

First to \$15:

Alberta's Minimum Wage Policy on Employment by Wages, Ages, and Places




Sebastian Fossati
Joseph Marchand *

University of Alberta
Department of Economics
Edmonton, AB, Canada

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My Latest Work: Alberta's \$15 Minimum Wage

-  Marchand, J. (chair), Sen, A., von Schellwitz, M., Braun-Pollon, M., Stanton, J., Culo, B., Borger, D., Donnelly, R., Lycklama, N. 2020. Report of the Minimum Wage Expert Panel. Government of Alberta, Ministry of Jobs, Economy and Northern Development. Submitted Feb. 26th.
-  Fossati S., Marchand, J. 2022. First to \$15: Alberta's Minimum Wage Policy on Employment by Wages, Ages, and Places. University of Alberta, Department of Economics, Working Paper, No. 2020-15. Last updated Oct. 23rd, 2021 on IDEAS.
-  Marchand, J. 2023. Final Call to the Government of Alberta to Release the Report of the Minimum Wage Expert Panel. C.D. Howe Institute Intelligence Memo, Jan. XX.

AB Election 2023: Minimum Wage as a Key Issue

- Spring 2015: There were 25 words of the Alberta NDP election platform about a \$15 minimum wage that later became policy and took up much of their attention.
 - (1.3) We'll ensure the benefits of better economic policies are more widely shared, by increasing the minimum wage to \$15 per hour by 2018.
- I spoke and wrote about this policy as it was implemented, most importantly calculating that it would result in a loss of roughly 25,000 jobs, based on previous employment elasticities.

AB Election 2023: Minimum Wage as a Key Issue

- **Spring 2019:** There was a promise to retain the \$15 minimum wage, but introduce a \$13 minimum wage for a subset of young workers, and appoint a minimum wage expert panel.

A United Conservative government will:

- Retain the general \$15.00 minimum wage
- Introduce a Youth Job Creation Wage of \$13.00 for workers who are 17 years of age or younger to encourage job creators to hire young Albertans for their first job
- Appoint a Minimum Wage Expert Panel to:
 - Analyse and publish all of the available economic data on the labour market impact of the NDP's 50% increase in the minimum wage
 - Assess whether hospitality industry workers who serve alcohol would likely generate higher net incomes (i.e. by working more hours) with a wage differential similar to those that exist in Ontario, Quebec, and British Columbia

- I was appointed Chair of the Minimum Wage Expert Panel in August 2019 by the Minister of Labour and Immigration, Jason Copping, with our report submitted on February 26th, 2020.

AB Election 2023: Minimum Wage as a Key Issue

- **Spring 2023:** With the next provincial election only five short months away, Albertans will soon be closely examining the party platforms and policy stances to make informed choices.
- As of December 8th, 2022, the UCP promise to “publish all of the available data on the labour market impact of the NDP’s 50% increase in the minimum wage” has not yet been realized.
- Given that we should have the best information available to us, I will make a final call in January 2023 through the CD Howe Institute for the Government of Alberta to release this report.
- Until that call is made (and realized?), I can instead focus on the research that I have been doing in tandem with the report, with the help of my fellow U of A co-author, Sebastian Fossati.

First to \$15: History of Alberta's Policy

- Following 44 consecutive years (1971-2015) of conservative party rule (under the Progressive Conservative Association), the New Democratic Party (NDP) formed Alberta's only one-term government (2015-2019), but then there is 2023.
- Prior to the NDP, the province followed a **formula-based approach** to its minimum wage, based equally on changes to its annual average weekly earnings and consumer price index.
- With a \$15 minimum wage as part of their election platform, Alberta became the first state or province in North America to reach this threshold on October 1st, 2018 (**47% increase**, over just **3 years**, in **4 increments**: from \$10.20 to \$11.20, to \$12.20, to \$13.60, to \$15.00), where it remains today.

First to \$15: Origins of Alberta's Policy

- The North American concept of a \$15 minimum wage originated at the city level in 2012, as the “Fight for 15” movement among fast food workers in New York City.
- Prior to Alberta, minimum wages of such a nominal level were only relegated to a pair of US cities (Seattle, San Francisco), but has since spread to other high-priced cities as well (ex. Washington DC) (for city level, see Dube and Lidner, 2021).
- Several provinces/states/territories now have or will pass \$15.00 (NU 4-1-20; BC 6-1-21, NT 9-1-21; CA 1-1-22, YT 4-1-22, ON 10-1-22; CT, MA, MB, NY, PEI in 2023; MD, NJ, NL, NS, SK in 2024; DE, IL, RI in 2025; FL, VA in 2026).
- A national policy of \$15 was adopted for Canadian federally regulated industries on Dec. 29th, 2021; the US did the same with \$15 for federal contractors on Mar. 30th, 2022.

First to \$15: Why Study Alberta's Policy

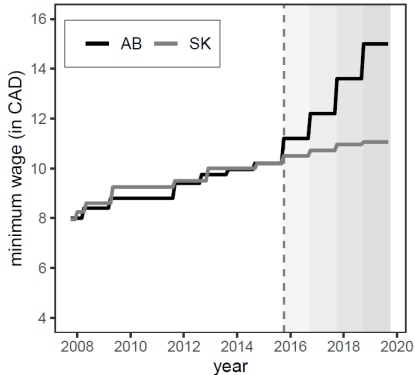
- Most changes to minimum wages are relatively **small in magnitude, plentiful and expected** over a **set period of time**, most often occurring annually by step-wise legislation or by having a formula tied to prices/earnings.
- Because of this, most empirical studies on minimum wages in the literature are identified on these **small, plentiful, expected** minimum wage changes, **spread out over time**.
- A recent set of minimum wage changes that were **large, unexpected, and quick** have made for a different type of identification, **questioning whether evidence will differ**.
- In addition, given the **geographic expansion** of the \$15 minimum wage policy, how **are these results similar or different** in terms of that expanding reach? Does heterogeneity matter?

First to \$15: Twin of Alberta's Policy

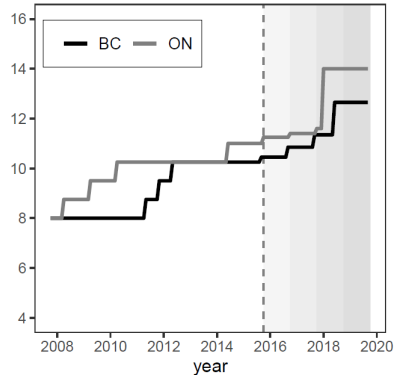
- According to Neumark et al. (2014, p. 610), “the identification of minimum wage effects requires”:
 - “a valid counterfactual control group for what would have happened absent increases in the minimum wage”.
 - “a sufficiently sharp focus on potentially affected workers”.
- For the valid counterfactual control group, a “twin” province of Saskatchewan exists for Alberta:
 - economy reliant on agriculture and energy extraction.
 - follows same formula-based minimum wage approach.
- For the sufficiently sharp focus on potentially affected workers, we cut the data by wages, ages, and places:
 - wage bin approach follows Jales (2018), Cengiz et al. (2019).
 - Cengiz et al. (2022) finds age to be the strongest predictor to being an affected worker, with rural being fifth most important.

First to \$15: Minimum Wage Policies

Minimum wage by province: AB and SK



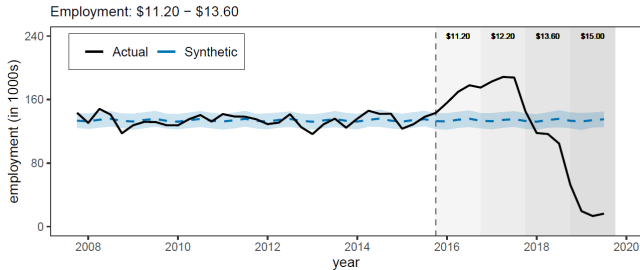
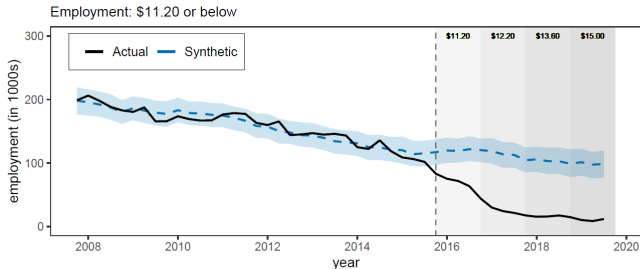
Minimum wage by province: BC and ON



First to \$15: Details of Methods and Data

- Synthetic control methods are used to explore what would have happened in Alberta without this policy.
- Labour Force Survey data, all publicly available:
 - wage bin cuts were through Government of Alberta request.
 - age cuts are for 15-24 year olds, and aged 25 and over.
 - geographical cuts for Alberta into 7 economics regions (2 urban + 5 non-urban).
- Set of relevant untreated control units (donor pool) include:
 - Saskatchewan employment levels by wage bins (under \$10.20, \$10.20 to \$11.20, \$11.20 to \$12.20, \$12.20 to \$13.60, \$13.60 to \$15, \$15 to \$20, and over \$20).
 - Alberta's employment level for those earning more than \$20.
- Timing of the minimum wage policy intervention:
 - pre-intervention sample: 2007 Q4 - 2015 Q3.
 - post-intervention sample: 2015 Q4 - 2019 Q3.

Evidence by Wages: Workers Moved Up Bins

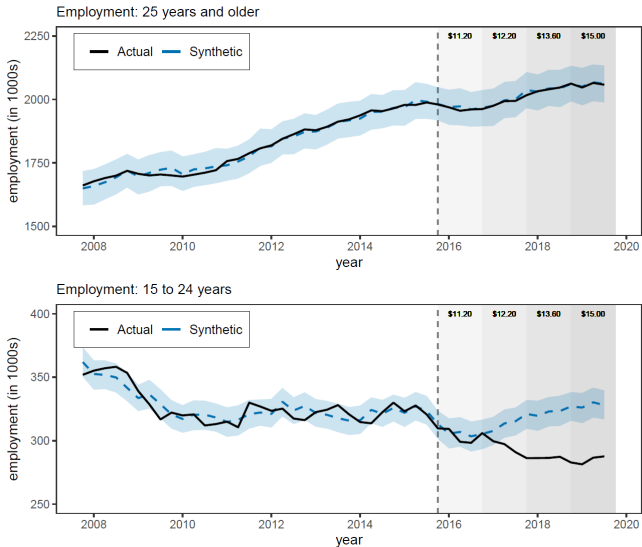


Evidence by Wages: Workers Moved Up Bins

Table 1: Wage descriptive statistics by wage bin.

	10.20 or less	10.20 - 11.20	11.20 - 12.20	12.20 - 13.60	13.60 - 15.00	15.00 - 20.00	20.00 or more
A: October 2014							
employment	61.0	62.9	59.3	80.3	100.2	257.1	1,672.6
share	2.66%	2.74%	2.59%	3.50%	4.37%	11.21%	72.93%
B: October 2018							
employment	11.9	4.1	8.1	63.5	182	267.6	1,804.1
share	0.51%	0.18%	0.35%	2.71%	7.77%	11.43%	77.06%

Evidence by Ages: Youth Lost Employment



Evidence by Ages: Youth Lost Employment

Table 2: Employment effects of Alberta's \$15 minimum wage by age groups.

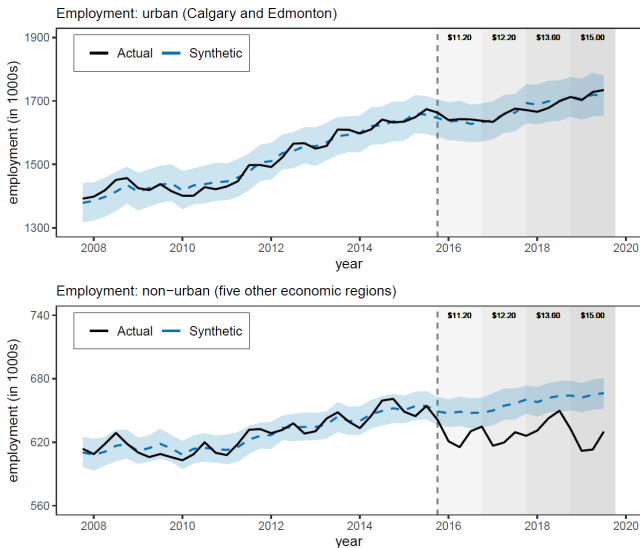
	25+	15-24	15-19	20-24
effect	-0.00	-0.07	-0.07	-0.06
std. dev.	0.01	0.01	0.04	0.01
prob.	0.44	0.00	0.02	0.00
employment	-2,583	-22,783	-7,120	-13,603
elasticity	-0.00	-0.15	-0.15	-0.13

Evidence by Ages: Youth Lost Employment

Table 3: Wage descriptive statistics by age.

	Alberta			Saskatchewan		
	15-24	25-54	55-64	15-24	25-54	55-64
A: October 2014						
Average wage	17.74	30.27	31.25	16.86	27.66	26.99
Median wage	16.00	27.00	28.00	15.00	25.00	24.00
Minimum wage	10.20	10.20	10.20	10.20	10.20	10.20
Minimum/median wage	0.64	0.38	0.36	0.68	0.41	0.43
B: October 2018						
Average wage	18.27	33.04	32.83	16.87	29.65	29.42
Median wage	16.25	30.00	28.00	15.00	27.00	25.20
Minimum wage	15.00	15.00	15.00	11.06	11.06	11.06
Minimum/median wage	0.92	0.50	0.54	0.74	0.41	0.44

Evidence by Places: Non-Urban Areas Lost Employment



Evidence by Places: Non-Urban Areas Lost Employment

Table 4: Employment effects of Alberta's \$15 minimum wage by place.

	urban			non-urban		
	overall	25+	15-24	overall	25+	15-24
effect	-0.00	0.01	-0.08	-0.04	-0.04	-0.08
std. dev.	0.01	0.01	0.01	0.00	0.01	0.02
prob.	0.43	0.12	0.00	0.00	0.00	0.00
employment	-2,274	18,050	-17,719	-29,163	-21,835	-7,798
elasticity	-0.00	0.02	-0.17	-0.09	-0.09	-0.17

Evidence by Places: Non-Urban Areas Lost Employment

Table 5: Employment effects of Alberta's \$15 minimum wage by economic regions.

	urban			non-urban			
	R2	R4	R1	R3	R5	R6	R7
effect	-0.00	-0.00	-0.06	-0.07	0.02	-0.05	-0.06
std. dev.	0.01	0.01	0.01	0.01	0.01	0.01	0.01
prob.	0.47	0.41	0.00	0.00	0.07	0.00	0.00
employment	-588	-1,864	-11,810	-8,012	3,039	-6,411	-5,064
elasticity	-0.00	-0.00	-0.13	-0.15	0.04	-0.11	-0.13

Evidence by Places: Non-Urban Areas Lost Employment

Table 6: Wage descriptive statistics by place.

	urban			non-urban			
	R2	R4	R1	R3	R5	R6	R7
A: October 2014							
Average wage	29.41	27.62	27.82	26.72	23.77	26.73	32.54
Median wage	25.00	24.03	25.00	24.48	20.60	24.04	29.72
Minimum wage	10.20	10.20	10.20	10.20	10.20	10.20	10.20
Minimum/median wage	0.41	0.42	0.41	0.42	0.50	0.42	0.34
B: October 2018							
Average wage	30.96	30.97	30.48	27.60	27.68	28.91	34.61
Median wage	26.00	27.00	28.00	24.95	23.00	24.00	31.00
Minimum wage	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Minimum/median wage	0.58	0.56	0.54	0.60	0.65	0.63	0.48

Summary: Alberta as First to \$15 Minimum Wage

- Alberta is **first** North American state or province with a **\$15 minimum wage**, with many \$15 or higher policies to follow.
- **Evidence by Wages and Ages:**
 - Workers moved up the wage distribution, bin by bin, increment by increment; but not all workers remained employed.
 - Reach was over 15th percentile of the distribution; far beyond previous reach for Canada of 5th (men) and 10th (women).
 - Employment losses were found among young workers (15-24; 15-19 and 20-24), but not prime-aged and older (25 and over).
 - Magnitudes of the employment loss follow previous elasticities (~ -0.15) and my previous prediction ($\sim 25,000$ jobs lost).
- **Evidence by Places:**
 - Employment losses were found outside of two main cities, but not within them, with some nuance with place and with age.
 - Magnitudes of the employment loss again follow previous elasticities (~ -0.15) and my prediction ($\sim 25,000$ jobs lost).




AB Election 2023: Minimum Wage as a Key Issue

- **Spring 2023:** Again, the next provincial election only five short months away, Albertans will soon be closely examining the party platforms and policy stances to make informed choices. This is best served by provided them with all of the information available, such the report of the Minimum Wage Expert Panel.
- **For the NDP:** This was their policy, making Alberta the first state or province to have a \$15 minimum wage, so they should own it and study whatever the outcomes of the policy may be. In addition, they should own the fact that they ended the province's minimum wage formula tied to prices/earnings. Lastly, they could (finally) stop mocking empiricists (like myself) and the good empirical research we provide, and realize that they would benefit more by agreeing with us/it.

AB Election 2023: Minimum Wage as a Key Issue

- **For the UCP:** They have only one remaining campaign promise to make good on with respect to the minimum wage, **RELEASE THE REPORT**, then follow up with my research. In addition, they could highlight the fact that the minimum wage would have continued to rise for every year since 2018 if the formula remained in place. Lastly, they could highlight their support of empiricists and the empirical research we provide.
- **For BOTH:** Who wants to be the party that supports the empirical evidence in 2023? It is up for grabs. Each party should set their platforms regarding the future minimum wage of the province to the recommendations of the Minimum Wage Expert Panel and other related research into the policy.

My Latest Work: Alberta's \$15 Minimum Wage

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