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Reimagining the Governance of Work and Employment

Edited By
Dionne Pohler

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LABOR AND EMPLOYMENT RELATIONS ASSOCIATION

University of Illinois at Urbana-Champaign
School of Labor and Employment Relations
121 Labor and Employment Relations Building
504 East Armory Ave., MC-504
Champaign, IL 61820
Telephone: 217/333-0072 Fax: 217/265-5130
Website: www.leraweb.org
E-mail: LERAoffice@illinois.edu

National Living-Wage Movements in a Regional World: The Fight for \$15 in the United States

JASON SPICER
University of Toronto

ROBERT MANDUCA
University of Michigan

TAMARA KAY
University of Notre Dame

Over the course of two short decades, as labor's share of income has dropped in the wake of declining unionization, globalization, corporate concentration, and technological change (Azar, Marinescu, Steinbaum, and Taska 2018; Levy and Temin 2007; Piketty 2014; Rosenfeld, Denice, and Laird 2016), the living-wage movement in the United States has grown from a minor municipal phenomenon into a nationally prominent "fight" for a \$15 hourly wage, culminating most recently in the vote of the US House of Representatives for such a wage in July 2019. Reflecting the Fight for \$15 movement's "scale shift" (McAdam, Tarrow, and Tilly 2001; Soule 2013) from the local to the national stage, leading US presidential candidates and national elected officials have adopted the Fight for \$15's agenda, prominently featuring the movement's goals in their election campaigns. More broadly, living-wage campaigns, from which the union-led Fight for \$15 movement emerged, have also diffused internationally, most notably in other Anglophone "liberal market economies" (Hall and Soskice 2001) such as Canada, Ireland, New Zealand, and the United Kingdom (Hirsch and Valadez-Martínez 2017), which typically have weaker labor institutions than other high-income democracies.

Though living-wage movements are sometimes dismissed as a poor substitute for collective bargaining agreements (Hirsch and Valadez-Martínez 2017), the Fight for \$15's success in the United States has nonetheless been remarkable. Since 2012, Fight for \$15 campaigns have achieved more than \$68 billion in expected raises for more than 22 million low-wage workers (NELP 2018), as union–community coalitions have successfully shepherded \$15 hourly minimum wage ordinances in cities and states into law, while also pressuring private and public employers to voluntarily adopt living-wage policies. Though critics of the

living wage have argued that a \$15 floor would result in significant job losses and undermine its effects, evidence of such negative consequences thus far remains limited, although it is also still too early to assess the ultimate effects and outcomes of the movement's efforts.

Despite this string of successes, we argue that the Fight for \$15 now faces serious structural challenges, stemming from the fact that its advocates seek a nationally uniform wage floor in what is ultimately a regional economic world. Specifically, we argue that future success may depend on the movement's ability to simultaneously address two challenges. First, as the movement develops its efforts on the national scale, it must navigate the regionally divergent economic effects of the very same forces of economic, technological, and institutional change to which it is partly a response. A wealth of scholarship in regional economics, urban planning, sociology, and economic geography has documented and explained why economic and labor market conditions have increasingly become regionally polarized, with some areas experiencing outsized economic and wage gains from globalization and technological change, while other regions fall further behind. In many prosperous regions, costs of living have also increased, such that the basic wage needed for social reproduction also varies greatly across the country. In a large country like the United States, which contains great internal economic diversity across regions, the local effects and significance of a single, national wage floor of \$15 will accordingly vary.

Second, the Fight for \$15 movement must also continue to coordinate its efforts across multiple political scales, the very structure of which is changing under proponents' feet. Some states have moved to preempt "city power" to raise wages (Kim and Warner 2018; Schragger 2016). Courts are affirming their ability to do so, further complicating the political terrain the movement's actors must negotiate. Though this latter challenge has recently received some scholarly attention, the former issue of inter-regional cost variation and the living wage has not been well examined; how these two challenges interact to affect the Fight for \$15 has been wholly ignored. These two factors, both separately and taken together, have significant implications for its success.

After reviewing the literature on the costs and benefits of a living wage, regional economic variation, and the politics of scale shift, we consider the extent to which a regionally heterogeneous cost of living structure and multiscale politics have strategic implications for a national living-wage movement. Specifically, we show why it is important for advocates and scholars to understand the drivers of unaffordability in different regions—because different cost structures present different avenues for reform. Furthermore, depending on the nature of the political scales in question, some of those avenues may be less viable than others.

Living-wage gains in the new economy's "winning regions" may be partly eroded by high and inelastic housing costs. As we show, housing expenses consume a higher proportion of expected family budgets in those areas, although

never an outright majority. Fight for \$15 campaigns in these regions therefore may be more effective or successful if combined with strategies that demand affordable housing development policies, building on the rich legacy of the labor movement's involvement in the construction and support of workforce housing. In contrast, in regions that have been "left behind" by technological change and globalization (as well as financialization and other broader, policy-mediated institutional changes), we review preliminary evidence as to whether a \$15 wage floor may be poorly matched to lower cost structures in these areas. Using location-based family budget estimates and economic output data, we find that there are only a handful of metropolitan statistical areas (MSAs) in the United States where a \$15 hourly wage is sufficient for a single person to subsist. Further, there are even fewer MSAs—just three—where \$15 an hour is sufficient to meet the basic needs of two adults working full-time to support two children. And yet almost all of these regions have sufficient economic output, in theory, to provide their residents with incomes sufficient to meet their needs. In regions where costs are not typically driven by housing, which may also have state-level political obstacles to a living wage, union–community coalitions may wish to consider other strategies such as social welfare/child care expansion or employee ownership as supplements to living-wage campaigns. Finally, in states that contain a high degree of heterogeneity in their inter-regional cost structure, living-wage advocates may need to deploy more geographically nuanced approaches to achieve higher living standards in order to avoid state preemption efforts and political opposition from lower-cost regions, where concerns over job losses may be higher.

OVERVIEW OF THE FIGHT FOR \$15 AS A LIVING-WAGE MOVEMENT: COSTS, BENEFITS, AND CRITIQUES

The Fight for \$15, which commenced in New York City in late 2012 as a highly localized job walk-off campaign by 200 fast food employees for a \$15 an hour wage (Draut 2016) and was supported by unions such as the Service Employees International Union (SEIU), rapidly diffused across the United States and internationally, with strikes and protests in 230 cities by late 2014 (Draut 2016). This ultimately led to state and subsequently federal efforts to enact a \$15 minimum wage—double the federal minimum wage of the time (Doussard and Lesniewski 2017).

In many ways, the movement has followed the trajectory of many successful predecessors, using now well-established repertoires of contention (McAdam, Tarrow, and Tilly 2001) and framing techniques (Benford and Snow 2001; Klandermans 1988). Like the civil rights movement in the 1960s in the United States (McAdam 1982), the Fight for \$15 has diffused laterally across cities, while scaling up to the state, national, and even global levels. As with other social movements, its seemingly rapid success has not emerged from the ether: working

closely with established institutional partners such as unions and community group coalitions, the Fight for \$15 effectively extended and built on the efforts of the living-wage movement that had come before it, creatively deploying that movement's legacy, organizational strategies, and tactics, while also leveraging the emergence of new political opportunities (McAdam 1982) and policy windows (Kingdon 1984) in the wake of the Occupy movement and the Global Financial Crisis.

In turn, the predecessor living-wage movement might seem a comparatively recent phenomenon, with some accounts of its origins focusing on the first successful US municipal campaigns for public sector and public contract/procurement workers in the 1990s (Hirsch and Valadez-Martínez 2017; Martin 2006). One could argue the fight for a living wage is much older, however, and can be traced back to the minimum wage fights of feudal guilds, tradesmen's corporations, and mutual aid societies in Europe (Sewell 1980), forward through utopian socialism and the birth of the modern labor movement and trade unionism in the wake of the first and second Industrial Revolutions (Foner 1965). Though some of these efforts did not explicitly use the term "living wages," some did, and, by the early 20th century, the term had currency in several English-speaking countries (see, for example, Ryan 1906). By 1933, after several states passed minimum wage laws resulting in a successful campaign for a national minimum wage, US President Franklin Roosevelt stated "No business which depends on paying less than living wages to its workers has any right to continue in this country" (quoted in Hirsch and Valadez-Martínez 2017). The minimum wage was originally intended to be more than a subsistence wage, but failure to update the federal wage with inflation has reduced it to less than a living wage, reflecting the well-known process of "policy drift" (Hacker 2004), in which a policy's effectiveness and relevance declines as it fails to be updated or modified for changes in underlying conditions.

Living Wages as a Targeted Strategy

The broader labor movement has a long and extensive history of incorporating living and minimum wage discourses and objectives into its larger policy agendas and strategic goals. Living-wage movements such as the Fight for \$15, however, are distinct in their logic and strategy from the labor movement's broader collective bargaining and institutionalized approaches to wage setting. The living-wage movement does not target wages as one among many labor issues to be addressed as part of some larger comprehensive process. The living-wage movement targets wages alone, with framing that reflects this focus. This is not to imply that the living-wage movement is not complex. To the contrary, the living-wage movement deploys a diversity of rate-setting approaches. Living-wage efforts have targeted city governments and their contractors and certain private sector industries or specific employers, as well as all general employers in a geographic area, typically

over a certain minimum employee size threshold. Some campaigns have included voluntary efforts by employers to apply living-wage policies across their workforce as a job retention and workforce development strategy, while others have taken an adversarial approach led by social movements (or unions) in alliance with either community groups or unions (Prowse, Lopes, and Fells 2017).

Though variants of these approaches can be found in different countries, living-wage movements are most prominently found in the United States. This is perhaps unsurprising given the low and declining union density and high degree of labor commodification in the United States (Esping-Andersen 1999; Rosenfeld 2014). But it raises the question of whether the living-wage movement is nothing more than a poor, limited substitute for collective bargaining. In countries with higher levels of union density and/or widespread collective bargaining, a statutory minimum wage is seen as unnecessary because workers have the collective power to secure much higher wages through their bargaining alone: wages are determined by and extended into industry or trade sectors in these countries, through national agreements (Hall and Soskice 2001; Martin and Swank 2012; Thelen 2004).

Scholars have nonetheless attempted to analyze the diversity in living-wage approaches as well as explain success and failure by these various approaches. Hirsch and Valadez-Martínez (2017) argue that campaigns now typically fall into one of four categories based on what is targeted: voluntary employer standards, public contractor requirements, compulsory minimums on all employers, and supply chain agreements. Prowse, Lopes, and Fells (2017) further argue that these efforts can be distinguished based on whether they are led by unions or community organizations in alliance with other civil society organizations. Meanwhile, Martin (2006), in examining how living-wage campaigns in the 1990s spread from Baltimore to the rest of the United States, demonstrated that organizational density was a key factor in explaining the success of municipal living-wage campaigns.

Benefits, Costs, and Critiques of the Living Wage and a \$15 Minimum

Benefits to paying a living wage that exceeds the current statutory minimum US wage include higher productivity resulting from lower turnover and higher employee job satisfaction and morale (Osterman and Shulman 2010; US Congressional Budget Office 2019). Research has shown that higher minimum wages also result in lower suicide rates (Dow, Godøy, Lowenstein, and Reich 2019). Other research has suggested they could result in lower public outlays for social welfare subsidies because low-wage workers are lifted out of poverty and no longer require such payments to supplement their wages: governments spend more than \$153 billion per year on benefits for these workers (Jacobs, Perry, and MacGillvary 2015). Finally, historical justifications for high minimum wages

also included their importance in sustaining consumer demand, a key determinant of macroeconomic health. As one 1940s tract put it, the purpose of a strong minimum wage is to “prevent the backward businessmen from undermining the wage structure and from living off the purchasing power provided by the payrolls of businessmen who pay decent wages” (Bowles 1946: 59). This argument has been revived in recent years by scholars who note that low aggregate demand stemming from high levels of inequality is a major reason for the weak economic growth of recent decades, culminating in the Great Recession (Carvalho and Rezaei 2015; Stiglitz 2012, 2016; Stockhammer 2015).

Offsetting these benefits are concerns over the cost of a higher wage floor. The primary concern is that a higher wage floor will result in higher overall labor costs and that these higher costs would be passed on by business owners in two ways: a reduction in employment levels and an increase in consumer prices. Given the increased use of artificial intelligence technologies such as robots to replace workers (Acemoglu and Restrepo 2020), capital–labor substitution effects could be significant.

These increased costs associated with a higher wage would nonetheless be partially offset by the productivity gains as suggested above. Even accounting for this, however, the estimates modeled by the Congressional Budget Office (CBO) suggest a \$15 national minimum wage would result in a net decline in household income of 0.1% and a slight decline in employment levels. Neither the CBO model nor any other study has provided estimates of where in the United States such gains would likely be concentrated. This is surprising given the popular and political attention paid to the concern that \$15 wage minimums may be too high for a given industry or location, rendering them economically uncompetitive and suppressing employment and investment.

Actual studies of existing minimum wage and living-wage increases, as reviewed by Godøy and Reich (2019), question the CBO projections: economists have not been able to demonstrate significant or statistically robust employment losses as a result of state or local wage floor increases, regardless of the control variables deployed (Cengiz, Dube, Lindner, and Zipperer 2019; Dube, Lester, and Reich 2010; see also Lester 2011, 2012). As a result, a “working consensus” (Godøy and Reich 2019) has emerged from wage floor research that there are no substantiated aggregate employment effects from state or local wage floor increases in the United States. Studies that deviate from this consensus are, as Godøy and Reich (2019) note, framed accordingly as aberrant.

Critiques of the living wage have been made on other, ideological grounds. Left-wing critics charge that living-wage agreements, like the broader union movement, merely strengthen the divide between workers and owners instead of moving workers into an ownership position (Spicer and Casper-Futterman, forthcoming). Others argue that the entire ethos of a living wage, which effectively argues for paying labor just enough to reproduce itself, is suspect, on the

same grounds as any minimum wage predicated on subsistence. Labor should be paid the full value of its fruits instead of being compensated “what is necessary to keep them working . . . in the manner of a horse or slave” (Tawney as quoted in Winter and Joslin 1972: 48; see also Valadez-Martínez and Hirsch 2017: 12).

REGIONAL ECONOMIES: A \$15 STANDARD IN AN UNEVEN, REGIONAL WORLD

Despite the tremendous string of successes and the emergence of calls for a \$15 national wage floor by 2020 presidential candidates, the wage structure of the United States remains markedly uneven across different regions. Most living-wage studies, including most of the above cited literature, ignore this point and focus on states as a primary geographic unit of analysis, eliding the fact that labor markets are regional and do not conform to state boundaries (for a notable exception, see Dumond, Hirsch, and Macpherson 1999). For example, despite the two cities being located in the same state, the wage structure of the Buffalo, New York, labor market bears little resemblance to that of the New York City regional labor market, which includes territory in four states: Connecticut, New Jersey, New York, and Pennsylvania.

Indeed, scholars of geographic economics, economic geography, and urban and regional economic development planning and policy have long established that, economically, we live in a “regional world” (Storper 1997). Metropolitan areas, typically defined with respect to labor commuting sheds, are a key unit of economic reality—more so than arbitrary city or state political jurisdictional lines. Residents of Boston might cross into neighboring Cambridge or Brookline countless times daily or weekly (Katz 2000). Similarly, residents travel between San Francisco and the East and South bays; Los Angeles and Orange counties; New York City and northern New Jersey; Washington, D.C., and northern Virginia or Maryland; and so forth.

The cost structure in these and similar high-cost regions is markedly different from rural areas and from other metropolitan regions. Labor costs are significantly higher, in part from higher housing costs (Storper, Kemeny, Makarem, and Osman 2015). Metropolitan areas tend to fall into distinct “spatial convergence clubs” with different cost structures and competitive advantages (Baumont, Ertur, and Le Gallo 2003; Chatterji and Dewhurst 1996; Rey and Montouri 1999). The net result is that cost variation between regions, even in the same state, can be greater than the differences within large metropolitan regions.

There has been a great deal of theoretical debate about whether inter-regional differences are likely to sustain themselves or diminish over time. In recent decades, neoclassical economists and regional scientists have argued that inter-regional income differences should disappear over time. As production in high-cost regions became increasingly expensive because of rising regional labor and supply costs, the argument goes, employment and production would shift to

lower-cost locations (Barro and Sala-i-Martin 1992; Magrini 2004). On the other hand, an earlier generation of theorists argued that regional disparities were likely to persist in the absence of explicit convergence policy, as initially small advantages build on themselves over time (Hirschman 1958; Myrdal 1957).

The theoretical uncertainty arises in part because the overall amount of convergence or divergence at any given time depends on the balance between opposing forces. Technological innovations tend to initially concentrate in specific places because employers wish to be proximate to one another to reap shared labor pool benefits, supply chain access, and knowledge spillovers. As technologies become more widespread, the benefits of regional clustering or concentration fail to outweigh the rising costs, and the industries may disperse (O’Flaherty 2005). The exact balance between these forces of innovation and dispersal will determine whether the overall trend is one of convergence or divergence across regions. This balance is in turn shaped by economic policy.

Empirically, income levels in different regions of the United States converged for more than a century after the Civil War (Barro and Sala-i-Martin 1992). In addition to factor mobility, this was in part due to federal policies enacted with the explicit goal of promoting development in poor regions of the country—particularly the South, the underdevelopment of which President Franklin Roosevelt called “the Nation’s No. 1 economic problem” (Schulman 1994; Wright 2010). Since the 1980s, however, the long-term trend toward convergence has stalled. Instead, there has been a “Great Divergence” (Moretti 2012) in which rich or highly educated regions have seen their incomes grow even faster, while ever more parts of the country fall further behind (Berry and Glaeser 2005; Ganong and Shoag 2017).

The drivers of the Great Divergence are the subject of a great deal of debate. Some accounts attribute it primarily to changes in the spatial distribution of high-income workers, the result of either the rise of industries with strong economies of agglomeration (Moretti 2012; Storper and Scott 2009) or the growing importance of lifestyle amenities in the location choices of high-income workers (Clark, Lloyd, Wong, and Jain 2002; Florida 2002). Others highlight differences in the ability of regional leaders to unite around common purposes (Benner and Pastor 2015; Storper, Kemeny, Makarem, and Osman 2015). Increasing regional disparities are intricately linked to the concurrent growth in inequality within society more generally (Manduca 2019), which is generally attributed to changes in technology and economic policy that have resulted in the development of “winner take all” markets (Hacker and Pierson 2010).¹ These dynamics behind regional disparities may also be stronger in countries with majoritarian electoral systems, which make it more challenging for excluded regions to achieve a national policy voice (Spicer 2018).

The net effect of this Great Divergence, with respect to the living wage, is that in the “winning” regions where the net positive returns to agglomeration persist,

a \$15 wage may not be enough for many households' subsistence, as wages and housing demands increase at a greater rate than housing supply. Indeed, a 2018 report from the National Low Income Housing Coalition estimated that a single-earner household would need to earn in excess of \$60 an hour to afford a modest two-bedroom apartment in areas such as San Francisco (NLIHC 2018). Meanwhile, in those regions "left behind" by the Great Divergence, the \$15 wage may be sufficient—but that is also not immune to change.

Living-wage proponents have tried to deal with problems of cost variation by working with academics and policy think tanks to develop various living-wage calculators, which produce local estimates of a living wage based on highly localized cost estimates by major household expenditure category. These estimates are also often tailored based on household size and makeup in terms of the number of wage earners and dependents.

SCALE SHIFT, POLITICS, AND FEDERALISM

The Fight for \$15, as noted earlier, has diffused across cities and also scaled upward, from the city to the state, then more recently to the federal levels of government. Despite this success, efforts to enact a \$15 minimum wage face three problems stemming from the spatial political structure of the US federal system. First, although economies operate at the regional scale, as reviewed above, regions by and large lack any legal standing in the United States. Second, high-cost cities increasingly lack legal authority to enact living-wage policies, as more states seek to preempt their ability to do so and legally occupy this policy domain. Third, and taking these first two points together, some states contain highly disparate economic regions, which may exacerbate political opposition at the state scale to a \$15 wage.

The efforts of living-wage advocates, as reviewed earlier, spread through what are now widely recognized by scholars of organizations and social movements as processes of diffusion and scale shift. Research examining how and why certain organizational practices and social movements spread has identified how they diffuse laterally across places over time. They also sometimes scale up or down, from the local to the national scale of action, as occurred in the US civil rights movement (McAdam 1982; McAdam, Tarrow, and Tilly 2001; Soule 2013). Geographers refer to this latter process as "scale jumping": the scale at which socioeconomic or political phenomena are experienced and constructed as problems can "jump" from one territorial level to another, from the neighborhood to the transnational (Smith 1992). Irrespective of the specific disciplinary terms used, the living-wage movement and the Fight for \$15 in the United States have been marked by both horizontal/lateral diffusion and vertical scale shift or scale jumping. The original living-wage movements, starting with Baltimore's success in the mid-1990s, diffused to more than 100 cities across the United States by the early 2000s (Elmore 2003), followed by a scale shift to include both city- and

state-level campaigns under the Fight for \$15 since 2012 and culminating in the nationally scaled efforts in process today.

At the same time, under the US version of federalism, the doctrine of preemption has undermined the effectiveness of locally scaled living-wage campaigns. In the United States, case law has long established that city governments are “creatures of the state” government (*Hunter v. City of Pittsburgh* 1907), meaning that cities exist legally only because states endow them with the right to exist as such. Accordingly, states can circumscribe city power, stifling their ability to innovatively deal with local problems (Frug and Barron 2013; Schragger 2016). Affirming this state power, courts have repeatedly ruled over the past century that states can preempt city actions that are not explicitly authorized under state law as a matter of local concern. States come to legally occupy the field of a particular matter. Indeed, the original living-wage movement in the 1990s resulted in legal challenges that affirmed the right of some states to preempt local living-wage ordinances (Frug, Ford, and Barron 2015). As the Fight for \$15 has quickened its pace, such preemptive responses at the state level have become more common, in an increasingly polarized political climate (Kim and Warner 2018). In 2019 alone, 11 states introduced such preemption laws. As noted by the National Employment Law Project (2017),

a total of 25 states have statutes preempting local minimum wage laws. . . . To date, 12 cities and counties in six states (Alabama, Iowa, Florida, Kentucky, Missouri, and Wisconsin) have approved local minimum wage laws only to see them invalidated by state statute, harming hundreds of thousands of workers in the process, many of whom face high levels of poverty.

Meanwhile, some states such as Colorado and New Hampshire have never authorized cities to regulate wages in the first place (National League of Cities 2017). Beyond the issues of wages, states may also preempt or fail to authorize cities and so they cannot act on other policy fronts, including housing issues, creating additional challenges for living-wage advocates. The preemption efforts of conservative state legislatures have been aided by the Koch-funded American Legislative Exchange Council, which drafts model legislation on a range of issues (Hertel-Fernandez 2014, 2019).

It is also important to emphasize that, despite its economic importance, the region or metropolitan area in many states does not exist as a meaningful legal concept. A notable exception is Oregon, which has long had a robust metropolitan government in the Portland region, studied by scholars of regionalism owing to its exceptionalism within the US context (Orfield 1998). Accordingly, when the state recently enacted higher minimum wages, it included three rates: one for metropolitan Portland, one for the state’s remaining urban counties, and

another for nonurban counties. In effect, the state created a three-tiered minimum wage: for Portland, all other metropolitan regions, and rural regions.

The lack of government at the scale at which the economy is meaningfully structured (the regional or metropolitan), coupled with the shifting scale at which living-wage laws can be authorized (the state), ultimately produces a problem for living-wage advocates. Specifically, the political scale which they have increasingly been forced to target—the state—often encompasses multiple economic regions with very different economic structures, for which the \$15 wage may have different effects. In addition, supplemental policy avenues such as housing, may also be subject to preemption.

ANALYSIS: THE REGIONAL STRUCTURE OF THE LIVING WAGE

To explore the regional geography of living wages, we use data from the Economic Policy Institute 2018 Family Budget Calculator (Gould, Mokhiber, and Bryant 2018). This tool combines a range of survey and administrative sources to estimate the full cost of securing a modest but still acceptable standard of living for families of different compositions in each county in the United States. Data are collected for seven types of necessary expenditures: housing, food, transportation, healthcare, childcare, other expenditures (including clothing and household goods), and taxes. Expenditures are calculated for ten household types—those with one or two parents and zero to four children. The family budget calculator (FBC) is one of several tools designed to estimate regional cost of living such as the living-wage calculator at MIT (Glasmeier 2019). We use the FBC because of the higher geographic resolution at which many of its component expenses are estimated.²

The FBC's goal is to estimate the total amount of money families of different sizes need to get by in different parts of the country. Here we systematically analyze the full dataset to examine geographic variation in the level and drivers of living costs that might shape the strategies of the living-wage movement and union–community coalitions. In keeping with our focus on regional economic geography, we conduct our analysis at the level of MSAs, treating the commuting shed as the unit of analysis. Nonmetropolitan counties are included as individual observations.

In the results presented below, we primarily examine expenses for families with two parents and two children. Although families of this type are increasingly atypical in the United States (Carlson and England 2011), the nuclear family of two parents and two children retains substantial cultural power, which may be useful to living-wage advocates in their rhetorical strategies. Two-parent, two-child families also have substantial social reproduction costs, which helps identify sources of regional variation.

Our analysis of the FBC data yields four important geographic patterns that living-wage scholars and advocates should keep in mind. First, the income needed

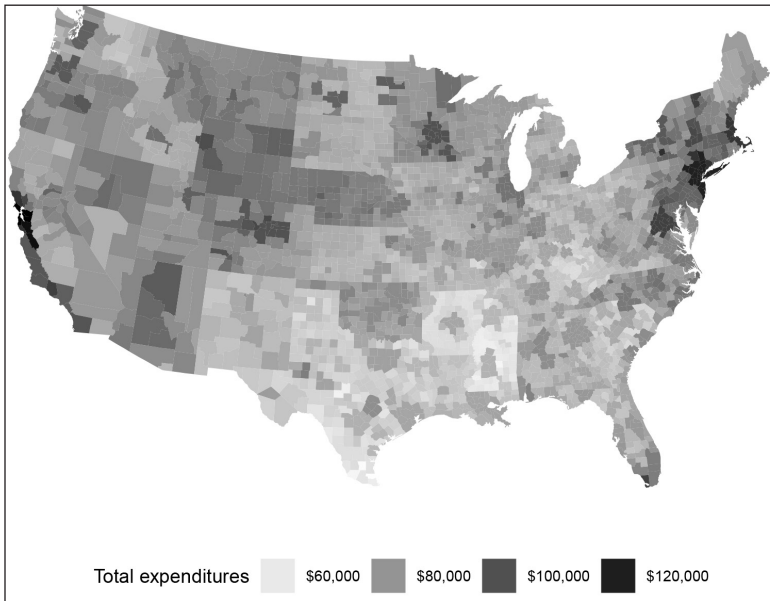
to secure a basic standard of living varies dramatically across regions of the United States. Second, the contribution of the types of expenditure also varies geographically. In some places, housing is by far the largest expense, while in others—even places with similar overall costs of living—healthcare and/or childcare are the major drivers. Third, the relationship between per capita gross metropolitan product and cost of living is strong but not one-to-one, and some places have substantially more economic flexibility to enact progressive wage policies than others do. Furthermore, there are virtually no areas of the country in which a \$15 hourly wage would appear to be “too high” a target to meet budgeted family costs. Finally, household costs for MSAs and counties within the same state can sometimes vary dramatically, requiring living-wage advocates to address geographic implications and concerns, particularly in light of preemption concerns. We expand each of these points below and consider their relevance for living-wage/Fight for \$15 scholars and advocates.

Large Geographic Variation in Cost of Living

Examining FBC data, the first pattern that stands out is the immense variation in cost of living across regions of the United States. As shown in Figure 1, the total budget necessary to modestly provide for a family with two adults and two children ranges from less than \$60,000 in parts of Texas and Mississippi to more than \$120,000 in the Bay Area. Even with two working parents, \$15 an hour is nowhere near sufficient to provide for a family in San Francisco. In Texas, it might just be enough. This wide geographic variation, where cost of living varies by a factor of roughly two between the most and least expensive MSAs, holds across all family types, though the exact configuration varies. Coastal California and the Northeast Corridor are the most expensive places to live for all family types, but, while rural Texas and Mississippi are the cheapest places to live for families with children, parts of Ohio are equally cheap for families without them.

This wide variation in cost of living, along with a similar variation in labor costs, is often cited as evidence that minimum wage policy should be determined at the local or state level. It is important for scholars and proponents of the Fight for \$15 to recognize that meaningful variation in living costs does exist: \$15 an hour in Memphis or Cleveland really does provide a standard of living much higher than the same hourly wage would secure in New York City. At the same time, in most metros and for most family types in the data, \$15 an hour is not sufficient. For instance, if both parents in a family of four worked full time at \$15 in New York, they would be able to meet only about half of their expected outlays. In Memphis, that same income would cover almost 85% of outlays—a big difference, but still not enough. Slightly more than 1% of Americans live in metro areas where a family of four could support itself on two adults earning \$15 an hour. Even for single adults, less than 4% of the population lives in metros where \$15 is enough to meet basic needs—a point we will revisit later. The largest cities meeting this threshold are Cleveland, Albuquerque, and McAllen (Texas).

FIGURE 1
Expected Total Expenditures for a Family with Two Adults and Two Children



Source: EPI Family Budget Calculator

Sources of High Living Costs Vary by Place

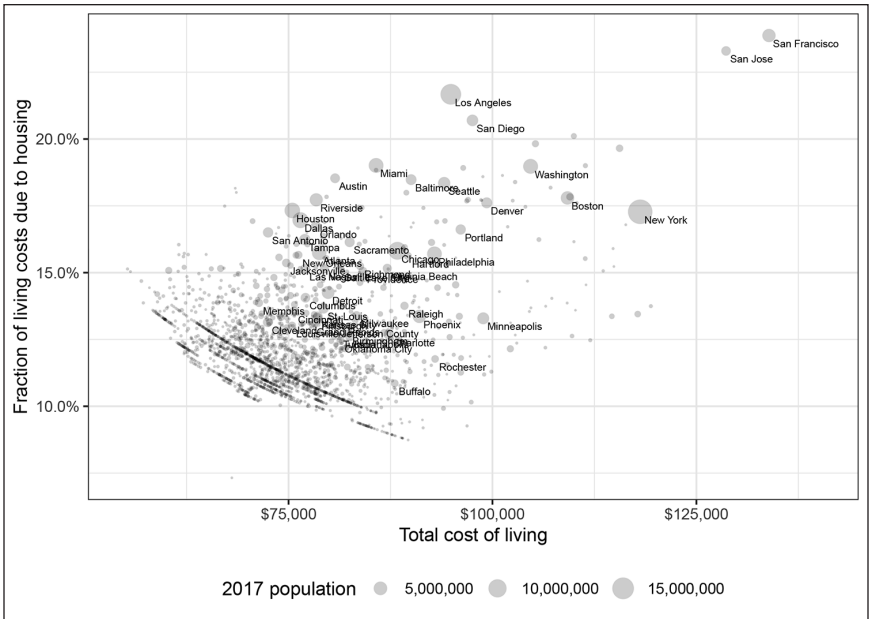
A second finding from the FBC data is that the contribution of the types of expenditures to the overall cost of living varies from place to place. In some metros, and for some family types, housing costs consume by far the largest portion of a family's budget. For example, for single adults living in the San Francisco MSA, housing costs comprise a full third of the expected budget, more than twice as much as any other category except taxes.³ In other places, though, the contribution of housing is much more modest. Housing is expected to consume less than 20% of the budgets of single adults living in Tulsa, Knoxville, or Tucson. For families with children, housing generally accounts for a smaller portion of the budget because childcare is often a major expense (although high housing costs may also contribute to high costs of childcare, food, and other local services).⁴ In some cases, childcare for two-adult, two-child households is the highest single budgeted cost item.

It is not simply the case that housing costs are a large percentage of total expenditures in expensive metros and a small percentage in cheaper areas. As Figure 2 (next page) shows, while there is a positive relationship between total cost of living and the percentage of the budget going to housing, it is by no means

one-to-one. The correlation between those two quantities, weighting by metro population, is only 0.59. The most expensive cities—San Francisco and San Jose—are also the ones with the largest portion of the budget going to housing. But elsewhere in the distribution, cities with similar total costs have substantially different components. For example, the Buffalo, Charlotte, and Miami MSAs all have total living expenses for families with two adults and two children of roughly \$85,000. But in Buffalo, the single largest component of this budget is childcare, while housing costs are a relatively affordable \$9,500 a year. In Charlotte, health-care is by far the most expensive item in the budget, while in Miami housing costs, at \$16,000 a year, are the main expense.

It is important for advocates and scholars to understand the drivers of unaffordability in different cities because different cost structures present different avenues for reform. Much has been written about the role of inelastic housing supply in driving regional disparities and inequality more generally (Ganong and

FIGURE 2
Total Cost of Living Versus Fraction of Living Costs from Housing for Families with Two Adults and Two Children



Source: EPI Family Budget Calculator.

Shoag 2017; Glaeser and Gyourko 2018), although this is disputed by some (Rodríguez-Pose and Storper 2019). In places where the housing supply is inelastic and where housing prices are high because of demand from many moderate- to high-income residents (as opposed to investors or speculators), increases in wages may bid up the cost of housing without much improvement in actual standards of living. Advocates in these areas would do well to pair efforts to raise wages with efforts to develop affordable or public housing directly. On the other hand, in places where costs of living are driven by expenditures in more elastic industries such as food or childcare, higher wages by themselves might go a long way to improving standards of living. And in places like Charlotte, where health-care costs are the largest contribution to living costs, substantial improvements could be made through healthcare policies such as expanding Medicaid.

Relationship Between Economic Output and Cost of Living

A third consideration that scholars and advocates should consider is the relationship between cost of living and economic output. Regions of the United States are increasingly divergent in their economic circumstances (Ganong and Shoag 2017; Manduca 2019). In some places, “new economy” industries throw off huge amounts of wealth, and the key challenge is making sure that this wealth is benefiting all residents. In other places, deindustrialization and disinvestment have left struggling economies, and unaffordability problems will require broader economic revitalization.

To explore this axis of variation, we compare the family budget thresholds to the per capita personal income as calculated by the Bureau of Economic Analysis Regional Economic Accounts. That statistic measures the total income earned within an MSA in a given year, divided by the population. It varies from well over \$100,000 per person in small resort and resource extraction communities such as Jackson, Wyoming; Bristol Bay, Alaska; and Nantucket, Massachusetts, to less than \$20,000 per person in some rural counties. Among metropolitan areas with more than 500,000 inhabitants, the highest per capita personal incomes are found in Bridgeport, Connecticut (\$110,103), San Jose (\$96,623), San Francisco (\$91,459), and Boston (\$74,024), while the lowest GDPs are in McAllen, Texas (\$25,617); Lakeland, Florida (\$34,213); and El Paso, Texas (\$34,575).

Table 1 (next pages) lists the MSAs with the highest and lowest ratios of per capita income to spending needs for a family of four. Panel A shows the results among counties and MSAs of all sizes, while Panel B is limited to MSAs with more than 500,000 residents. To make the numbers directly comparable, we multiply per capita income by the number of family members (four in this case).

The first takeaway from Table 1 is that only one county in the entire country—Issaquena County, Mississippi—has a ratio of per capita income to expenditure needs below one. All other counties produce enough economic output to fully provide their residents with an adequate, if modest, standard of living.

TABLE 1
 Top and Bottom Ten MSAs/Counties by Ratio of per Capita Income to
 Necessary Expenditures for a Family of Two Adults and Two Children

Panel A: All Counties/MSAs					
MSA/County	Population	Mean Income per Capita	Mean Income per Family of Four	Necessary Expenditures	Ratio of Income to Necessary Expenditures
Jackson, WY-ID	34,646	169,296	677,184	100,382	6.75
Lane County, KS	1,559	92,559	370,235	72,741	5.09
Nantucket County, MA	11,229	119,379	477,515	101,224	4.72
Shackelford County, TX	3,328	77,918	311,672	66,366	4.70
Bristol Bay Borough, AK	867	126,725	506,902	110,175	4.60
Glasscock County, TX	1,348	78,012	312,047	68,819	4.53
Hailey, ID	23,126	99,433	397,732	89,604	4.44
Naples-Marco Island, FL	372,880	87,829	351,317	83,990	4.18
Bridgeport-Stamford- Norwalk, CT	949,921	110,104	440,415	109,497	4.02
Sebastian-Vero Beach, FL	154,383	73,274	293,094	73,443	3.99
...					
Buffalo County, SD	1,999	23,395	93,581	75,239	1.24
San Juan County, UT	15,356	24,905	99,618	80,106	1.24
Glades County, FL	13,754	22,617	90,467	73,860	1.22
Telfair County, GA	15,989	20,748	82,994	68,972	1.20
Forest County, PA	7,297	21,795	87,182	73,890	1.18
Union County, FL	15,517	20,396	81,584	70,562	1.16
Ziebach County, SD	2,756	20,764	83,055	72,750	1.14
Wheeler County, GA	7,952	19,220	76,879	69,758	1.10
Crowley County, CO	5,810	19,443	77,771	77,474	1.00
Issaquena County, MS	1,339	11,937	47,749	59,627	0.80

Panel B: MSAs with More Than 500,000 Residents					
MSA/County	Population	Mean Income per Capita	Mean Income per Family of Four	Necessary Expenditures	Ratio of Income to Necessary Expenditures
Bridgeport–Stamford– Norwalk, CT	949,921	110,104	440,415	109,497	4.02
Fayetteville–Springdale– Rogers, AR	514,635	60,859	243,436	71,541	3.40
San Jose–Sunnyvale– Santa Clara, CA	1,998,463	96,623	386,493	128,637	3.00
Seattle–Tacoma– Bellevue, WA	3,867,046	69,214	276,856	94,078	2.94
Cleveland–Elyria, OH	2,058,844	51,755	207,019	72,447	2.86
Nashville–Davidson– Murfreesboro–Franklin, TN	1,878,181	56,268	225,072	79,392	2.83
Houston–The Woodlands– Sugar Land, TX	6,892,427	52,765	211,059	75,460	2.80
Dallas–Fort Worth– Arlington, TX	7,332,544	53,050	212,198	76,457	2.78
Pittsburgh, PA	2,333,367	53,849	215,394	78,524	2.74
Hartford–East Hartford– Middletown, CT	1,210,259	61,353	245,411	89,630	2.74
...					
Tucson, AZ	1,022,769	41,637	166,549	81,166	2.05
Riverside–San Bernardino–Ontario, CA	4,580,670	39,052	156,206	78,394	1.99
Provo–Orem, UT	617,675	38,075	152,300	76,579	1.99
Syracuse, NY	654,841	47,298	189,191	96,112	1.97
Urban Honolulu, HI	988,650	56,728	226,910	115,583	1.96
Phoenix–Mesa– Chandler, AZ	4,737,270	44,096	176,385	91,037	1.94
Lakeland–Winter Haven, FL	686,483	34,213	136,852	71,046	1.93
Poughkeepsie– Newburgh– Middletown, NY	677,794	51,849	207,395	117,806	1.76
McAllen–Edinburg– Mission, TX	860,661	25,617	102,468	60,311	1.70
Fayetteville, NC	519,416	35,494	141,978	84,755	1.68

Source: EPI Family Budget Calculator, Bureau of Economic Analysis Regional Economic Accounts.

It can seem as though there simply are not enough economic resources to go around in certain places, but that is not, strictly speaking, true.

This raises the question: If almost all metropolitan areas have sufficient economic output to support family expenses, do all such areas need to have a wage floor as high as \$15 an hour to support such expenses? Taking the budget cost estimates for the two-adult, two-child household and assuming an annual full-time work year of 2,080 hours (40 hours a week, 52 weeks a year), we find just three MSAs where two working adults could subsist at wage rates of less than \$15 hour and cover their costs. In these metropolitan areas—Brownsville, Laredo, and McAllen, all in Texas—the required wage rate nonetheless exceeds \$14 an hour.⁵ Building on our earlier review of the data, might \$15 an hour nonetheless be more than sufficient for a single person, lacking childcare expenses, to support him- or herself? Performing a similar analysis for this household type, we find that budgeted household costs fall below what can be supported by a \$15 an hour full-time wage in less than 5% of MSAs, primarily located in the South and Midwest. In all of these cases, the required wage still exceeds \$14 an hour. A \$15 an hour wage floor thus would not seem to be “too high” for household subsistence across most of the United States and, in fact, might be “too low.”

Almost all metropolitan areas in the United States thus have the economic resources for a \$15 hourly wage, and almost all would seem to require one, as well, based on the cost of living. If both the economic resources and the household need for \$15 an hour exist in most places, this would suggest that the real barrier to such a wage floor is not economic—but a function of politics, policy, and power instead.

Nevertheless, in practice there may be economic capacity constraints on wage policy, even when total output may seem to be sufficient to cover living expenses. For instance, in an open economy like that of the United States, where capital and workers can leave a city if they believe better conditions exist elsewhere, the continued vitality of a city depends on its ability to attract sufficient investment, which may require allowing an outsize share of economic output to go to investors or highly skilled workers. This is exacerbated by changes to the US municipal finance system made in the 1980s that tie large portions of local governments’ budgets to their ability to generate economic activity within their borders (Harvey 1989; Pacewicz 2016).

The need to maintain a competitive economic environment is often cited as a reason not to have living-wage laws. That framing is overly simplistic: the net effect of an increased minimum wage depends on whether covered workers are employed more in local-serving or export industries, how much of their new earnings are spent locally, and whether the local economic ecosystem is well designed to meet the needs of its residents and keep revenue local, as the studies of advocacy organizations such as the Institute for Local Self-Reliance make clear (see also Kelly and Ratner 2012; Shuman 2011). Still, advocates and scholars

should know the local economic conditions when they are considering wage policy. Conditions in San Jose or Bridgeport are very different from those in Phoenix or McAllen.

Advocates in cities with a high ratio of total output to cost of living should feel confident that they can push for higher wage policies without disrupting the metropolitan economy. Mandated living wages in these regions, especially in local service industries, may result in somewhat higher prices for local consumers, but those consumers will likely be able to bear these costs.

On the other hand, cities in the bottom half of Table 1 have less immediate economic room for mandated wage increases. Advocates in these cities will have to be thoughtful about setting wage policies to increase living standards while also strengthening the overall economic situation. In those cities, it is less likely that local consumers will be able to simply pay the higher prices that higher minimum wages may generate. Such wage increases may need to be paired with other policies to directly target sources of unaffordability, strengthen the local economy, and prevent capital flight. These policies might include targeted policies such as enhanced childcare tax credits or economic development technical assistance for cooperatives and other employee-owned or controlled companies (Spicer, forthcoming 2020), which both contribute more to the local economy for a given amount of revenue and may be less likely to leave because of cost increases (DeFilippis 2003; Schneiberg 2017).

One interesting feature of Table 1 is that, because cities are selected based on the ratio of output to living costs, it groups places that do not often appear on the same lists. San Jose and Dallas occupy different “convergence clubs” (Chatterji and Dewhurst 1996; Storper, Kemeny, Makarem, and Osman 2015) with different cost structures. Yet both are in the fortunate position of having relatively large amounts of economic output compared with their cost of living. Similarly, Poughkeepsie and Honolulu stand out as having relatively high per capita incomes, but, because of the high cost of living in those cities, that high output results in less economic wiggle room than it would elsewhere.

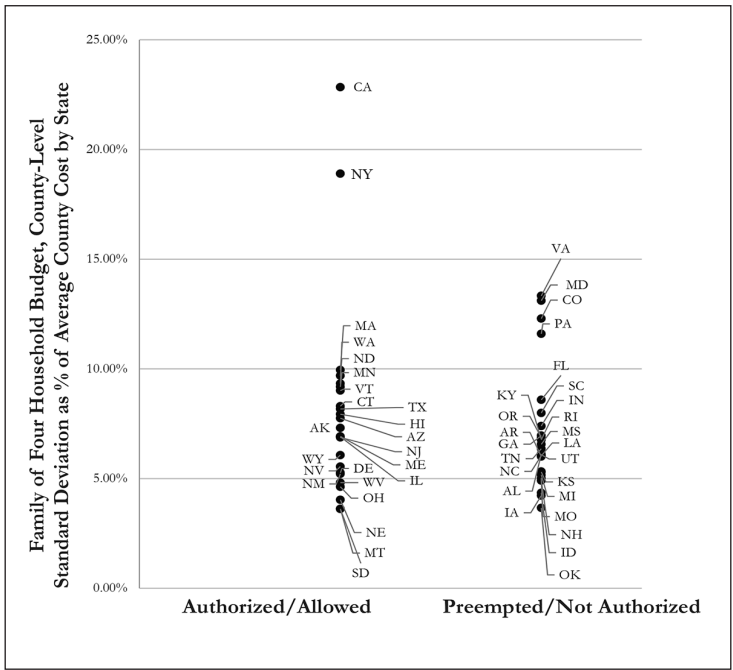
Preemption and Within-State Variation in Costs of Living

Finally, we consider the extent to which economic capacity lines up with state political boundaries. Although the living-wage movement primarily began at the local level, in recent years the state level has become more prominent because of efforts to preempt local ordinances in state legislatures, as noted earlier, while some states have never authorized such ordinances to begin with. This development highlights the tensions arising from the imperfect match between economic and political units. Some states vary substantially in the economic conditions they contain. For instance, in California, Merced County has an expected budget for a family of four of \$70,675, while the same standard of living in San Mateo County is more than double that amount, requiring \$156,292. In Oklahoma, the most

expensive county is a mere \$12,300 a year more expensive than the least expensive one. Besides California, other states with wide geographic variation in cost of living include New York (\$64,000 gap between the most and least expensive counties), Virginia (\$49,000), Colorado (\$42,000), and Florida (\$38,000). States with minimal geographic variation in living costs include Delaware (\$8,000 gap), Montana (\$14,300), and Louisiana (\$14,400). Note that here we use counties rather than MSAs because the latter sometimes straddle state lines.

Is there a relationship between states' internal cost heterogeneity and state preemption/authorization of local living wage? Figure 3 plots this relationship: each state's intercounty standard deviation in the amount required to support a family of four, again based on the FBC, is shown against the state legal treatment of wages. There is virtually no correlation between state authorization and the intrastate county-level standard deviation in the costs for family of four. A simple pairwise correlation between these two measures (with authorization/preemption treated as a binary outcome, based on National League of Cities classifications for 2017, with supplemental data from the National Employment Law Project for 2017) is -0.08 . Three of the states with wide variation as noted above—

FIGURE 3
Within-State Cost Variation Versus Preemption/Unauthorized Local Wage Laws



Colorado, Florida, and Virginia—do not allow local living-wage ordinances (National League of Cities 2017), but many other high-variation states do allow such laws. The relationship between relevant political and economic geographic scales is thus complex. In some states, the construction of political scales may play a significant role in addressing meaningful levels of internal regional cost heterogeneity. In others, it may not.

CONCLUSIONS

While the initial successes of the Fight for \$15 have been significant for labor activists and low-wage workers alike, we have argued that the struggle has entered a fraught—and potentially dangerous—moment. As a consequence of its growing success, and as a reaction to preemption efforts by some states, the Fight for \$15 has “scale jumped” to the national level. But this brings with it the challenge of implementing a single \$15 wage floor across regions with highly variable economic conditions. Meeting this challenge may require Fight for \$15 advocates to include additional policy strategies that are informed by a nuanced understanding of the economic and political geography of the United States.

We want to emphasize that we are *not* arguing that the Fight for \$15 eschew its original goals or purpose. Rather, we are suggesting that it incorporate *additional* policy demands in order to maintain its success—and ultimately improve the lives of workers across the United States. Such an approach is not inconsistent with the six bill, anti-poverty “Just Society” legislative initiative introduced in September 2019 by US Congresswoman Alexandria Ocasio-Cortez, which seeks to update national poverty line estimates to account for geographic variation, create national tenants’ rights in housing, and tie federal contracting not only to how well contractors pay workers but to how well they address health and worker well-being (e.g., family leave), as well.

We affirm that virtually nowhere in the United States does a \$15 wage floor appear to be “too high” based on the costs of supporting either a single adult or a family, and, in fact, in many places may be too *low*. Nonetheless, the current economic capacity of regions to support such a floor varies by place. Advocates will need to be mindful of this when trying to determine where opponents’ claims of expected job losses are credible and where they are not. Critically, beyond seeking an inflation-indexed wage floor of at least \$15 an hour, supplemental policy and organizing strategies will likely need to reflect the drivers of unaffordability in different regions because their varying cost structures imply heterogeneous avenues of action for further policy reform.

In the new economy’s “winning” regions, which tend to be dense urban areas where land is in shorter supply, housing is a leading driver of total household costs. Further wage floor increases without an associated effort to add significant affordable housing supply may not ultimately yield an increased standard of living for workers. In other regions, where economic capacity may be more limited

and other costs such as childcare and healthcare may figure more prominently, supplemental social welfare policy initiatives may be more effective in achieving further real gains in standard of living. Policies that seek to enhance the local economic capacity by developing more locally rooted employment may also yield gains. Finally, until the enactment of a national wage floor, state and local strategies for higher wages must be calibrated to how the scalar structure of political power can affect success. Proposed or existing preemption laws may undermine the ability of advocates to enact living-wage increases or to enact supplemental policy proposals, as well. In some states, internal cost structure variation may be significant and could impede the passage of statewide measures. In other places, it may not be a concern.

Future research might build on our empirical exploration of the regional dynamics of the national Fight for \$15 in the United States, to consider how budgeted costs match up to actual local household incomes by household type. Scholars might also use data sets such as those we have deployed to classify regions into “ideal types” with respect to the drivers of costs and unaffordability as a way to better inform more targeted policy, as well as union and community organizing campaigns. Comparative or international analyses, particularly those involving other large federal countries, might reveal whether those dynamics are unique to the United States. While many other high-income democracies have nationally negotiated wage rates, as noted earlier, inter-regional economic inequality has been rising across nations regardless, and more geographically nuanced strategies may be effective in these contexts, as well.

For living-wage advocates and Fight for \$15 activists in the United States, the good news is that the challenges we have discussed are not insurmountable. The labor movement has a rich history of partnering with and participating in local community coalitions and of working simultaneously on multiple policy fronts—from affordable housing to cooperative and employee ownership to social welfare policy campaigns. Future gains may depend on advocates’ ability to build on these historical institutional ties while working at multiple spatial scales.

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ENDNOTES

1. Relevant factors in explaining regional economic differences are far more expansive than those discussed here, and they include long-standing institutional differences such as right-to-work state labor laws and anti-union efforts in the South (Katznelson 2013). Reconstruction-era policies may also be relevant. Nonetheless, we focus on more recent phenomena that have been germane

in the shift from a Great Convergence during the Treaty of Detroit era to the Great Divergence of the past 40 years.

2. Although the geographic resolution of the FBC is the highest available to our knowledge, some data concerns remain. For instance, childcare expenses are estimated at the state level and then adjusted based on the ratio of county to statewide average rents. In states with high internal heterogeneity, this results in estimates that may overstate the cost in low-income areas and understate it in high-income ones. For instance, many cities in upstate New York are reported as having extremely high childcare costs, which may be an overstatement. Nonetheless, the data have been constructed with greater geographic resolution than the living-wage calculator at MIT, for which many nonhousing costs are estimated at the Census Region scale (Northeast, West, Midwest, and South). Food and transportation costs in rural northern Appalachian counties and Manhattan, for example, are identical in the living-wage calculator.

3. Note that in many places there are large numbers of people who pay more than a third of their income for housing. This reflects the prioritization that occurs when incomes are insufficient to cover all necessary expenditures.

4. The FBC estimates assume that all adults in each household work, and thus that childcare is necessary. They also assume that children are relatively young, needing either full-day or part-day childcare depending on the number of total children (see Gould, Mokhiber, and Bryant 2018). It is thus possible that the contribution of childcare to total family expenditures is larger in this data than it would be for the country as a whole or when averaged across an entire childhood.

5. Note that there are roughly 100 micropolitan areas and rural counties where \$15 an hour would be sufficient to support two working adults and two children. The total population of all such places is 4,158,189, or 1.3% of the US population.

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