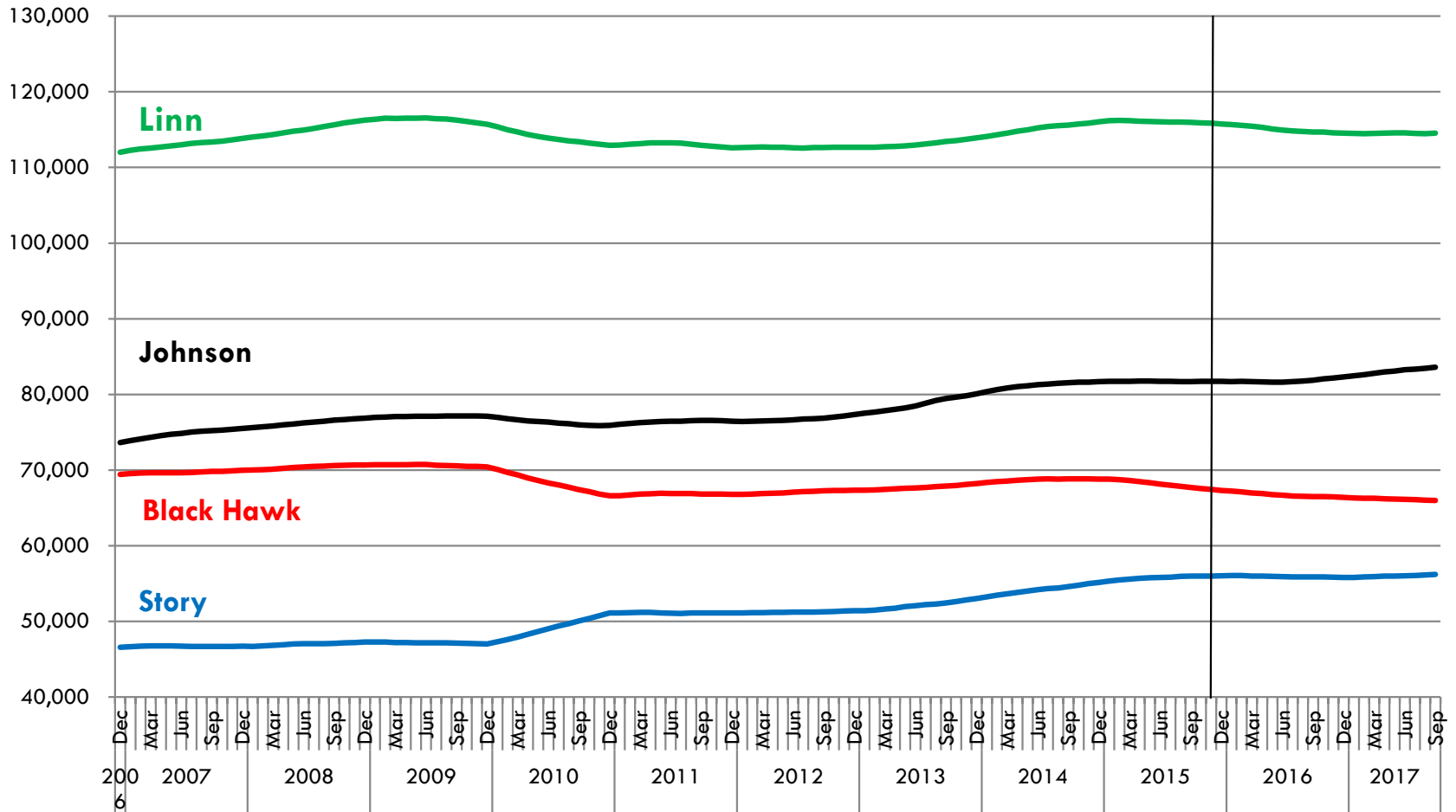
- reduced employment and increased unemployment, particularly in low-wage industries

- reduced business activity, particularly in low-wage industries

- higher prices for goods and services

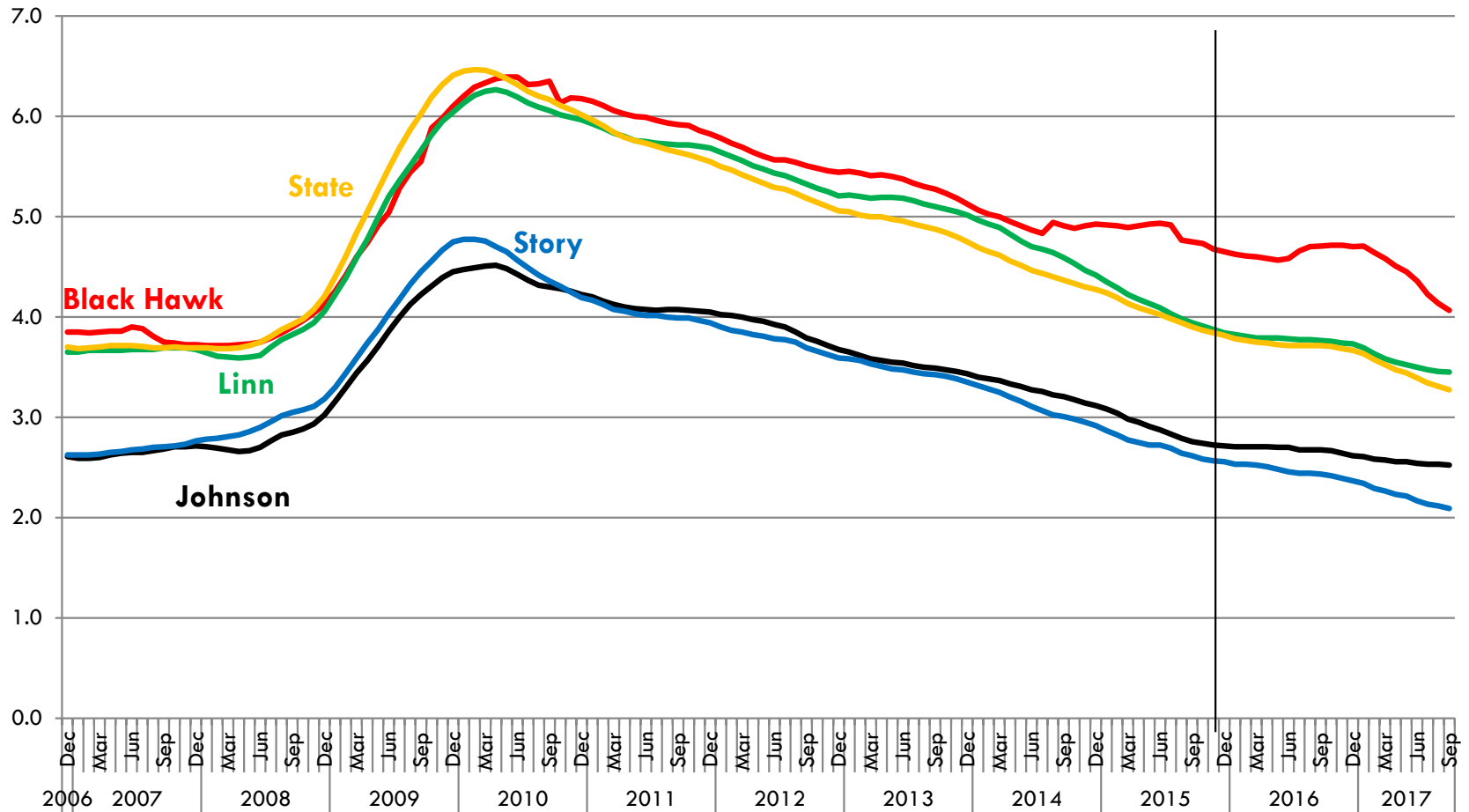
Number of County Residents Employed

12-month rolling average, 2006 through Sept. 2017



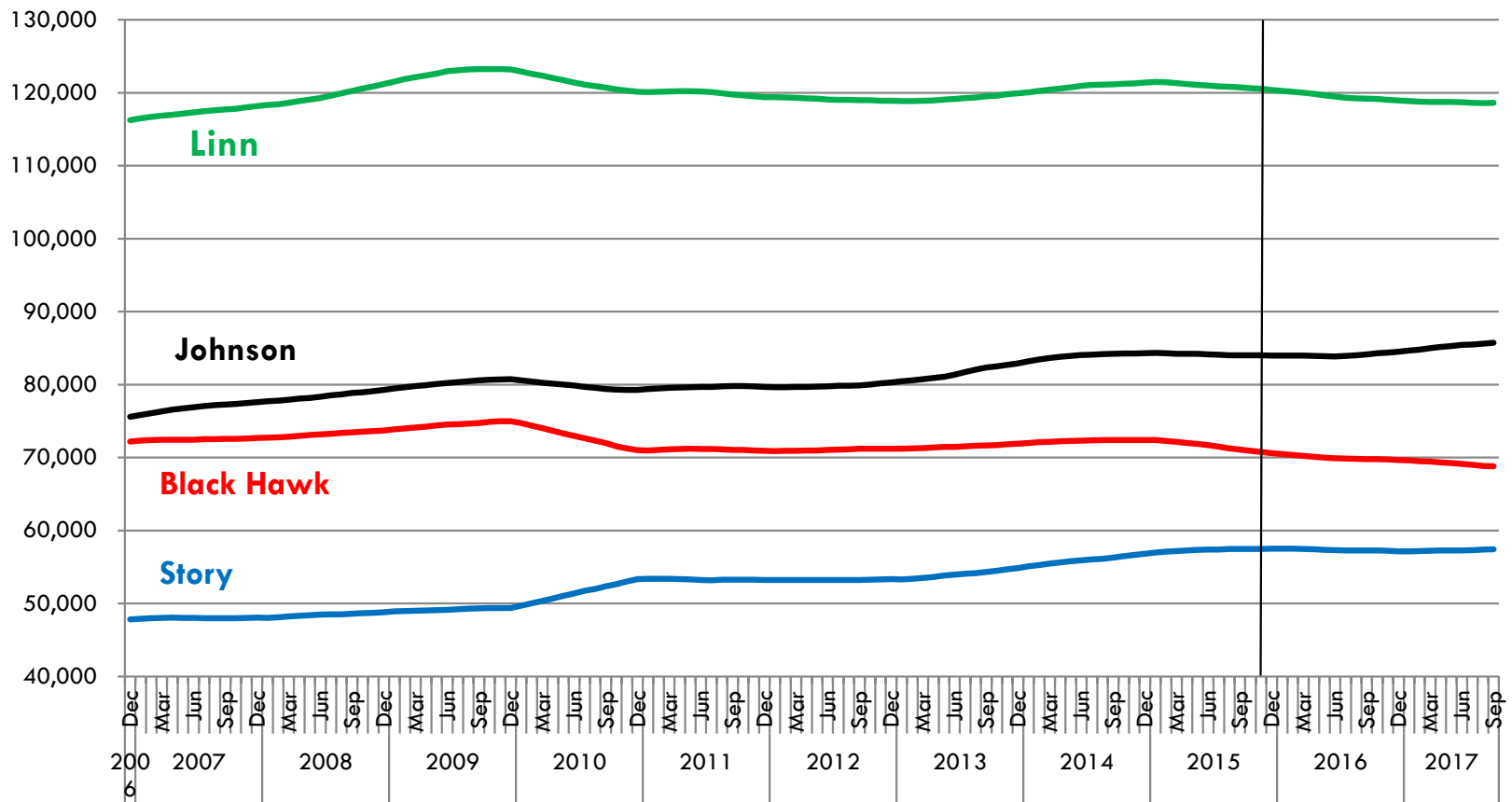
Unemployment Rate

12-month rolling average, 2006 through Sept. 2017



Labor Force: Number of County Residents Employed or Looking for Work

12-month rolling average, 2006 through Sept. 2017



Low-Wage Sectors

- Leisure and Hospitality
 - ▣ Mostly restaurants, bars, hotels and motels
 - ▣ 8,800 employees in Johnson County in 2015: 16% of private sector jobs
 - ▣ Average weekly earnings: \$274 (compared to \$796 for all private sector jobs)
 - ▣ Median hourly wage for food preparation and serving occupations in 2015: \$9.01

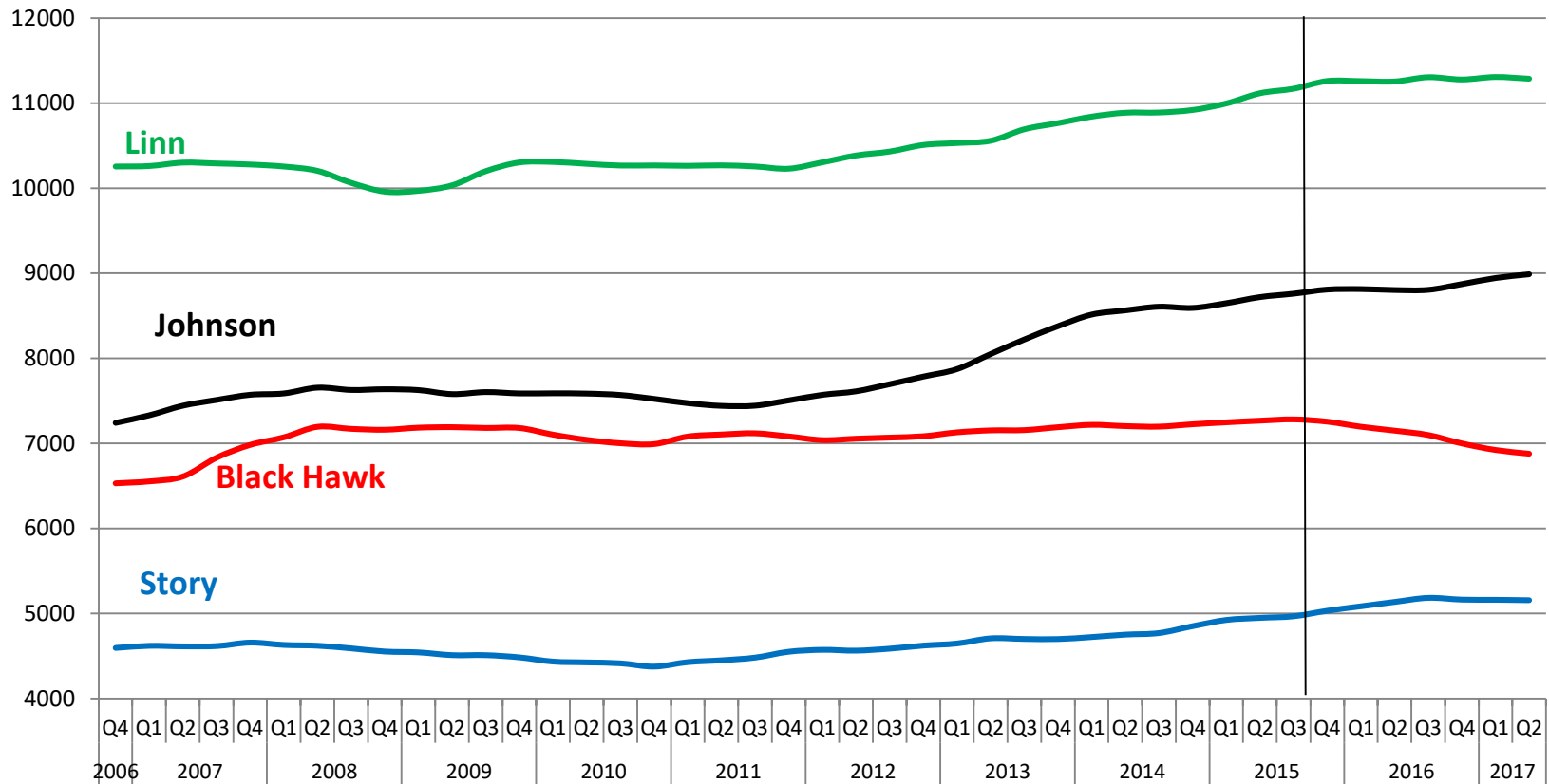
Low-Wage Sectors (cont'd)

□ Retail Trade

- 9,230 employees in Johnson County in 2015: 17% of private sector jobs
- Average weekly earnings: \$490
- Median hourly wage in 2015:
 - \$10.14 for store clerks
 - \$8.90 for cashiers

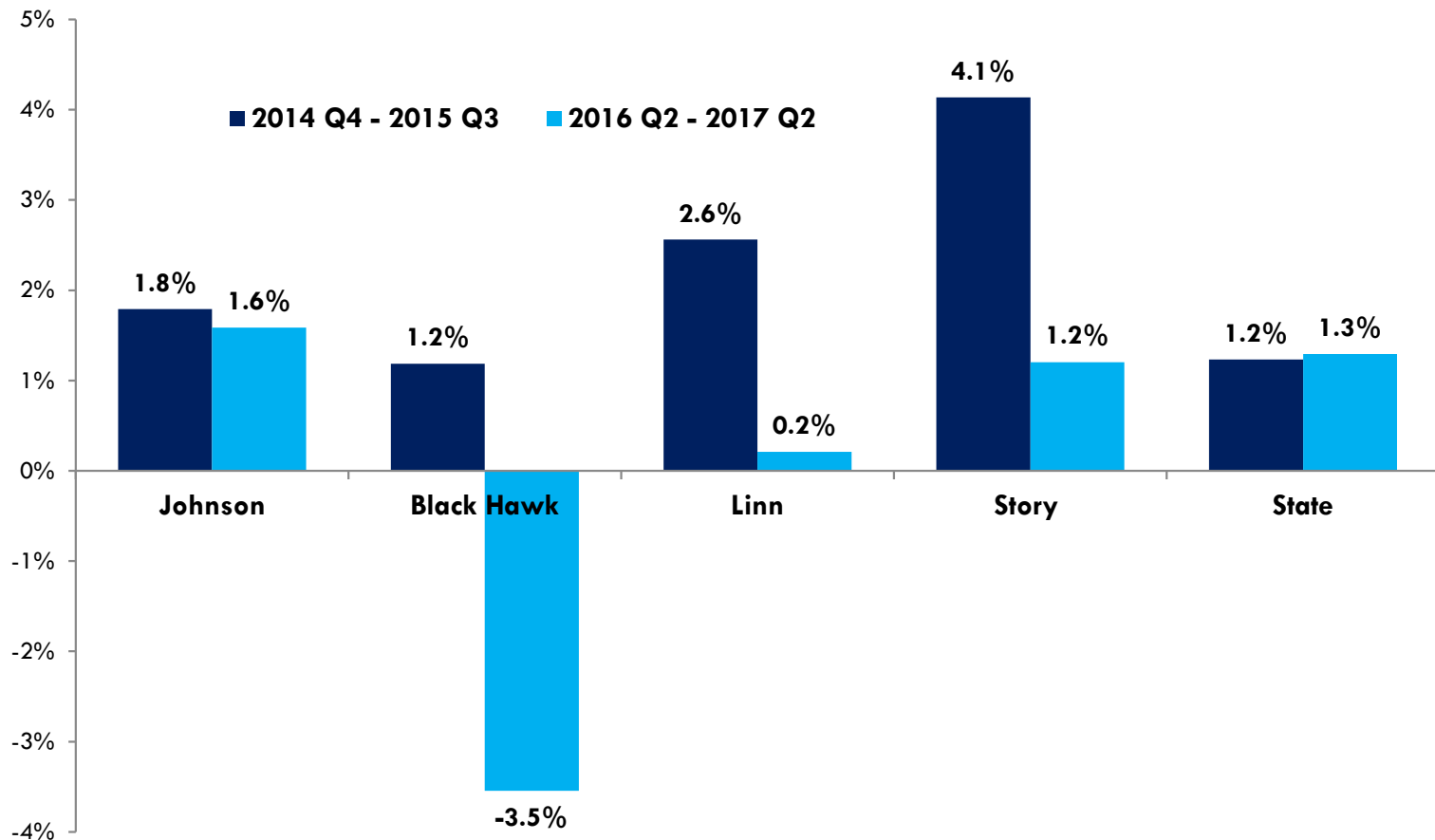
Number of Jobs in the Leisure and Hospitality Sector

Rolling average of 4 quarters, 2006 – June 2017



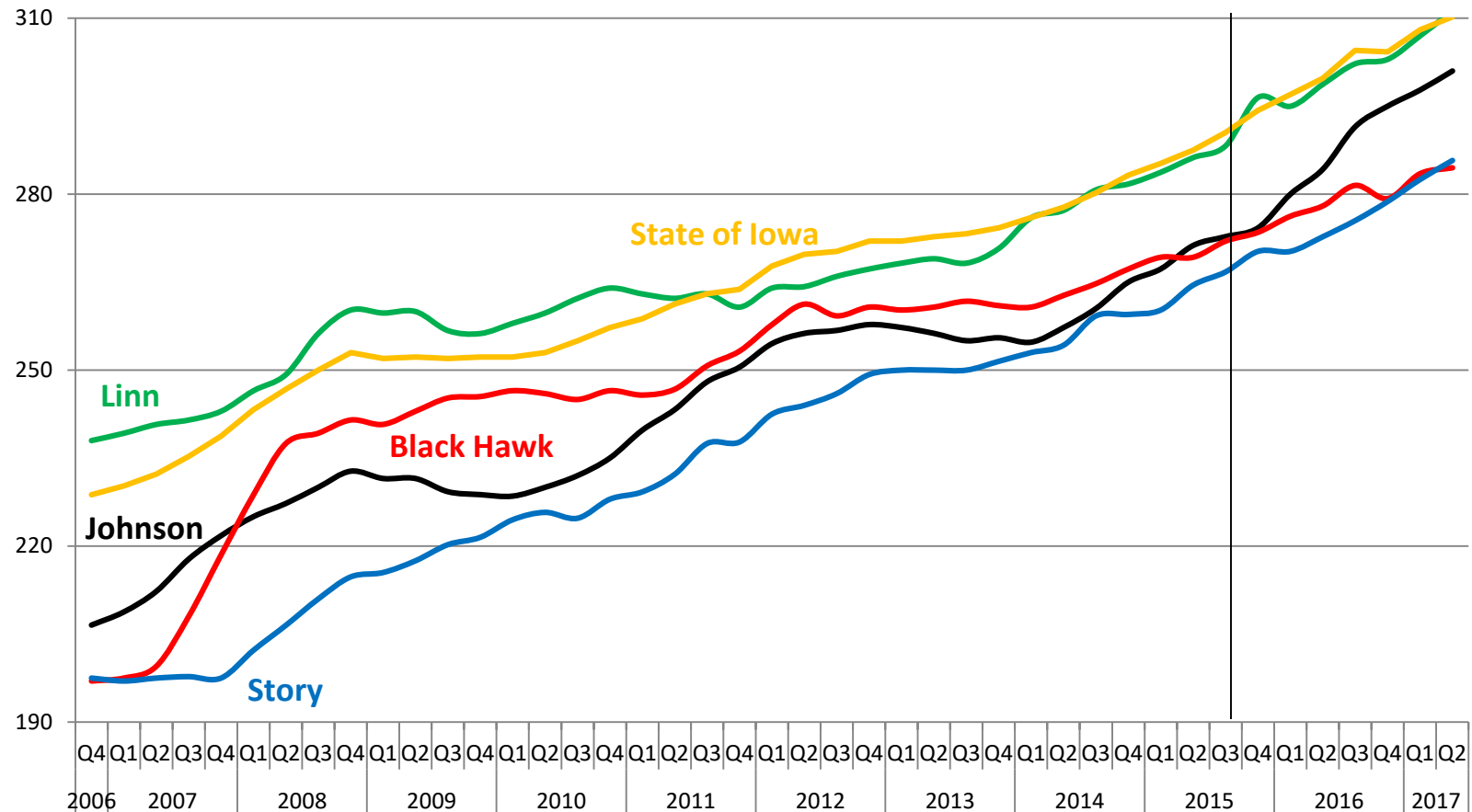
Jobs in Leisure and Hospitality Sector

Average year-over year percent change



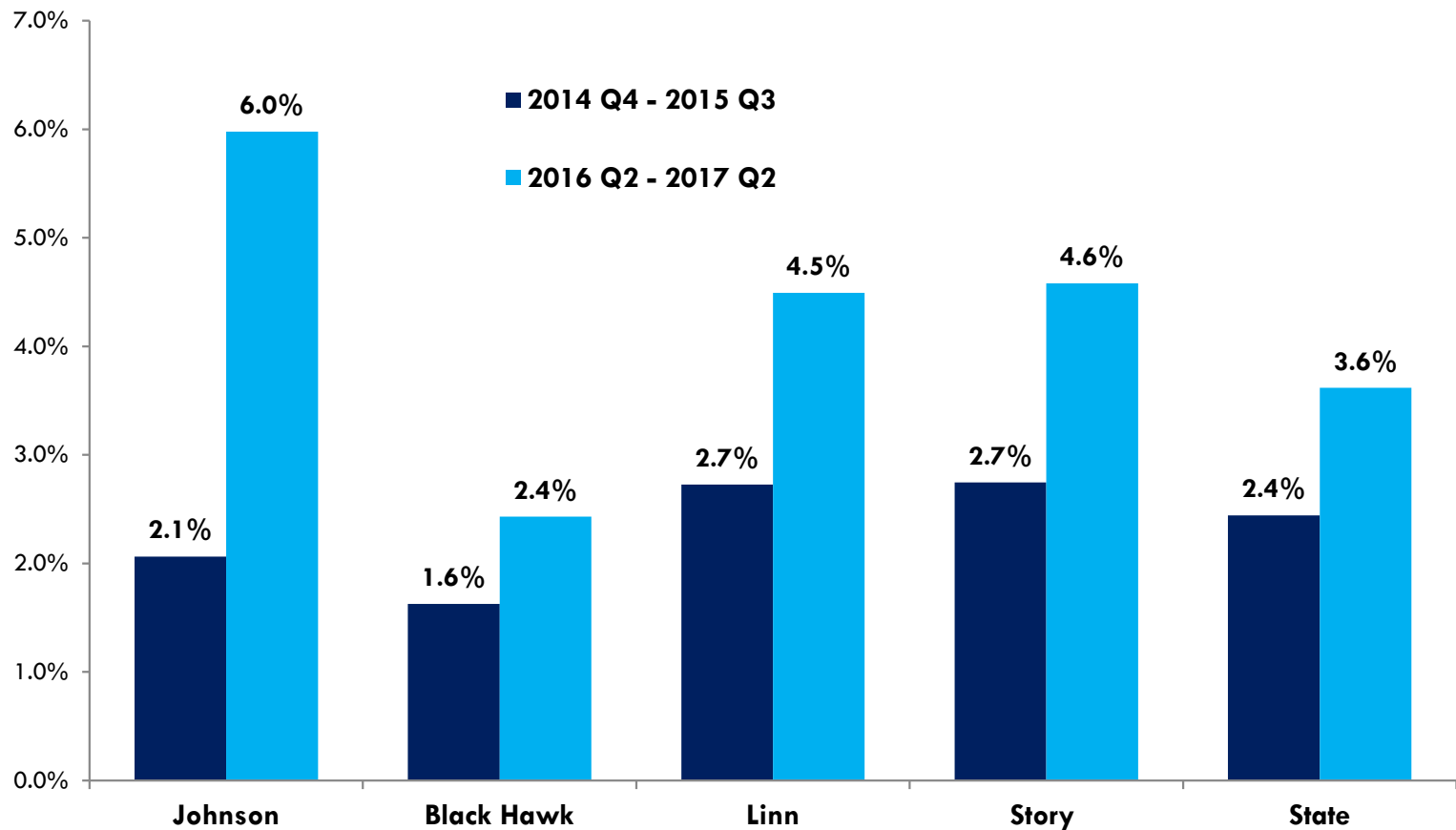
Average Weekly Earnings in the Leisure and Hospitality Sector

Rolling average of 4 quarters, 2006 – June 2017



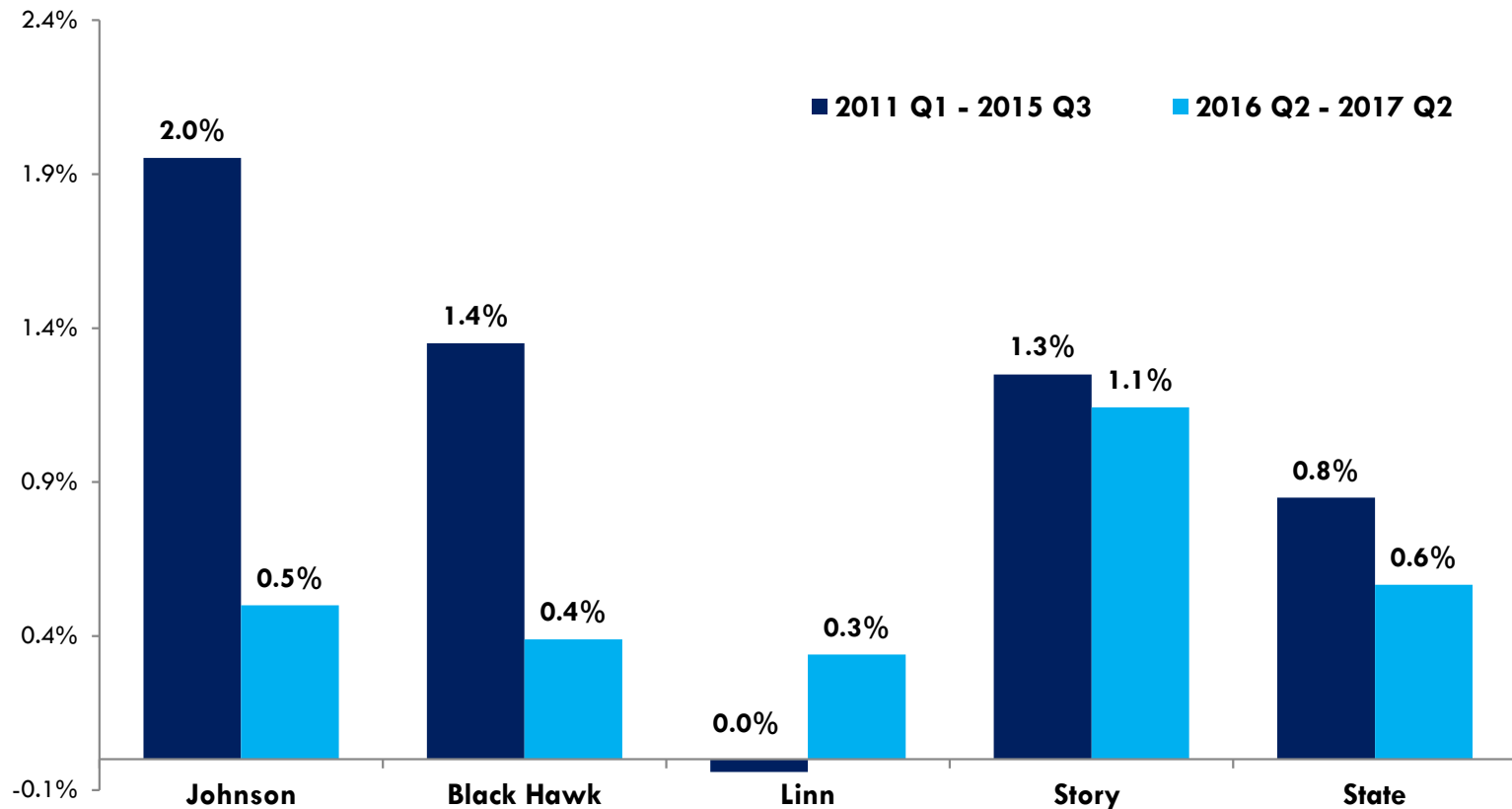
Average Weekly Earnings in Leisure and Hospitality Sector

Average year-over-year percent change



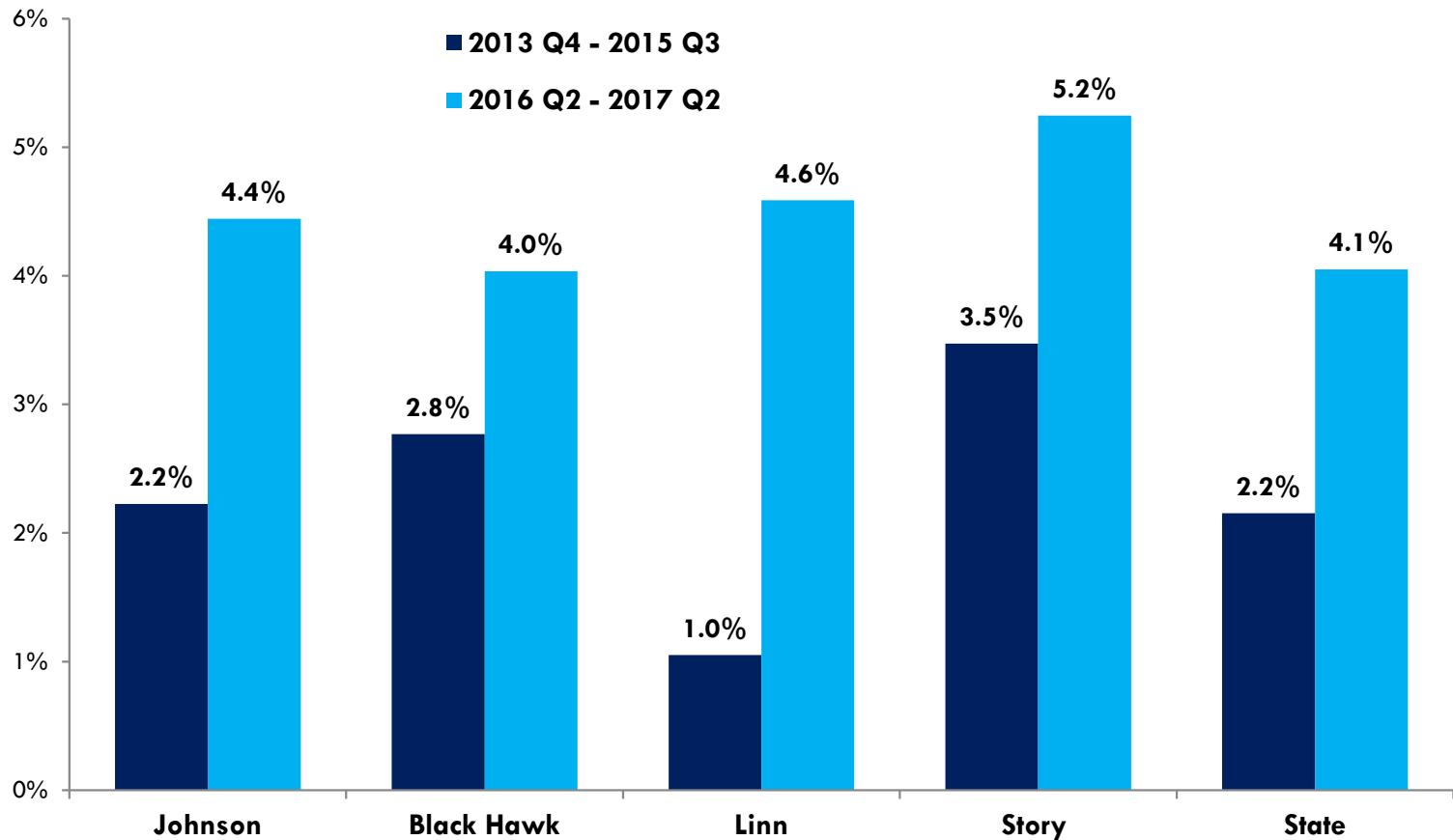
Jobs in Retail Trade

Average year-over-year percent change



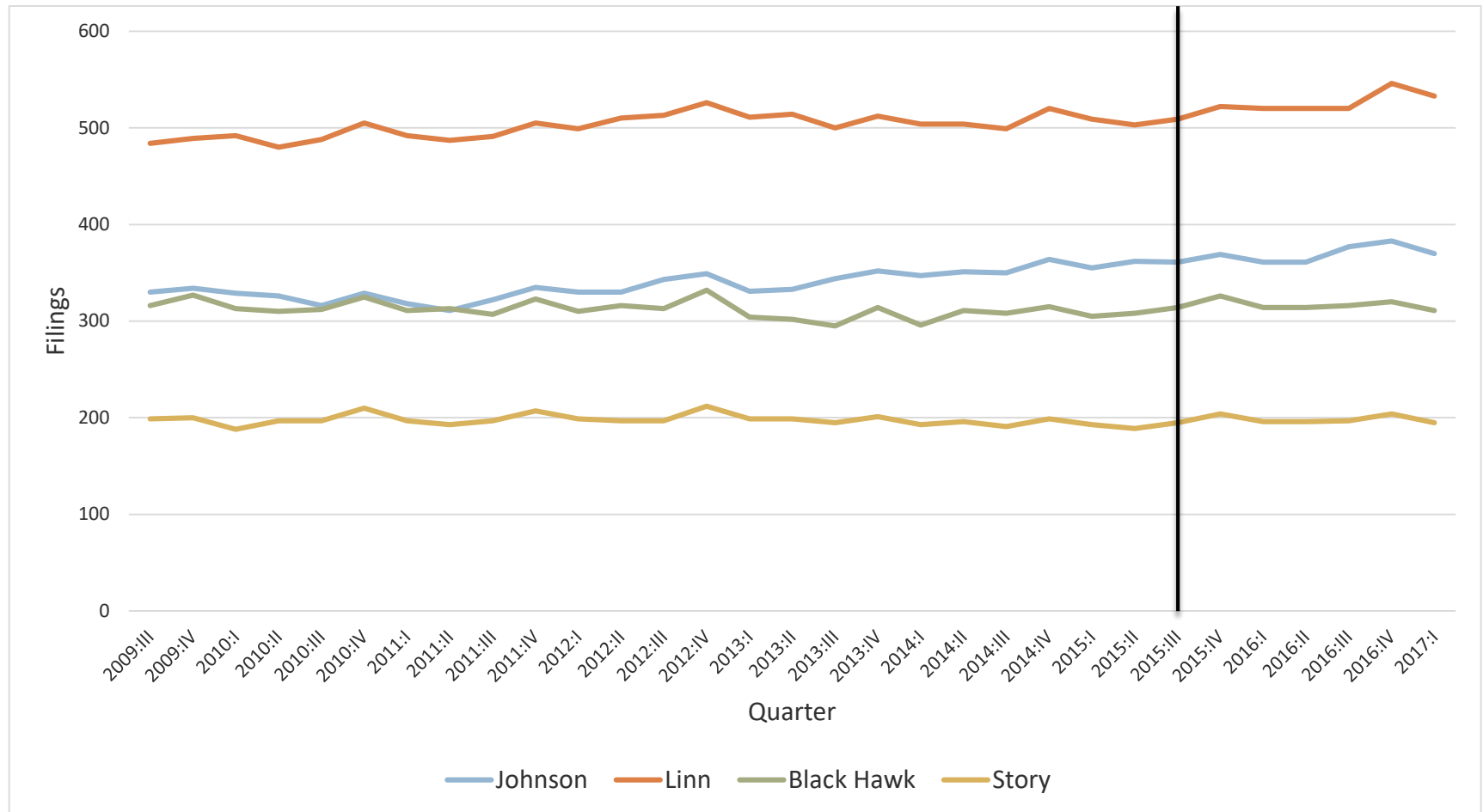
Average Weekly Earnings in Retail Trade

Average year-over-year percent change



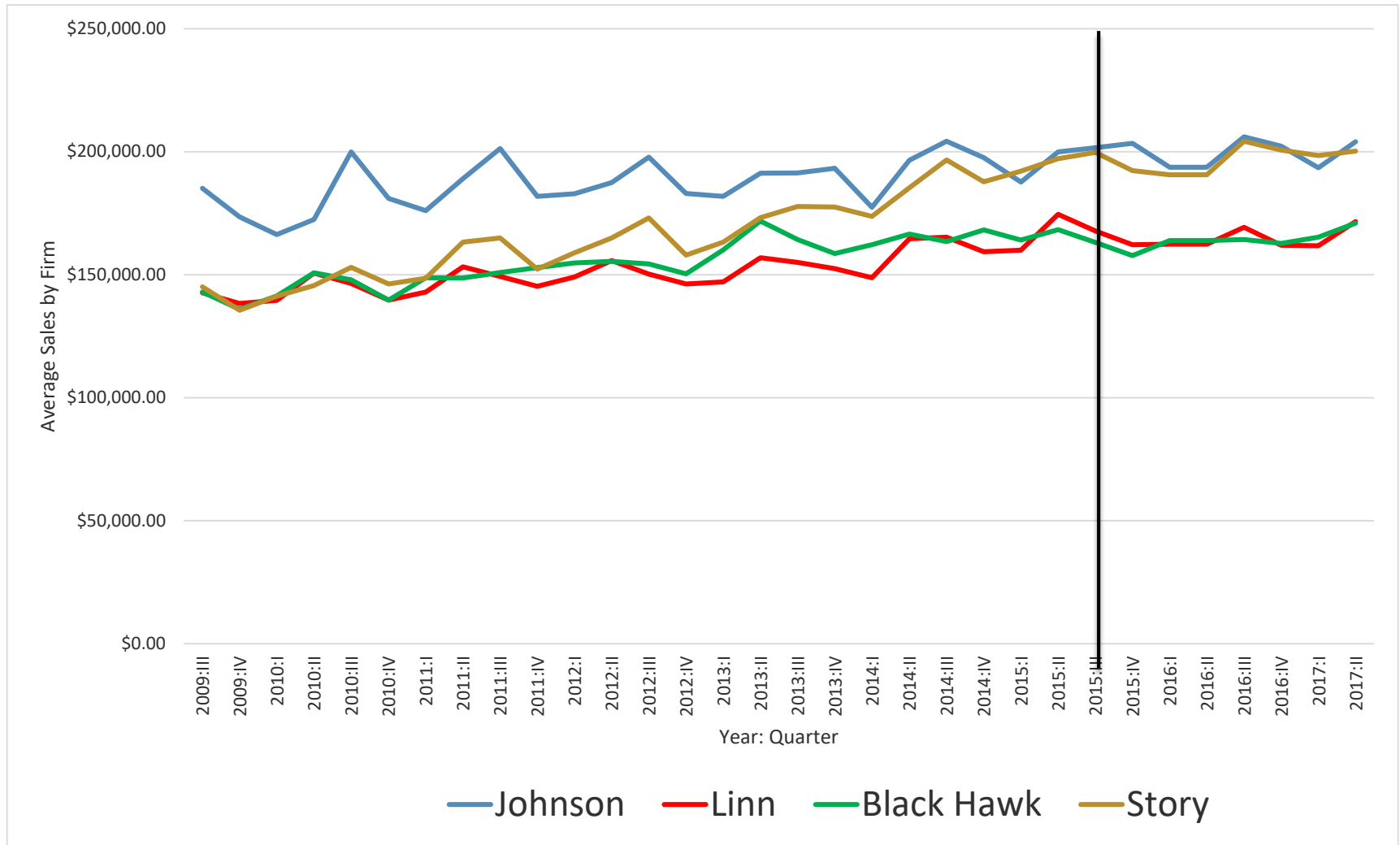
Eating and Drinking Establishments

Number of quarterly retail sales tax return filings, selected counties



Eating and Drinking Average Sales

Quarterly, Taxable sales per sales tax return, selected counties



Conclusions and Caveats

It is difficult to draw strong conclusions because the Johnson County Minimum Wage ordinance was only in place for 6 quarters and was phased in over that period, and other economic forces were also in play.

Bearing that in mind, the data (1) indicate a larger increase in the average weekly earnings of workers in the Leisure and Hospitality sector, and (2) provide little sign that employment or business activity (in low-wage sectors or overall) decreased or grew more slowly in Johnson County than in comparison counties or the state during the period in which the minimum wage ordinance was in effect.