

State and Local Impact of Raising the Minimum Wage to \$15 in Massachusetts

By Nicole Rodriguez

While hard work is considered the ticket to a middle-class lifestyle, many full-time workers across the Commonwealth nonetheless struggle to support themselves and their families. In an attempt to increase economic security, Massachusetts is phasing the state's minimum wage up to \$11 an hour by 2017. This is an important increase, but when fully phased in, a minimum wage worker who works full time will still only make \$22,880 per year.

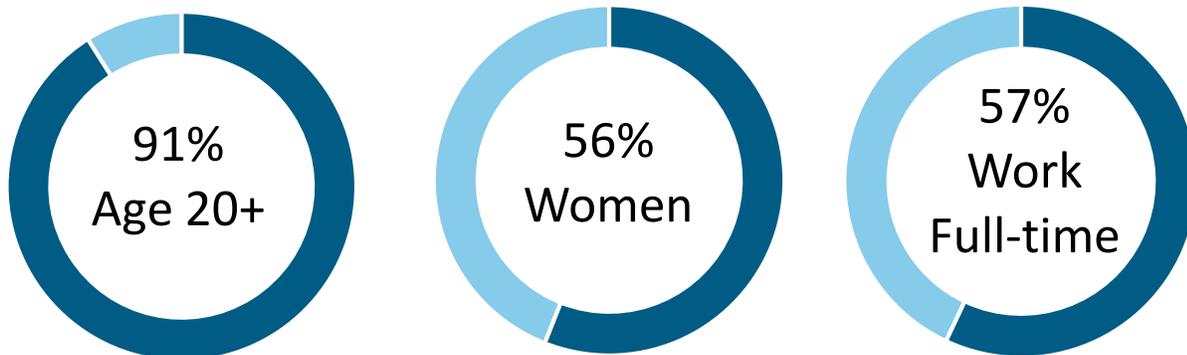
Many cities and a few states like California and New York have already passed local and state \$15 minimum wage laws to help raise the living standards of low and middle-income families. In 2015, Governor Baker negotiated a \$15 minimum wage for Medicaid-funded home care workers in Massachusetts. Beth Israel Deaconess Medical Center, Boston Medical Center, and Tufts Medical Center have also agreed to a \$15 wage floor.

In light of this growing national trend and statewide attention to increasing the minimum wage to \$15 an hour, this brief looks at the state and local impact of a \$15 minimum wage if it were phased in at a rate of \$1 per year until 2021 - the same way that the Commonwealth is currently increasing the minimum wage to \$11.

Statewide Impact of a Minimum Wage Increase

Projections show that increasing the minimum wage to \$15 by 2021 would raise the wages of roughly 947,000 workers or 29 percent of our workforce statewide. Of these affected workers, 91 percent are adults (over 20 years old), 56 percent are woman, and 57 percent work full-time.

Majority of Workers Affected by a \$15 Minimum Wage are Adults, Women, & Full-Time Workers

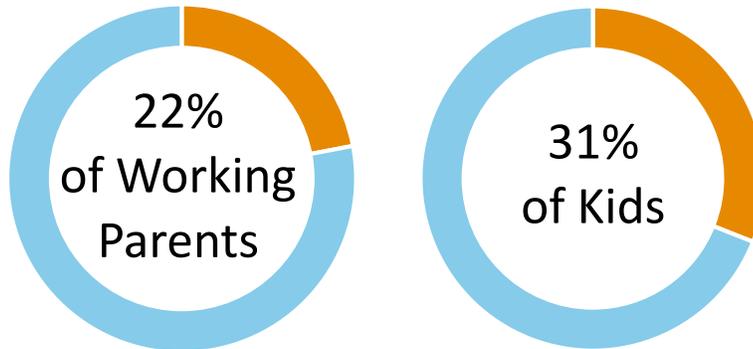


Economic Policy Institute analysis of 3-year pooled American Community Survey microdata, 2012–2014

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Increasing the minimum wage to \$15 by 2021 is also projected to raise the wages of 22 percent of all working parents. And nearly one-third of all kids in the Commonwealth live in households that would benefit from the increase.

Many Working Parents and Kids Stand to Benefit from a \$15 Minimum Wage



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Raising the minimum wage to \$15 would raise the incomes of significant numbers of both low-income households and middle-income households. For Massachusetts workers in households with incomes below 200 percent of poverty, raising the minimum wage to \$15 would benefit 72 percent of these workers by 2021. For a family of four with two parents and two kids, living below 200 percent of poverty means having household income less than \$48,000. Further, 22 percent of workers in households with incomes at 200 percent of poverty or above would also benefit from this projected minimum wage increase. Many families often rely on more than one wage earner to get by. In a two-parent household, for example, one parent may be working at \$35,000 a year and another earning the minimum wage and making \$20,000 a year. This family is well above the poverty line, but likely still struggling to make ends meet. While the minimum wage earner may not be the “primary wage earner,” wages earned by that worker are crucial to the well-being of that family.

Local Impact of a Minimum Wage Increase

The table below shows the portion of wage earners and the total number of workers who would be affected directly or indirectly by an increase in the minimum wage to \$15 per hour by region. Directly affected workers are those with wages below \$15 who would receive a pay increase. Indirectly affected workers are those who earn slightly above \$15 whose wages would increase somewhat as pay scales rise in response to the minimum wage increase.

Specifically, the table shows that workers in every region of the state would be affected by an increase in the minimum wage. For example, in Gateway Cities like Lawrence, Haverhill, Methuen, and Worcester, about 40 to 42 percent of workers are estimated to see their wages rise if the minimum wage is increased to \$15 per hour. Overall, projections show that at least 15 percent of workers in every region of Massachusetts would see their wages rise from a minimum wage increase.

Massachusetts Workers Who Would Be Affected By a \$15 Minimum Wage Increase by 2021 by City/Region

City or Region	Directly affected	Indirectly affected	Total	% of Wage Earners Affected
Massachusetts	729,000	218,000	947,000	29%
North				
Billerica, Andover, Tewksbury & Wilmington	10,000	3,000	13,000	21%
Central Essex County (inc. Amesbury & Haverhill)	8,000	3,000	11,000	23%
City of Lowell	15,000	5,000	19,000	42%
East Essex County (inc. Salem, Beverly, Gloucester & Newburyport)	20,000	5,000	25,000	27%
Eastern Central Middlesex County (inc. Waltham, Lexington, Burlington, & Bedford)	11,000	4,000	15,000	22%
Northern Middlesex County (outside Lowell, inc. Dracut, Tyngsborough, Westford & Chelmsford)	8,000	3,000	11,000	21%
Northwest Essex County (inc. Lawrence, Haverhill & Methuen)	24,000	7,000	31,000	42%
Peabody, Danvers, Reading, North Reading & Lynnfield	12,000	4,000	16,000	25%
South Essex County (inc. Lynn, Swampscott & Nahant)	14,000	4,000	18,000	37%
Woburn, Melrose, Saugus, Wakefield & Stoneham	14,000	4,000	18,000	25%
Greater Boston				
Boston - Allston, Brighton & Fenway	15,000	4,000	19,000	35%
Boston - Back Bay, Beacon Hill, Charlestown, East Boston, Central & South End	19,000	5,000	24,000	29%
Boston - Dorchester & South Boston	13,000	4,000	17,000	27%
Boston - Hyde Park, Jamaica Plain, Roslindale & West Roxbury	12,000	5,000	17,000	26%
Boston - Mattapan & Roxbury	21,000	4,000	26,000	46%
Cambridge	12,000	4,000	16,000	27%
Malden & Medford	14,000	4,000	19,000	31%
Newton & Brookline	10,000	3,000	13,000	19%
Northeast Norfolk & Southeast Middlesex Counties (inc. Wellesley & Needham)	6,000	1,000	7,000	17%
Revere, Chelsea & Winthrop	16,000	5,000	21,000	40%
Somerville & Everett	17,000	5,000	21,000	33%
Watertown, Arlington, Belmont & Winchester	6,000	3,000	9,000	15%
South/Cape				
Attleboro, North Attleboro, Swansea, Seekonk, Rehoboth & Plainville	12,000	3,000	15,000	33%
Bristol (outside New Bedford) & S. Plymouth Counties (inc. Westport, Acushnet & Wareham)	11,000	3,000	14,000	31%
Central Plymouth County (inc. Middleborough & Pembroke)	9,000	3,000	12,000	25%
East Cape Cod & the Islands (East Barnstable, Dukes & Nantucket Counties)	10,000	4,000	14,000	33%
Fall River & Somerset	12,000	4,000	15,000	42%
Greater Brockton (inc. Brockton, Stoughton & Avon)	15,000	6,000	21,000	37%
Greater Franklin (inc. Norfolk & Wrentham)	10,000	3,000	13,000	21%
New Bedford & Fairhaven	15,000	4,000	19,000	44%
Plymouth & Bristol Counties (Outside Brockton)	13,000	4,000	17,000	29%
Plymouth, Marshfield, Scituate, Duxbury & Kingston	14,000	4,000	17,000	28%
Quincy & Milton	14,000	3,000	17,000	28%
Randolph, Norwood, Dedham, Canton & Holbrook	11,000	5,000	15,000	27%
Taunton, Mansfield, Norton, Raynham, Dighton & Berkley	13,000	4,000	17,000	30%
West Cape Cod (Inner Cape Cod Towns & Barnstable)	13,000	4,000	18,000	33%
Weymouth, Braintree, Hingham, Hull & Cohasset	12,000	4,000	15,000	26%
Central				
City of Worcester	24,000	7,000	31,000	40%
East Central Worcester County (inc. Westborough & Northborough)	11,000	3,000	14,000	25%
Framingham, Marlborough & Natick	18,000	4,000	23,000	31%
Northeast Worcester County (inc. Leominster, Fitchburg & Gardner)	14,000	4,000	18,000	35%

South Worcester County (inc. Sturbridge, Douglas & Uxbridge)	17,000	6,000	22,000	32%
S.W. Middlesex, N.W. Norfolk & E. Worcester Counties (inc. Hopkinton, Ashland & Millis)	8,000	3,000	11,000	20%
West Central Middlesex & East Worcester Counties (inc. Acton, Concord & Sudbury)	7,000	2,000	10,000	19%
West Central Worcester County (inc. Hardwick, Spencer & Brookfield)	13,000	4,000	17,000	29%
Worcester & Middlesex Counties (outside Leominster, Fitchburg & Gardner; inc. Athol & Sterling)	9,000	2,000	11,000	24%
West				
Franklin & North Hampshire Counties (inc. Greenfield & Montague)	16,000	4,000	19,000	35%
Hampden County (inc. Chicopee, Longmeadow & Ludlow)	12,000	3,000	15,000	31%
Pittsfield	15,000	4,000	20,000	37%
Springfield	17,000	6,000	23,000	47%
West/East Hampden & Hampshire Counties (inc. Northampton, Belchertown & Chester)	15,000	5,000	20,000	30%
Westfield & Holyoke	17,000	4,000	21,000	36%

Note: Totals in city/regions do not include out-of-state workers.

Source: Economic Policy Institute analysis of 3-year pooled American Community Survey microdata, 2012–2014

Notes on Methodology

The projections contained in this fact sheet come from a model developed by the Economic Policy Institute, a national, non-partisan research organization. The model uses data from 3-year pooled American Community Survey (ACS) microdata, 2012–2014, and looks at specific geographic areas called Public Use Microdata Areas (PUMAs) – areas that are large enough so that the sample size used in the survey is sufficient to produce reliable estimates. Total estimated workers figure is estimated from ACS respondents who were 16 years old or older, employed, but not self-employed, and for whom a valid hourly wage can be imputed from annual wage earnings, usual hours worked per week, and weeks worked in the previous year. All government workers are excluded except those that work for "local government." Projections assume annual population growth and wage growth. Identification of workers is based on place of work and not residence.

The analysis also assumes that an increase in the minimum wage to \$15 per hour will have two types of effects. First, workers who earn less than \$15 per hour would be *directly* affected by the change because they would receive an automatic pay increase when the new minimum wage goes into effect. Second, although harder to discern, other workers earning slightly above \$15 per hour would tend to benefit *indirectly* because their wages can be expected to increase somewhat as overall pay scales rise in response to the minimum wage increase. Specifically, indirectly affected workers are those with reported wages just above the new estimated minimum wage (between the new minimum wage and 115 percent of the new minimum).