

Las Cruces City Council Working Group Meeting



Presentation

Economic Impact Analysis of a Minimum Wage Increase

By

Hibbs Institute for Business and Economic Research



Agenda

- Hibbs Institute
- Purpose of the Study
- Important Definitions
- Descriptive Analysis
 - Las Cruces Economy
 - Selected Low Wage Occupation
- Economic Impact Analysis
 - Gross Regional Product
 - Income
 - Employment
 - Special Provision
- Conclusions

Hibbs Institute for Business & Economic Research

- Primary research unit of the Soules College of Business, The University of Texas at Tyler.
- The Hibbs Institute helps businesses, regional economic development councils, and local governments expand business activity in greater East Texas.
- The Institute (1) presents useful business and economic data and (2) provides professional economic research and analysis for companies and investors considering locating, expanding or investing in East Texas.
- The common goal is to increase economic activity, and the economic success of all East Texans.

Las Cruces Study-Purpose

Determine economic effects of Las Cruces Minimum Wage Ordinance on output, income, and employment.

Methodology and conclusions are solely those of the Hibbs Institute.

Important Definitions

Industry Vs Occupation

North American Industry Classification System (NAICS)

- The most common way of classifying employment by businesses is to use the North American Industry Classification System (NAICS), a system that starts with 20 main business categories or industry sectors, commonly known as 2-digit industries. Each of those 20 main industry categories are comprised of detailed subsector industry classifications going all the way to specific 6-digit lists of all kinds of business activities.

2017 NAICS

Sector	Description
• 11	Agriculture, Forestry, Fishing and Hunting
• 21	Mining, Quarrying, and Oil and Gas Extraction
• 22	Utilities
• 23	Construction
• 31-33	Manufacturing
• 42	Wholesale Trade
• 44-45	Retail Trade
• 48-49	Transportation and Warehousing
• 51	Information
• 52	Finance and Insurance
• 53	Real Estate and Rental and Leasing
• 54	Professional, Scientific, and Technical Services
• 55	Management of Companies and Enterprises
• 56	Administrative and Support and Waste Management and Remediation Services
• 61	Educational Services
• 62	Health Care and Social Assistance
• 71	Arts, Entertainment, and Recreation
• 72	Accommodation and Food Services
• 81	Other Services (except Public Administration)
• 92	Public Administration

Sector 72 Accommodation and Food Services

721 Accommodation

7211 Traveler Accommodation

7212 RV (Recreational Vehicle) Parks and Recreational Camps

7213 Rooming and Boarding Houses, Dormitories, and Workers' Camps

722 Food Services and Drinking Places

7223 Special Food Services

7224 Drinking Places (Alcoholic Beverages)

7225 Restaurants and Other Eating Places

72251 Restaurants and Other Eating Places

722511 Full-Service Restaurants

722513 Limited-Service Restaurants

722514 Cafeterias, Grill Buffets, and Buffets

722515 Snack and Nonalcoholic Beverage Bars

Standard Occupational Classification (SOC)

- The 2018 Standard Occupational Classification (SOC) system is a federal statistical standard used by federal agencies to classify workers into occupational categories for the purpose of collecting, calculating, or disseminating data. All workers are classified into one of 867 detailed occupations according to their occupational definition. To facilitate classification, detailed occupations are combined to form 459 broad occupations, 98 minor groups, and 23 major groups.

2018 SOC System

- 11-0000 Management Occupations
- 13-0000 Business and Financial Operations Occupations
- 15-0000 Computer and Mathematical Occupations
- 17-0000 Architecture and Engineering Occupations
- 19-0000 Life, Physical, and Social Science Occupations
- 21-0000 Community and Social Service Occupations
- 23-0000 Legal Occupations
- 25-0000 Educational Instruction and Library Occupations
- 27-0000 Arts, Design, Entertainment, Sports, and Media Occupations
- 29-0000 Healthcare Practitioners and Technical Occupations
- 31-0000 Healthcare Support Occupations
- 33-0000 Protective Service Occupations
- 35-0000 Food Preparation and Serving Related Occupations
- 37-0000 Building and Grounds Cleaning and Maintenance Occupations
- 39-0000 Personal Care and Service Occupations
- 41-0000 Sales and Related Occupations
- 43-0000 Office and Administrative Support Occupations
- 45-0000 Farming, Fishing, and Forestry Occupations
- 47-0000 Construction and Extraction Occupations
- 49-0000 Installation, Maintenance, and Repair Occupations
- 51-0000 Production Occupations
- 53-0000 Transportation and Material Moving Occupations
- 55-0000 Military Specific Occupations

SOC 39 Personal Care and Service Occupations

39-1000 Supervisors of Personal Care and Service Workers

39-2000 Animal Care and Service Workers

39-3000 Entertainment Attendants and Related Workers

39-3010 Gambling Services Workers

39-3011 Gambling Dealers

39-3012 Gambling and Sports Book Writers and Runners

39-3019 Gambling Service Workers, All Other

39-3020 Motion Picture Projectionists

39-3021 Motion Picture Projectionists

39-3030 Ushers, Lobby Attendants, and Ticket Takers

39-3031 Ushers, Lobby Attendants, and Ticket Takers

39-3090 Miscellaneous Entertainment Attendants and Related Workers

39-3091 Amusement and Recreation Attendants

39-3092 Costume Attendants

39-3093 Locker Room, Coatroom, and Dressing Room Attendants

39-3099 Entertainment Attendants and Related Workers, All Other

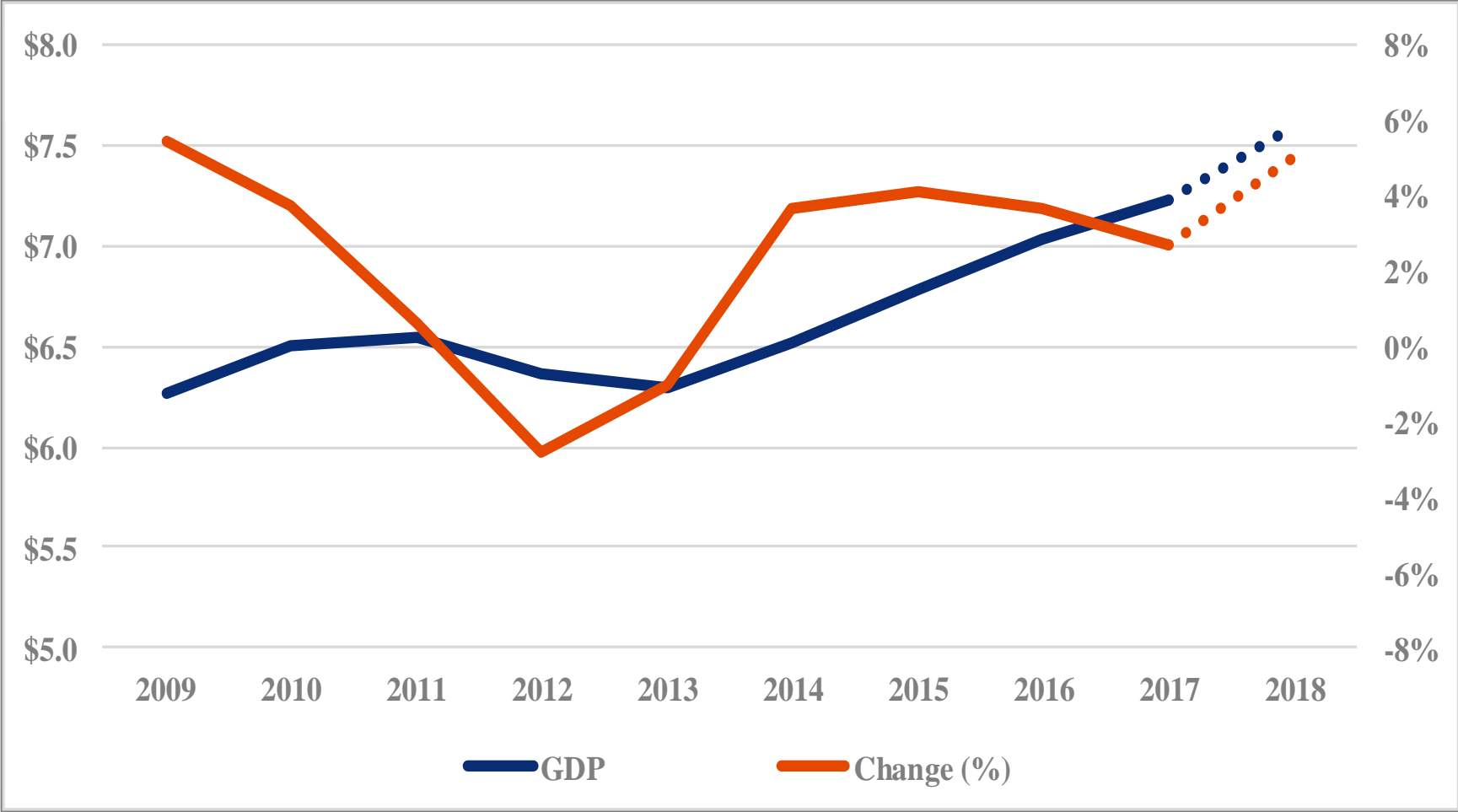
39-4000 Funeral Service Workers

39-5000 Personal Appearance Workers

39-6000 Baggage Porters, Bellhops, and Concierges

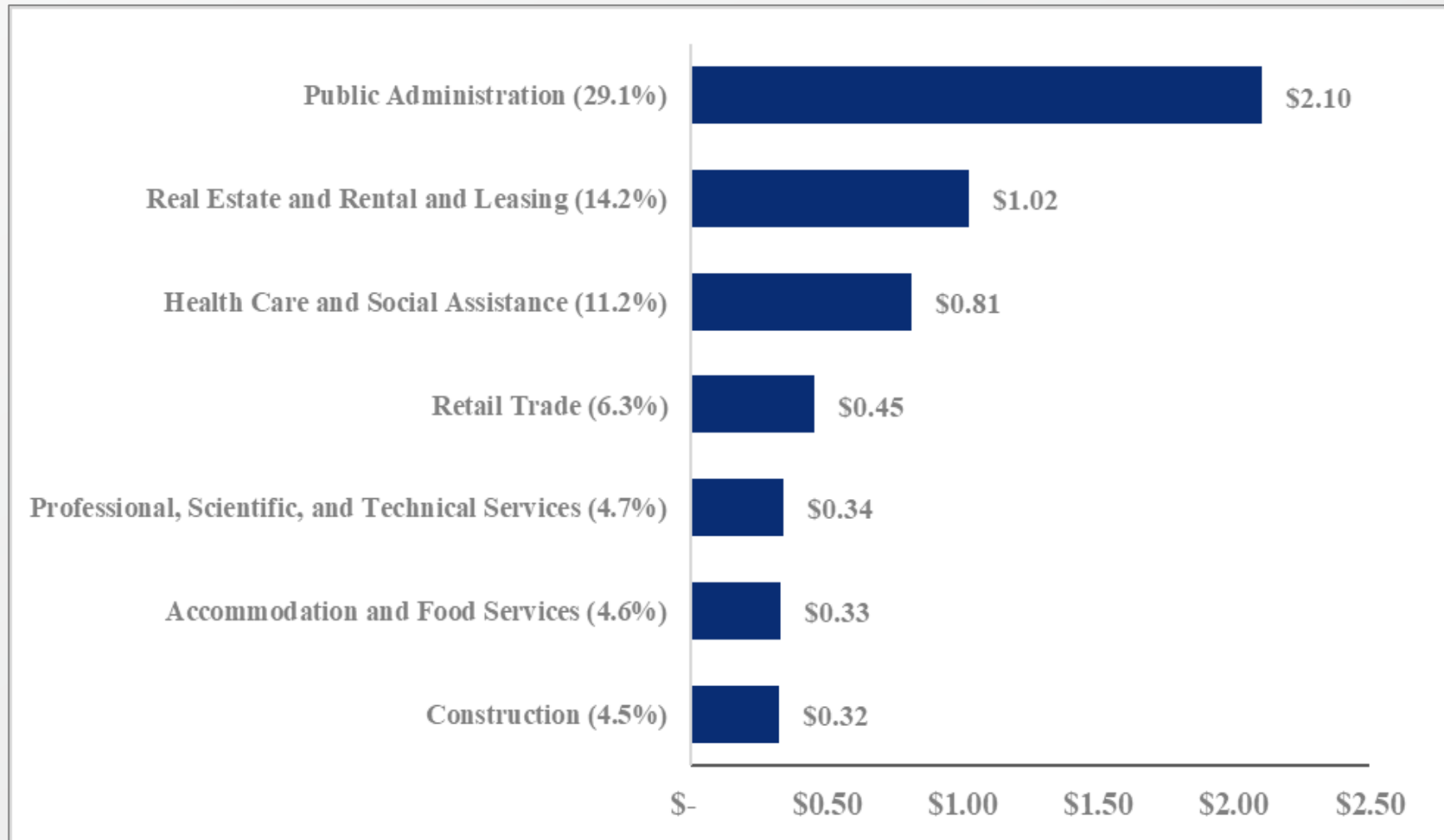
Descriptive Analysis

Gross Regional Product



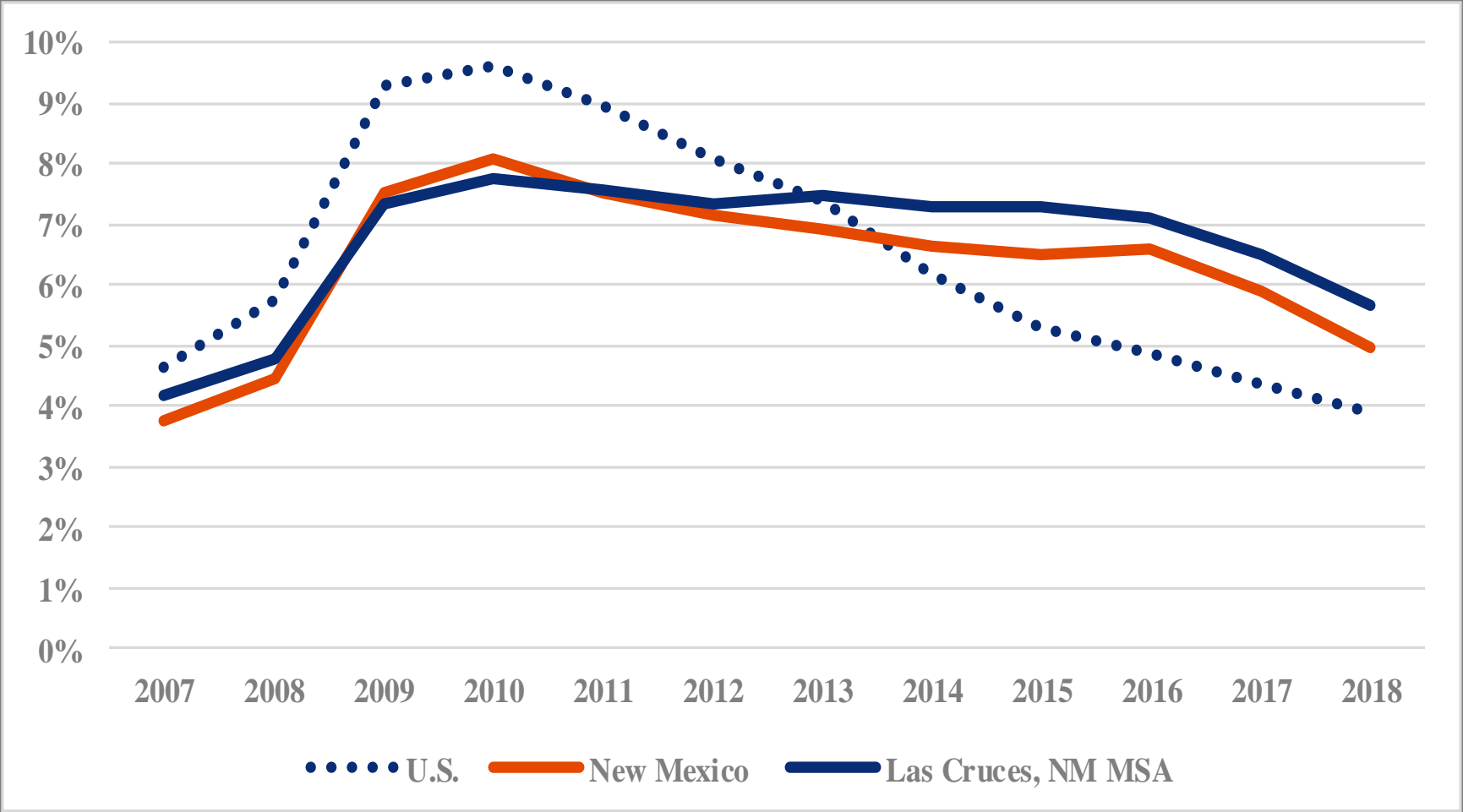
Descriptive Analysis

Gross Regional Product



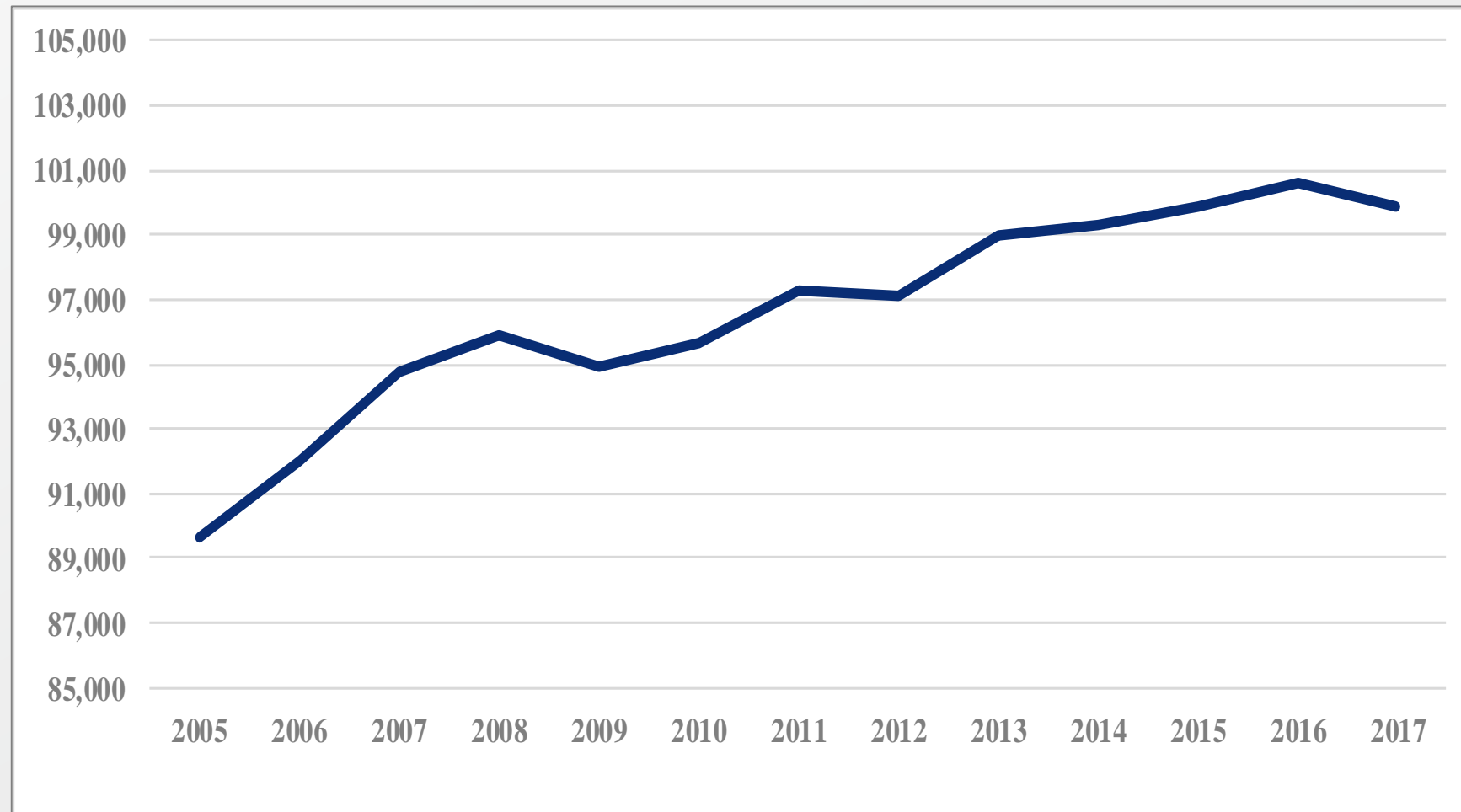
Descriptive Analysis

Unemployment Rates

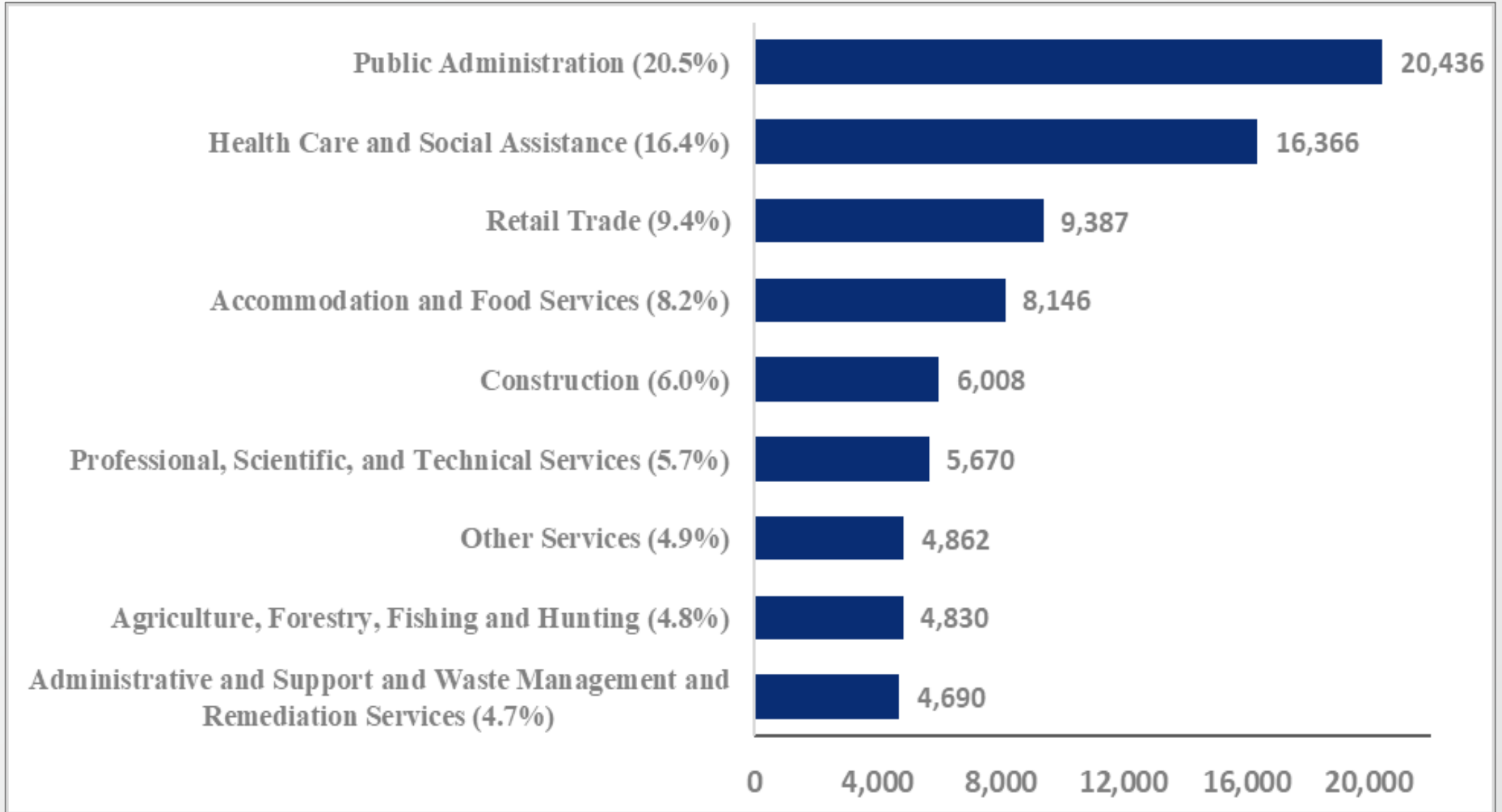


Descriptive Analysis

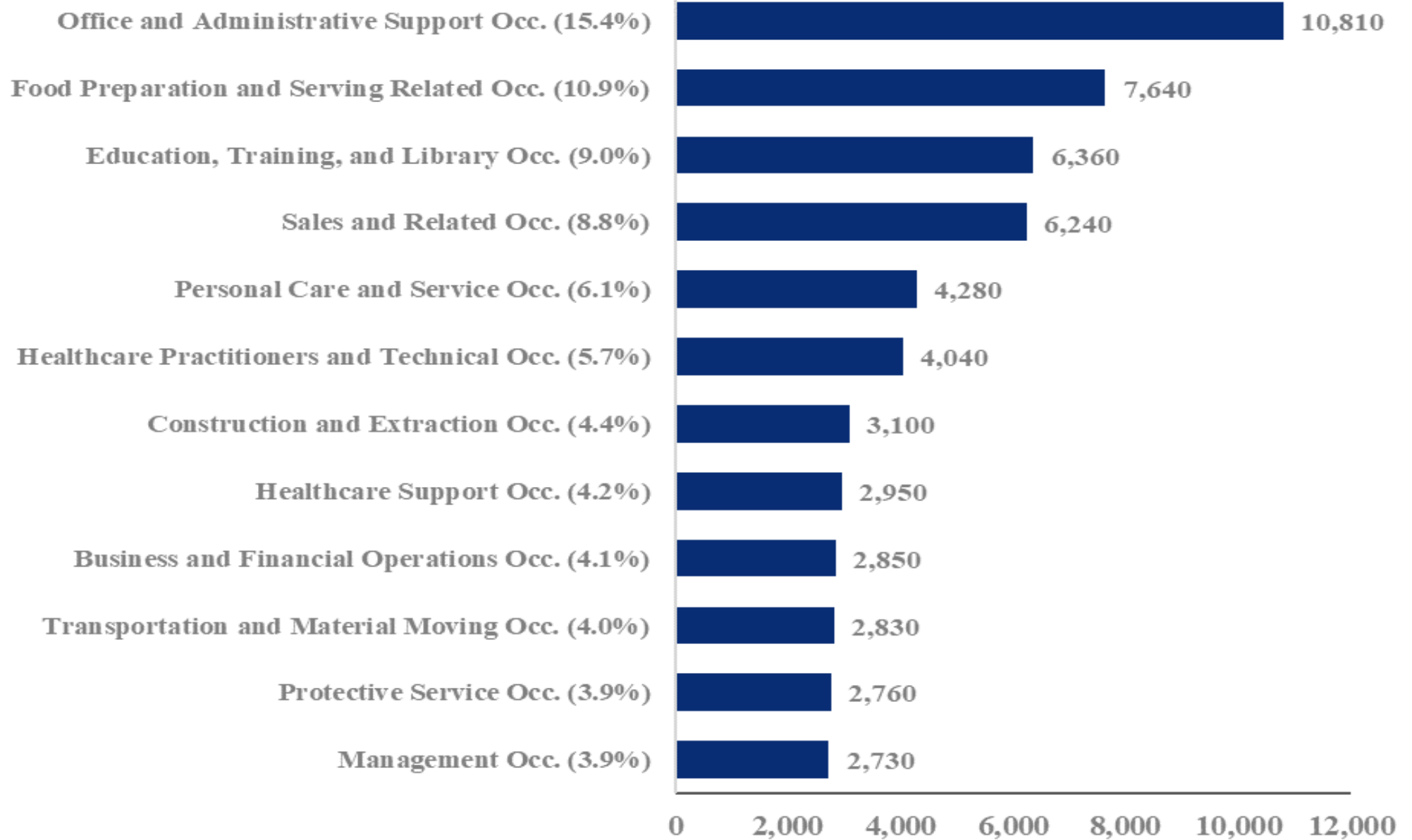
Employment



Employment by Industry



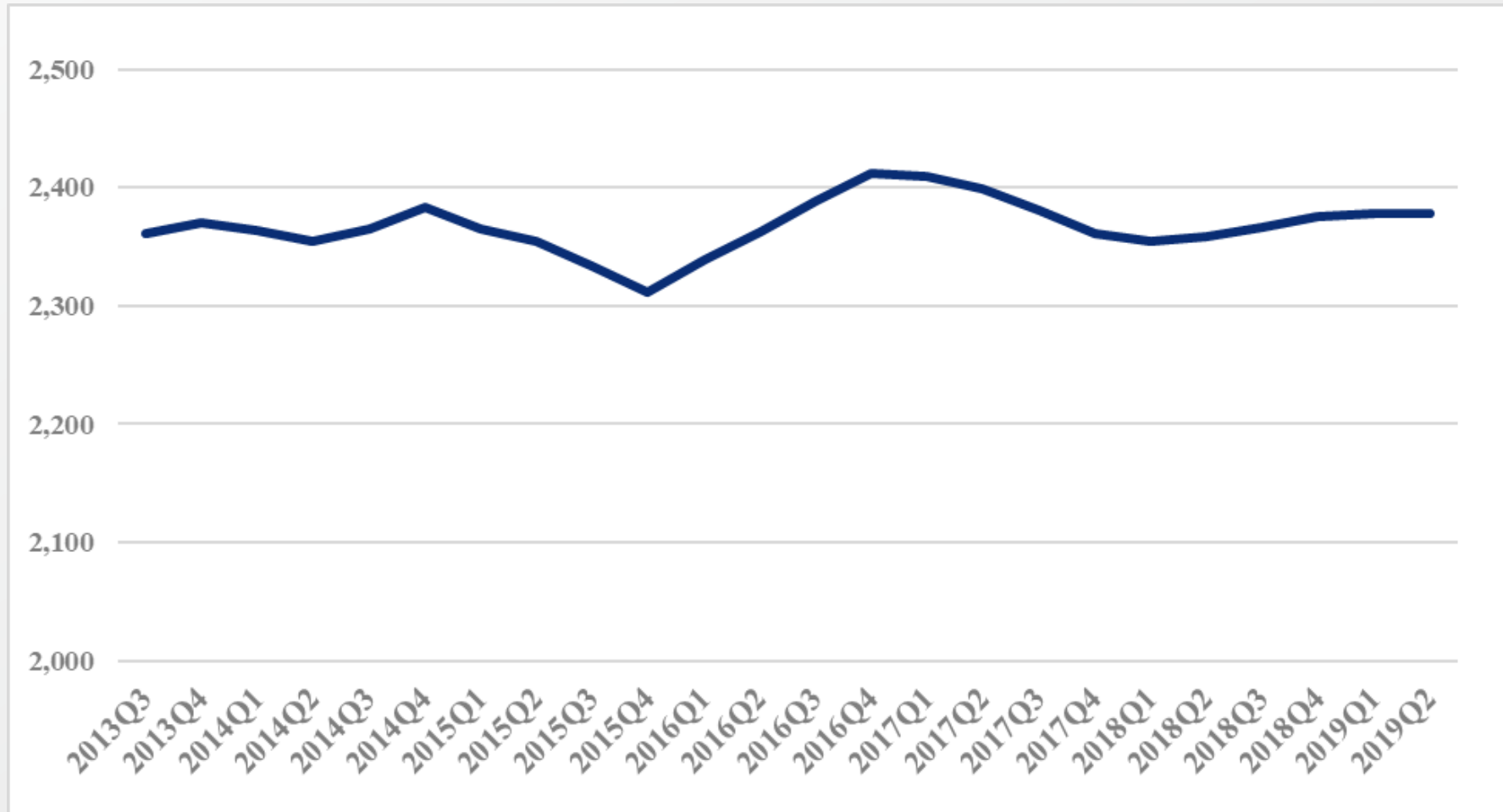
Employment by Occupation



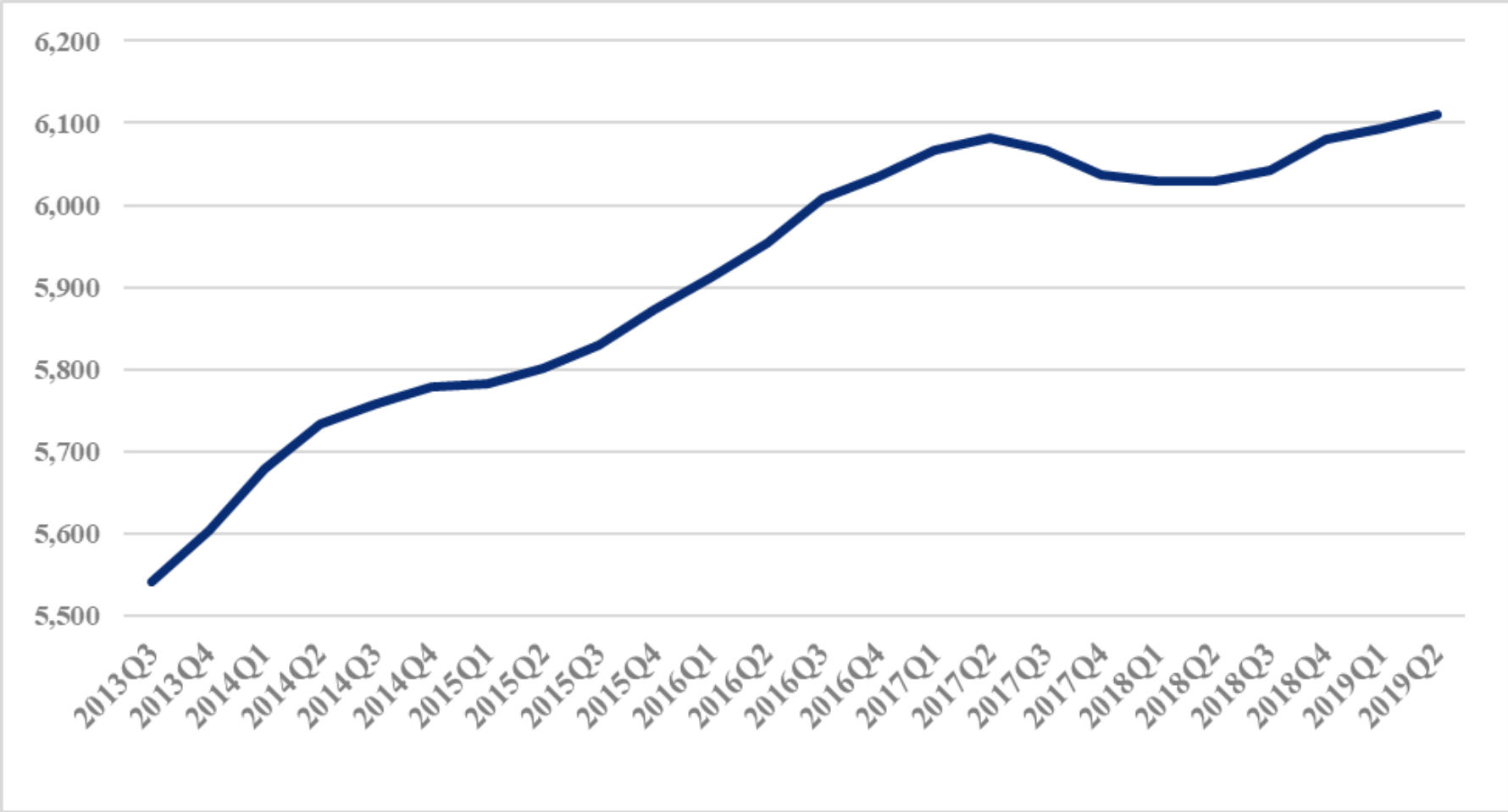
Selected Low-Wage Occupations

31-0000 Healthcare Support Occupations,
35-0000 Food Preparation and Serving Related Occupations,
37-0000 Building and Grounds Cleaning and Maintenance Occupations,
39-0000 Personal Care and Service Occupations, and
41-0000 Sales and Related Occupations.

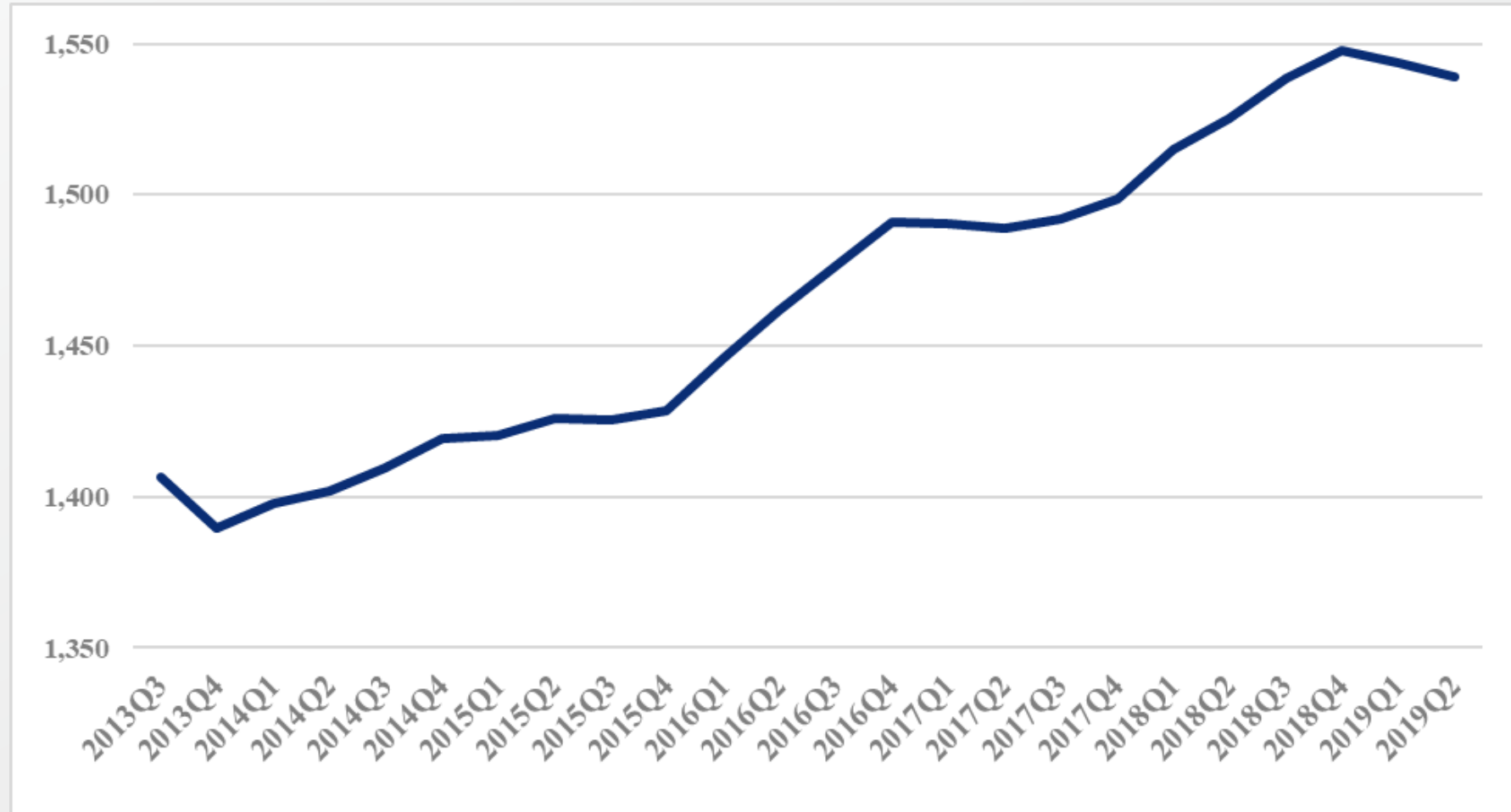
31-0000 Healthcare Support Occupations



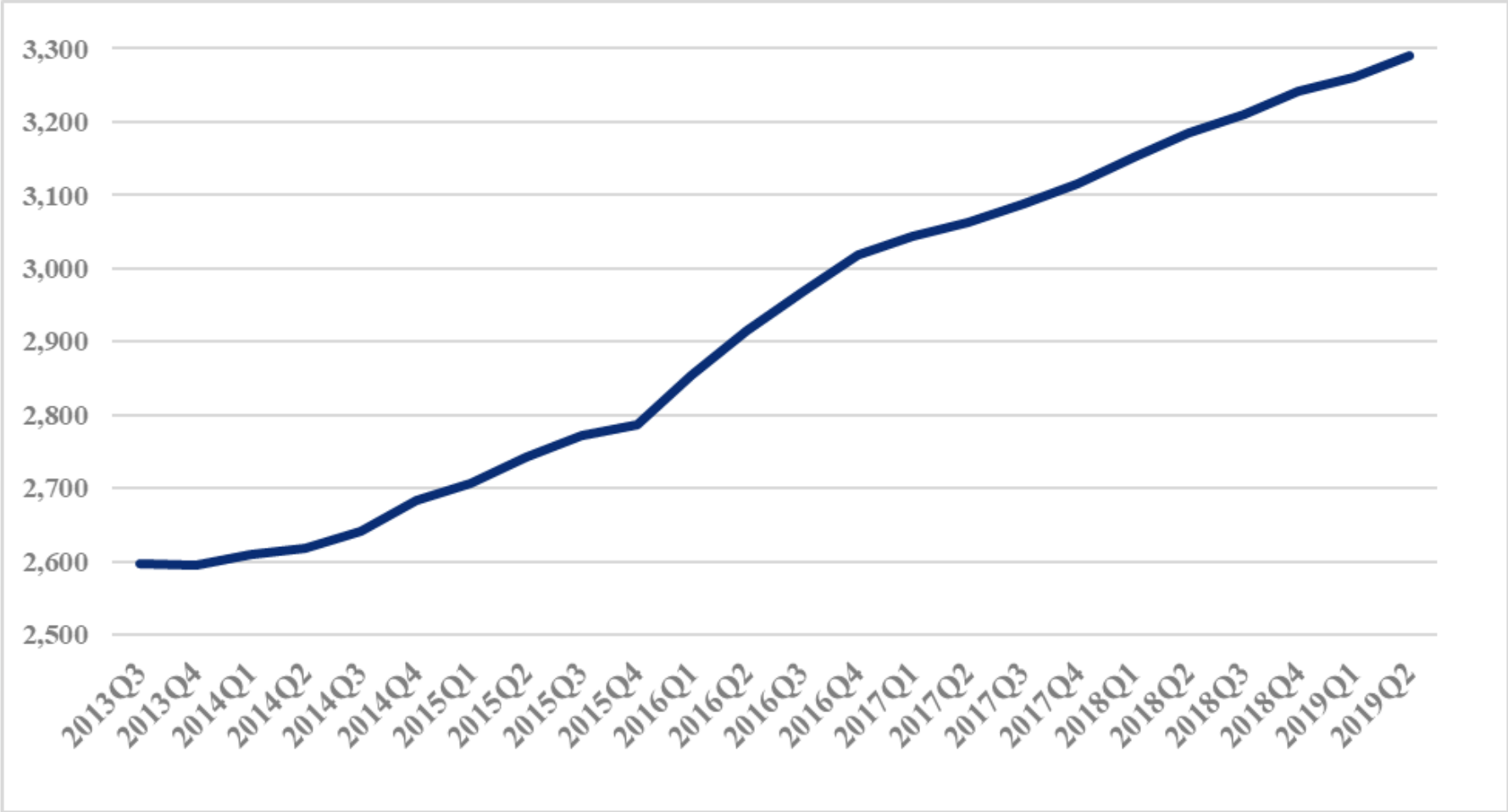
35-0000 Food Preparation and Serving Related Occupations



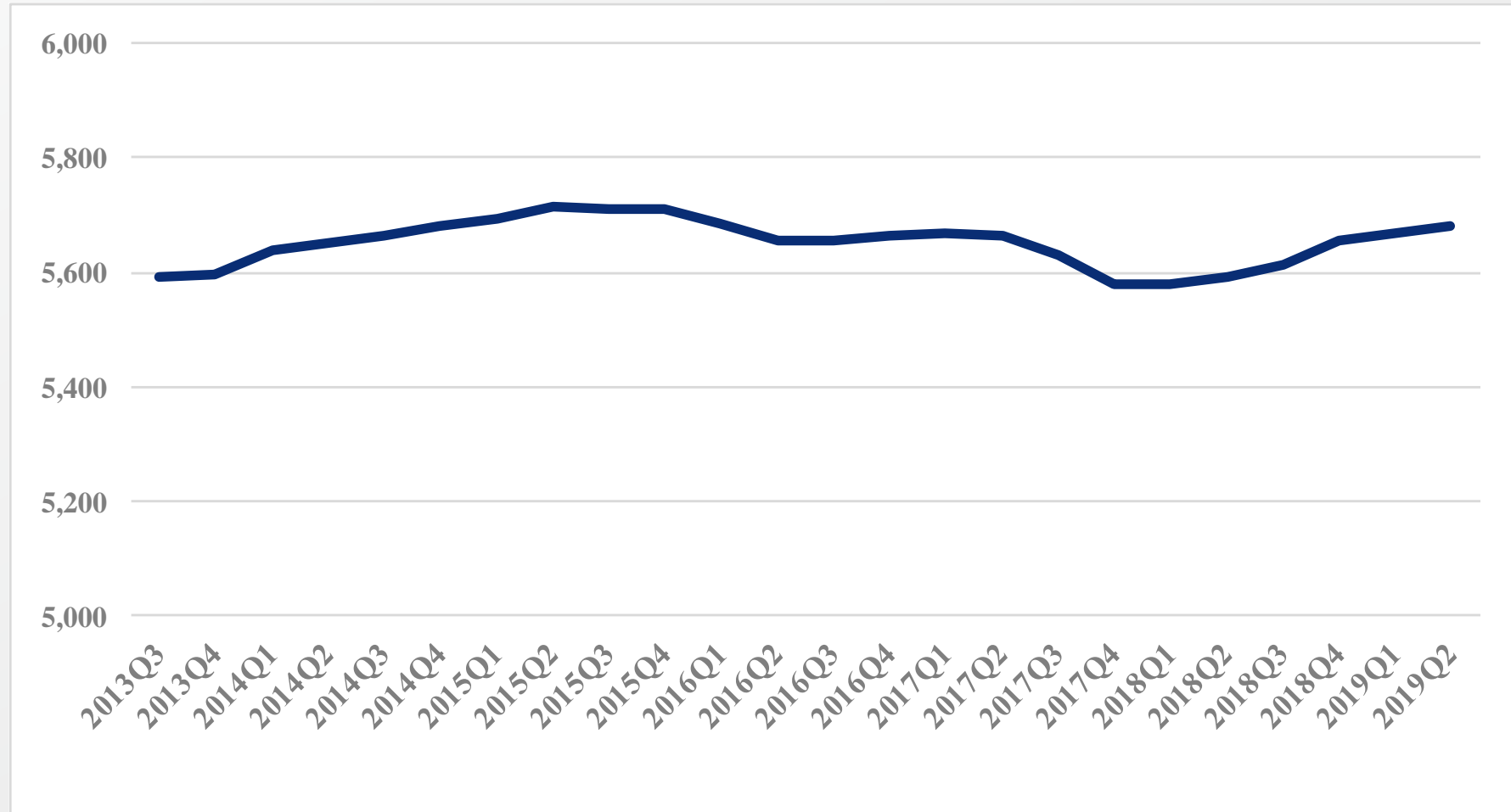
37-0000 Building and Grounds Cleaning and Maintenance Occupations



39-0000 Personal Care and Service Occupations



41-0000 Sales and Related Occupations



Economic Impact Analysis

Regional Economy Models, Inc. (REMI) models are robust and comprehensive economic impact models widely accepted and extensively used by numerous public and private organizations to conduct economic impact studies.

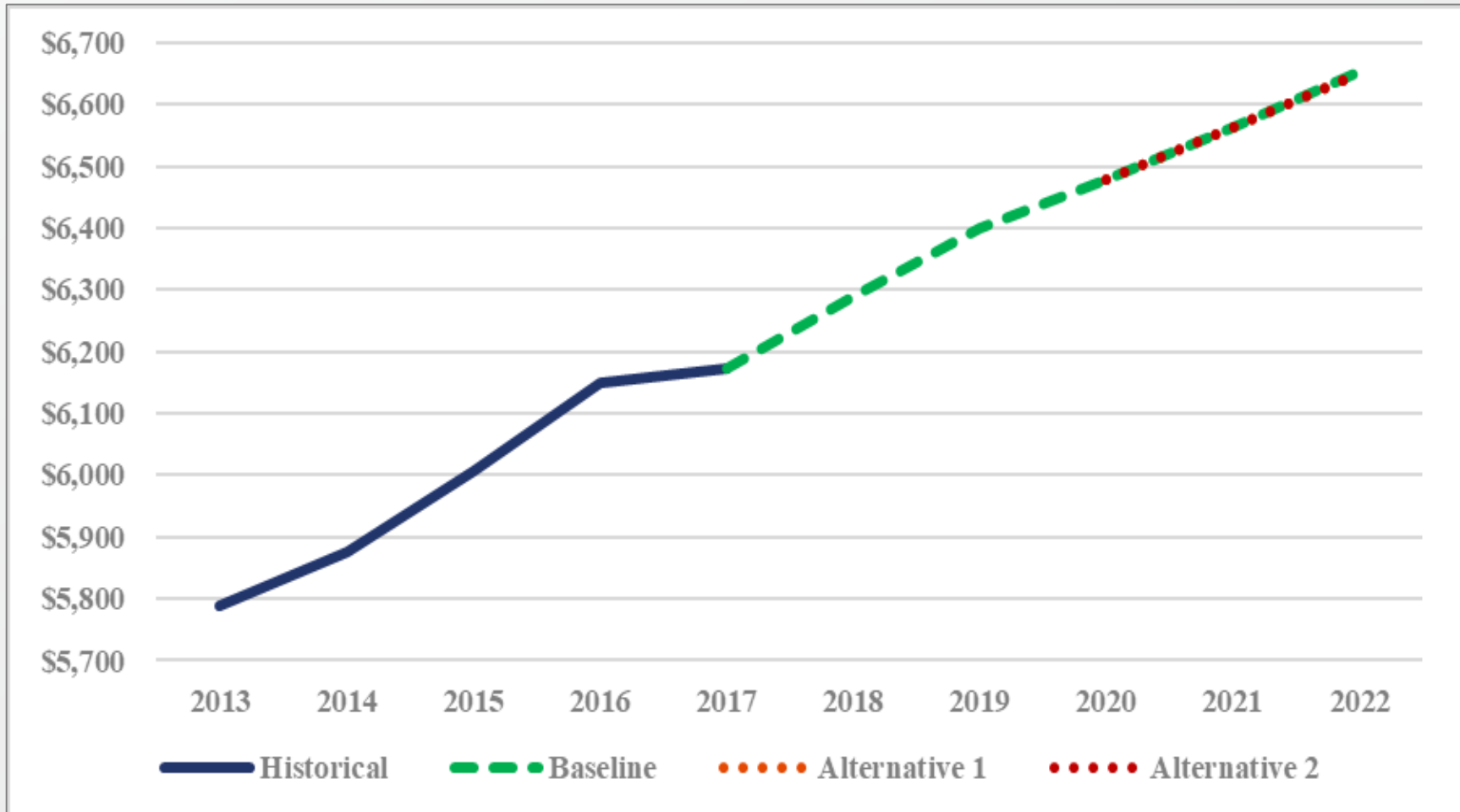
- REMI PI+ V2.3 :
 - Doña Ana County
 - 70 economic sectors
 - 2 Alternative simulations
 - 2019 - 2022

Economic Impact Analysis

	2019	2020	2021	2022
Baseline	\$10.10	\$10.10	\$10.10	\$10.10
Full-time workers	\$4,410,652.72	\$4,410,652.72	\$4,410,652.72	\$4,410,652.72
Part-time workers	<u>\$2,025,960.77</u>	<u>\$2,025,960.77</u>	<u>\$2,025,960.77</u>	<u>\$2,025,960.77</u>
Total	\$6,436,613.50	\$6,436,613.50	\$6,436,613.50	\$6,436,613.50
Alternative 1	\$10.10	\$10.25 (1.5%)	\$10.45(1.9%)	\$10.65(2.0%)
Full-time workers	\$4,410,652.72	\$5,314,768.64	\$6,519,659.74	\$7,665,470.01
Part-time workers	<u>\$2,025,960.77</u>	<u>\$2,437,714.46</u>	<u>\$2,986,447.58</u>	<u>\$3,508,274.04</u>
Total	\$6,436,613.50	\$7,752,483.09	\$9,506,107.33	\$11,173,744.05
Alternative 2	\$10.10	\$10.25 (1.5%)	\$10.25	\$10.65(4.0%)
Full-time workers	\$4,410,652.72	\$5,314,768.64	\$5,314,768.64	\$7,665,470.01
Part-time workers	<u>\$2,025,960.77</u>	<u>\$2,437,714.46</u>	<u>\$2,437,714.46</u>	<u>\$3,508,274.04</u>
Total	\$6,436,613.50	\$7,752,483.09	\$7,752,483.09	\$11,173,744.05

Economic Impact Analysis

Gross Regional Product / Output (millions)



Economic Impact Analysis

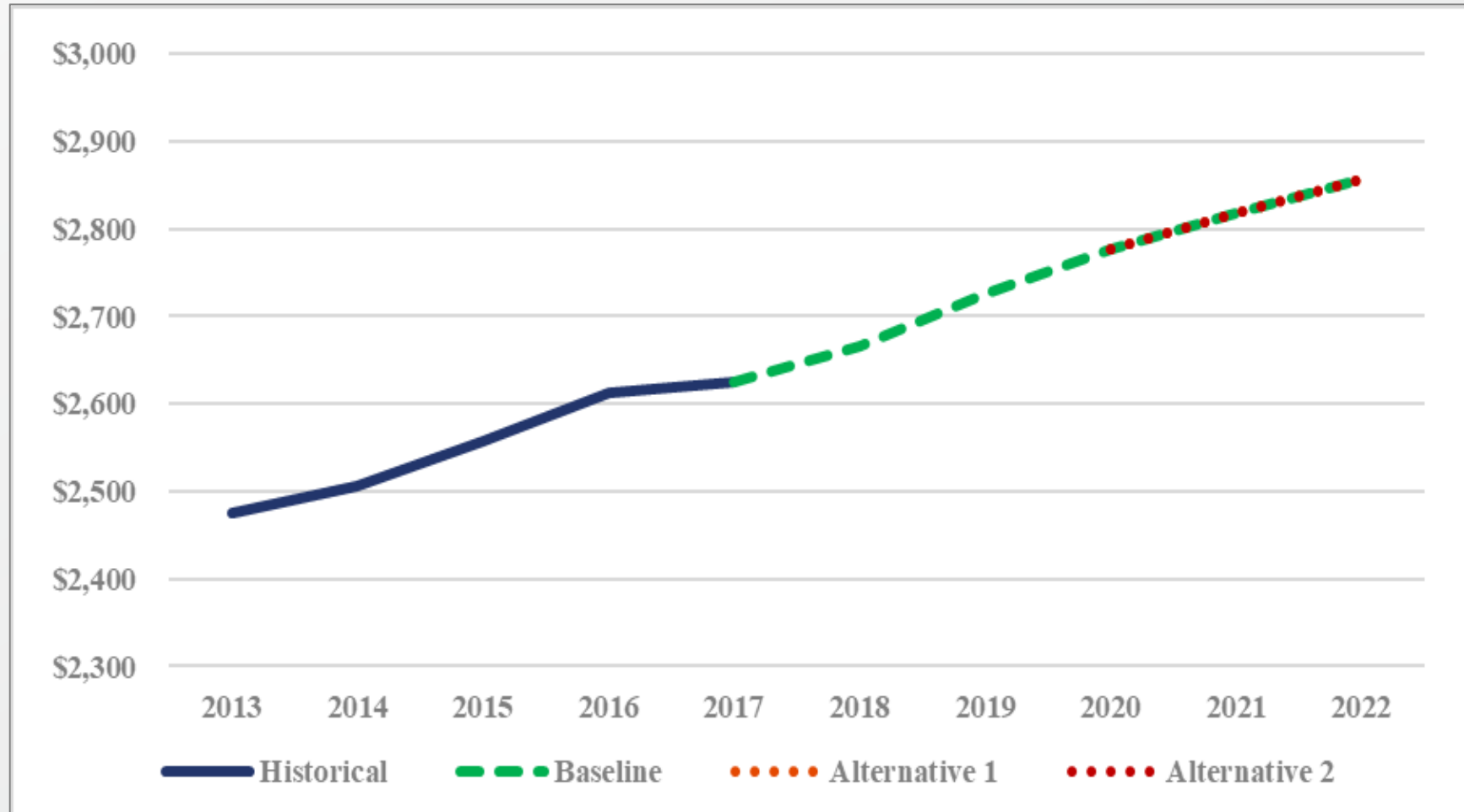
Gross Regional Product / Output (millions)

Year	Baseline	Alternative 1	Economic Impact (Difference)	Economic Impact (Accumulated)
2017	\$6,171.50			
2018	\$6,289.90			
2019	\$6,398.84			
2020	\$6,478.41	\$6,477.78	-\$0.63	-\$0.63
2021	\$6,563.60	\$6,562.08	-\$1.51	-\$2.15
2022	\$6,652.52	\$6,650.04	-\$2.48	-\$4.63

Year	Baseline	Alternative 2	Economic Impact (Difference)	Economic Impact (Accumulated)
2017	\$6,171.50			
2018	\$6,289.90			
2019	\$6,398.84			
2020	\$6,478.41	\$6,477.78	-\$0.63	-\$0.63
2021	\$6,563.60	\$6,562.88	-\$0.72	-\$1.35
2022	\$6,652.52	\$6,650.16	-\$2.36	-\$3.71

Economic Impact Analysis

Income / Total Wages and Salaries (in millions)



Economic Impact Analysis

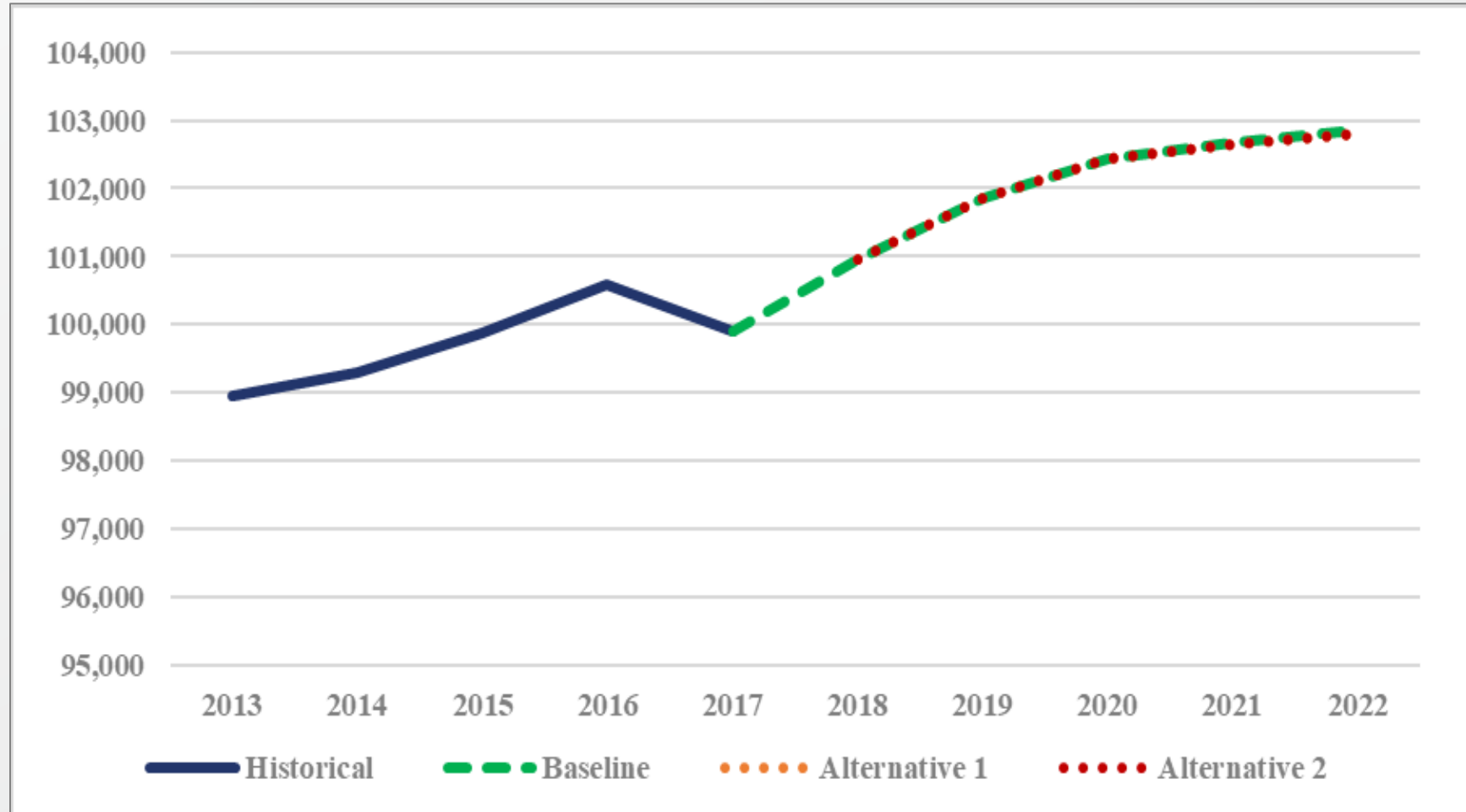
Income / Total Wages and Salaries (in millions)

Year	Baseline	Alternative 1	Economic Impact (Difference)	Economic Impact (Accumulated)
2017	\$2,624.84			
2018	\$2,665.30			
2019	\$2,726.06			
2020	\$2,776.49	\$2,776.96	\$0.47	\$0.47
2021	\$2,817.45	\$2,818.49	\$1.04	\$1.51
2022	\$2,855.77	\$2,857.27	\$1.51	\$3.02

Year	Baseline	Alternative 2	Economic Impact (Difference)	Economic Impact (Accumulated)
2017	\$2,624.84			
2018	\$2,665.30			
2019	\$2,726.06			
2020	\$2,776.49	\$2,776.96	\$0.47	\$0.47
2021	\$2,817.45	\$2,817.87	\$0.42	\$0.89
2022	\$2,855.77	\$2,857.33	\$1.56	\$2.45

Economic Impact Analysis

Employment



Economic Impact Analysis

Employment

Year	Baseline	Alternative 1	Economic Impact (Difference)	Economic Impact (Accumulated)
2017	99,901			
2018	100,963			
2019	101,844			
2020	102,441	102,426	-15	-15
2021	102,673	102,639	-35	-50
2022	102,868	102,813	-55	-105

Year	Baseline	Alternative 2	Economic Impact (Difference)	Economic Impact (Accumulated)
2017	99,901			
2018	100,963			
2019	101,844			
2020	102,441	102,426	-15	-15
2021	102,673	102,657	-16	-31
2022	102,868	102,815	-53	-84

Employment Change by Industry

Alternative 1	2020	2021	2022	Total
Forestry, Fishing, and Related Activities	0	0	0	0
Mining	0	0	0	0
Utilities	0	0	0	0
Construction	1	3	5	9
Manufacturing	0	0	1	1
Wholesale Trade	0	0	1	1
Retail Trade	3	7	10	20
Transportation and Warehousing	0	1	1	2
Information	0	0	0	0
Finance and Insurance	0	1	1	2
Real Estate and Rental and Leasing	0	1	1	2
Professional, Scientific, and Technical Services	1	1	2	4
Management of Companies and Enterprises	0	0	0	0
Administrative and Waste Management Services	1	2	3	6
Educational services; private	1	1	2	4
Health Care and Social Assistance	3	6	9	18
Ambulatory health care services	1	2	2	5
Hospitals; private	0	0	0	0
Nursing and residential care facilities	0	0	1	1
Social assistance	2	4	6	12
Arts, Entertainment, and Recreation	0	1	1	2
Accommodation and Food Services	3	6	10	19
Accommodation	0	0	1	1
Food Services	3	6	9	18
Other Services	1	3	4	8
Repair and maintenance	0	0	0	0
Personal and laundry services	1	2	2	5
Membership associations and organizations	0	1	1	2
Private households	0	0	1	1
Public Administration	1	2	4	7
Total employment loss	15	35	55	105

Employment Change by Industry

Alternative 2	2020	2021	2022	Total
Forestry, Fishing, and Related Activities	0	0	0	0
Mining	0	0	0	0
Utilities	0	0	0	0
Construction	1	2	4	7
Manufacturing	0	0	1	1
Wholesale Trade	0	0	1	1
Retail Trade	3	3	10	16
Transportation and Warehousing	0	0	1	1
Information	0	0	0	0
Finance and Insurance	0	0	1	1
Real Estate and Rental and Leasing	0	0	1	1
Professional, Scientific, and Technical Services	1	0	2	3
Management of Companies and Enterprises	0	0	0	0
Administrative and Waste Management Services	1	1	3	5
Educational services; private	1	1	2	4
Health Care and Social Assistance	3	3	9	15
Ambulatory health care services	1	1	2	4
Hospitals; private	0	0	0	0
Nursing and residential care facilities	0	0	1	1
Social assistance	2	2	6	10
Arts, Entertainment, and Recreation	0	0	1	1
Accommodation and Food Services	3	3	10	16
Accommodation	0	0	1	1
Food Services	3	3	9	15
Other Services	1	2	4	7
Repair and maintenance	0	0	0	0
Personal and laundry services	1	2	2	5
Membership associations and organizations	0	0	1	1
Private households	0	0	1	1
Public Administration	1	1	3	5
Total employment loss	15	16	53	84

Employment Change by Occupation

Alternative 1	2020	2021	2022	Total
Management, business, and financial occupations	1	3	4	8
Computer, mathematical, architecture, and engineering occupations	0	1	1	2
Life, physical, and social science occupations	0	0	0	0
Community and social service occupations	0	1	2	3
Legal occupations	0	0	0	0
Education, training, and library occupations	1	2	5	8
Arts, design, entertainment, sports, and media occupations	0	0	0	0
Healthcare occupations	1	3	4	8
Protective service occupations	0	0	1	1
Food preparation and serving related occupations	3	6	9	18
Building and grounds cleaning and maintenance occupations	1	1	2	4
Personal care and service occupations	1	3	4	8
Sales and related occupations	2	4	7	13
Office and administrative support occupations	2	5	7	14
Farming, fishing, and forestry occupations	0	0	0	0
Construction and extraction occupations	1	2	3	6
Installation, maintenance, and repair occupations	1	1	2	4
Production occupations	0	1	1	2
Transportation and material moving occupations	1	2	3	6
Total employment loss	15	35	55	105

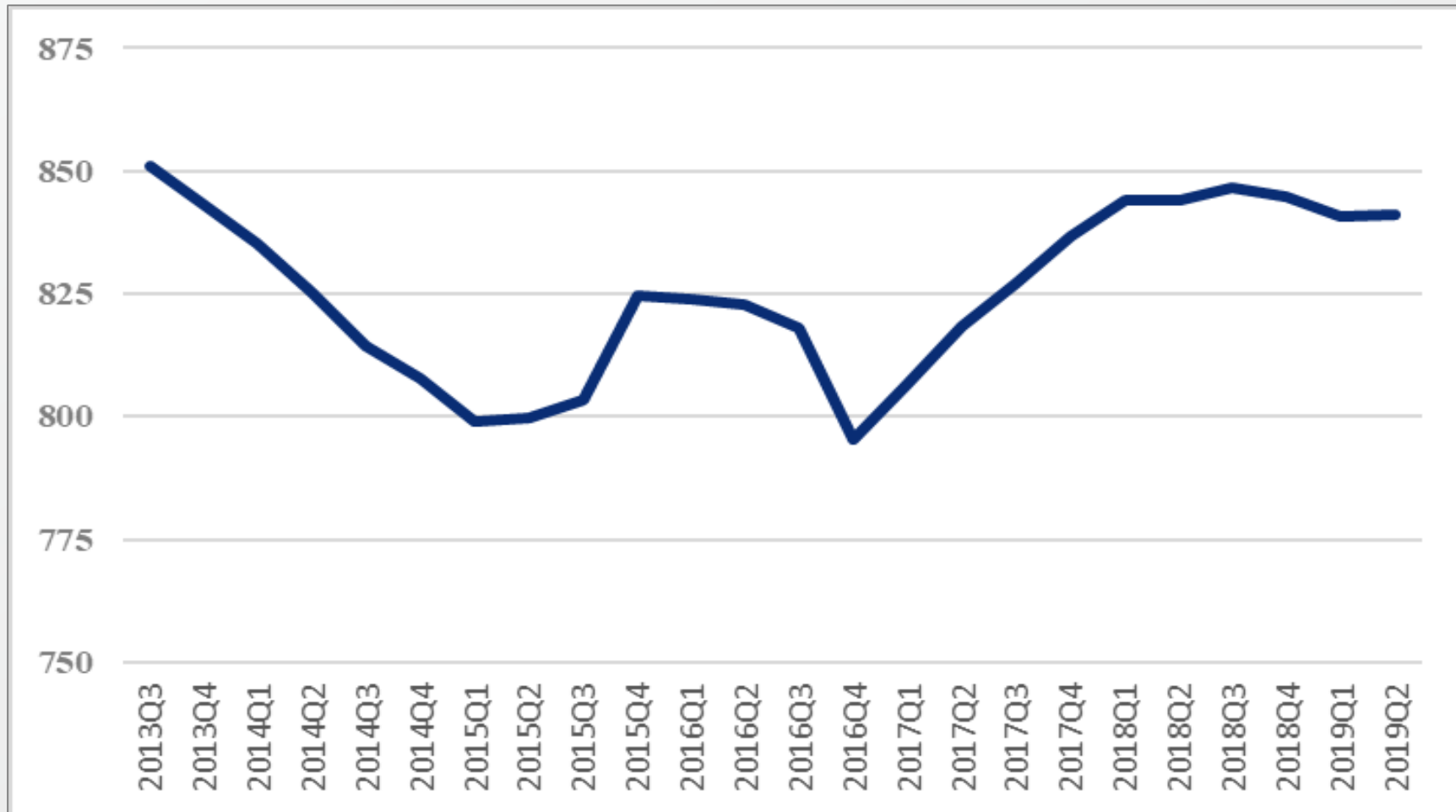
Employment Change by Occupation

Alternative 2	2020	2021	2022	Total
Management, business, and financial occupations	1	1	4	6
Computer, mathematical, architecture, and engineering occupations	0	0	1	1
Life, physical, and social science occupations	0	0	0	0
Community and social service occupations	0	0	1	1
Legal occupations	0	0	0	0
Education, training, and library occupations	1	1	3	5
Arts, design, entertainment, sports, and media occupations	0	0	0	0
Healthcare occupations	1	1	4	6
Protective service occupations	0	0	1	1
Food preparation and serving related occupations	3	3	9	15
Building and grounds cleaning and maintenance occupations	1	1	3	5
Personal care and service occupations	1	1	4	6
Sales and related occupations	2	2	7	11
Office and administrative support occupations	2	2	7	11
Farming, fishing, and forestry occupations	0	0	0	0
Construction and extraction occupations	1	1	3	5
Installation, maintenance, and repair occupations	1	1	2	4
Production occupations	0	0	1	1
Transportation and material moving occupations	1	2	3	6
Total employment loss	15	16	53	84

Special Provision

Child Day Care Services – (NAICS 624410)

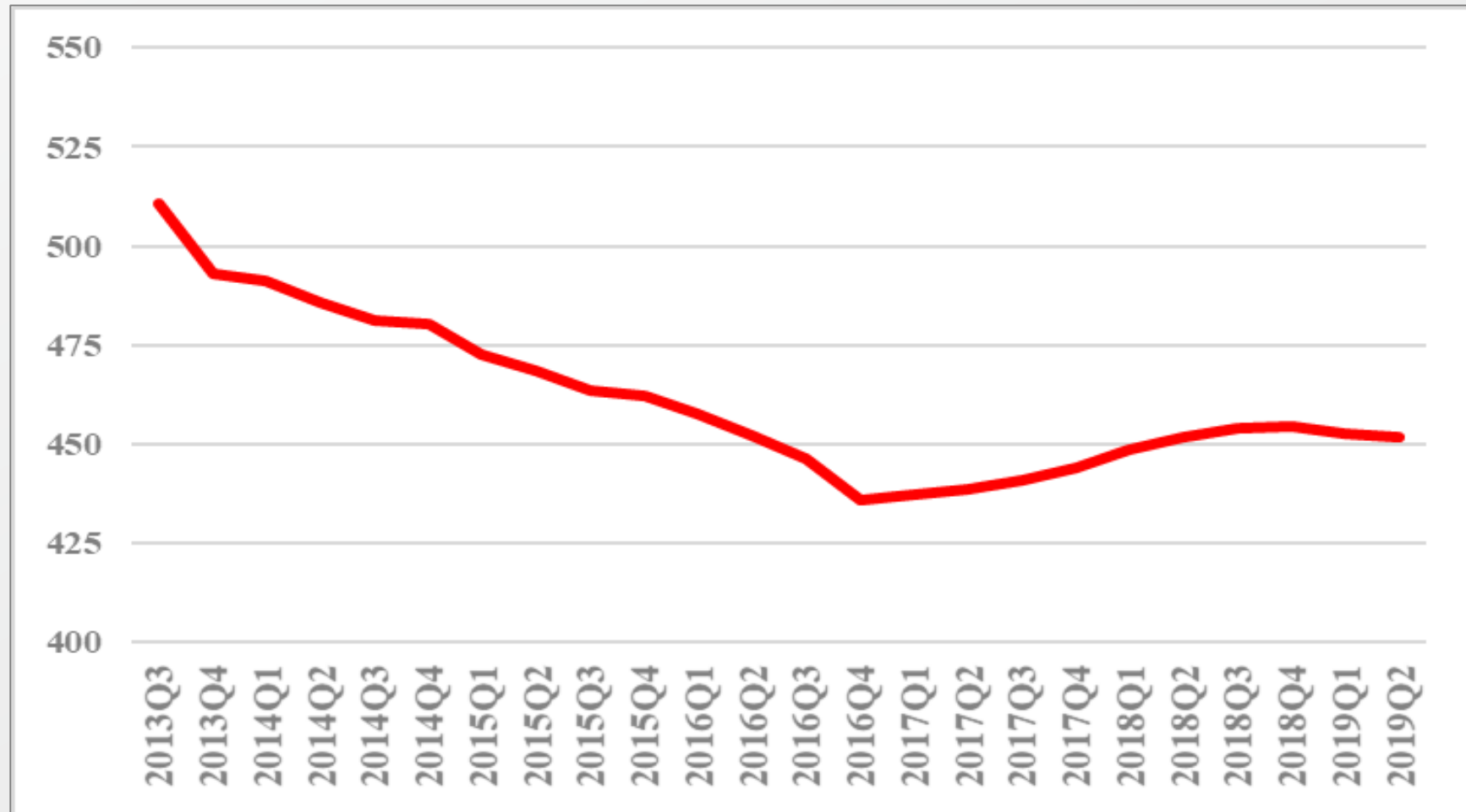
Employment (Industry)



Special Provision

Childcare Workers – (SOC-39-9010)

Employment (Occupation)



Special Provision

Economic Impact

Alternative 1	2020	2021	2022	Total
Personal care and service occupations	1	3	4	8
Supervisors of personal care and service workers	0	0	0	0
Animal care and service workers	0	0	0	0
Entertainment attendants and related workers	0	0	0	0
Funeral service workers	0	0	0	0
Personal appearance workers	0	1	1	2
Baggage porters, bellhops, and concierges; Tour and travel guides	0	0	0	0
Other personal care and service workers	1	2	3	6

Special Provision

Economic Impact

Alternative 2	2020	2021	2022	Total
Personal care and service occupations	1	1	4	6
Supervisors of personal care and service workers	0	0	0	0
Animal care and service workers	0	0	0	0
Entertainment attendants and related workers	0	0	0	0
Funeral service workers	0	0	0	0
Personal appearance workers	0	0	1	1
Baggage porters, bellhops, and concierges; Tour and travel guides	0	0	0	0
Other personal care and service workers	1	1	3	5

Economic Impact Analysis

SOC 6-digit subcategories under *Other Personal Care and Service Workers (39-9000)*

SOC Sub-categories, 6-digit		Employment	Mean Annual Wage
39-9011	Childcare Workers	452	\$18,400
39-9021	Personal Care Aides	1957	\$20,500
39-9031	Fitness Trainers and Aerobics Instructors	79	\$31,900
39-9032	Recreation Workers	141	\$27,500
39-9041	Residential Advisors	35	\$25,400
39-9099	Personal Care and Service Workers, All Other	20	\$29,500

Childcare Workers represents 18.8% of such employees. If evenly split, it could be assumed that 18.8% of the predicted job losses on the subcategory may be assigned to Childcare Workers; 1.12 jobs for Alternative 1 and 0.94 jobs for Alternative 2 within the three projected years. Economic Impact

Conclusions

- Hibbs Economic Impact Analysis simulates 3 years, 2020-2022. Summing over the entire 3 years:

Business output (GRP) is \$4.63 million less (alt. 1), \$3.71 million less (alt. 2)

Income (wages and salaries) is \$3.02 million more (alt. 1), \$2.45 million more (alt. 2)

Total employment is 105 jobs less (alt. 1), 84 jobs less (alt. 2)

- The impacts (positive and negative, respectively) are mild relatively to the size of The City of Las Cruces economy.