



SEATTLE CITY COUNCIL | DISTRICT 3

COUNCILMEMBER KSHAMA SAWANT

September 20, 2016

Professor Jacob Vigdor
Evans School of Public Policy and Governance
University of Washington

Dear Dr. Vigdor,

I am writing to express my deep concern with the July 2016 report of the Seattle Minimum Wage Study Team and your public comments regarding the report.

It does not take an economist to recognize the anti-minimum wage editorializing in the July report or your comments to the press, but as an economist myself I am particularly alarmed by the questionable methodology on which you base your negative conclusions. The raw data are clear: Over the nine-month period from April 1, 2015 through the end of that year, wages, jobs, hours worked, and net business openings all increased in Seattle. Yet you chose to emphasize to the press that employment rates and hours worked went down compared to the fictional Synthetic Seattle model, [saying to KIRO Radio's right-wing host Dori Monson](#), "We think the minimum wage is actually putting a little bit of a drag on the Seattle economy, and holding back growth and jobs and hours," a sentiment that was dutifully echoed in the national media. But it is professionally irresponsible to draw such a conclusion from the data at this time.

I have strong reservations about the relevance of a model built on geographically and demographically distant zip codes rather than cross-border comparisons. But whatever the alleged merits of the Synthetic Seattle model and its underlying data (and we have no way of judging them given the relative lack of transparency thus far), the reported effects are too small, the timeframe too short, and the data too noisy to draw any credible conclusion. As noted minimum-wage researcher Michael Reich [observes in *The Washington Post*](#), "The authors did not report the standard errors of the estimates, even though their calculations indicated that the employment effect was not distinguishable from zero." This is inexcusable.

Likewise, you and your team fail to report prior quarterly variation in employment, fail to adjust for seasonality, and limit your study to single-establishment firms—businesses that account for only 50 percent of Seattle firms but 60 percent in the synthetic control group. This latter limitation may well be dictated by the available data, but as Jared Bernstein, a former chief economist to Vice President Biden, [points out in *The Washington Post*](#), retail, restaurant, and other multi-establishment chains which account for half of Seattle's jobs "are generally left out of the study." In fact, Bernstein continues, "*when all establishments are included in the analysis [emphasis mine], employment outcomes were relatively more positive in Seattle than in the control group, both for all firms and for lower-wage firms.*"

But even if we were to ignore the report's methodological flaws and accept the results of its synthetic model at face value, your public comments would still call into question your objectivity. In the same radio interview in which you characterize an estimated 1.2 percentage

point decline in employment (relative to Synthetic Seattle) as “a drag on the Seattle economy,” you amazingly go on to dismiss reported wage gains of 7.7 percent as inconclusive, saying, “When it comes to incomes, at the end of the day we are finding effects that are pretty small, and we are not sure if they are negative or positive.” It is hard to interpret these contradictory conclusions as anything but ideological spin.

I continue to support the need to study the impact of Seattle’s \$15 minimum wage ordinance, but your methodological shortcomings and ideological editorializing undermine the credibility of the report.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kshama Sawant', written in a cursive style.

Dr. Kshama Sawant
Ph.D., Economics
Seattle City Councilmember