



The Raise the Wage Act Could Lower Housing Cost Burden and Advance Racial Equity

An Empirical Illustration with Data from Buffalo, New York

When preparing to address complex social problems through public policy, decision-makers almost always create false choices between *universal* and *targeted* mechanisms, with no space in between.¹ The former mechanisms are those that aim to treat everyone or every place equally in pursuit of the same global goal(s), without regard for spatial or group differences. The latter effectively make provisions just for individuals, groups, or places that match a set of predefined criteria (i.e., they fall within a “targeted” population or geography).² Arguing against this false dichotomy, John A. Powell and colleagues conceptualized and advance a hybrid approach they call *targeted universalism*, which suggests that society can reach *universal* goals through *targeted* instruments.

To fulfill this promise, targeted universalism “uses systems as the unit of analysis.”³ Systems thinking and analysis demand that we pay attention to the structures and belief systems that generate the social problems we wish to correct through public policy.⁴ Because different structural features give rise to uneven group and place-based outcomes, a systems understanding of a problem sheds light on which aspects of our social relations and institutions need to be *targeted* for intervention or replacement⁵ so that each group or place can reach *universal* societal goals.⁶ The interventions and policy mechanisms, then, will embrace and reflect the diversity in the population. They will rarely if ever be the same across all social, spatial, and temporal contexts.⁷

One persistent social problem that well-intentioned public policy has spent decades attempting to solve – without much success to show for it – is housing unaffordability.⁸ The most recent (2020) edition of Harvard University’s *State of the Nation’s Housing* report observes that nearly one in three U.S. households are *cost-burdened*, or spend more than 30 percent of their gross monthly income on housing.⁹ This alarming figure is expected to show an increase when new data become available, due to the diverging trends of lower employment and higher home prices that have characterized the COVID-19

pandemic.¹⁰ What is worse, racial disparities in housing cost-burden are widening, having last year reached their highest levels since the early 1980s.¹¹ Thus, the problem is not just housing unaffordability; but racially disparate housing unaffordability that reinforces and exacerbates pre-existing, intersecting forms of inequality.

Arguably, the most common public policy mechanisms created to address housing unaffordability are *targeted* instruments that provide housing subsidies, or access to publicly-owned subsidized housing units, to families that fall below certain income thresholds, or to members of targeted populations (e.g., persons with disabilities or the elderly).¹² Yet, there is little evidence to suggest that these targeted instruments are designed to reach a *universal* goal of, say, all people living in quality, healthy housing that they can afford. Rather, there are at least two key weaknesses with existing federal affordable housing instruments in the U.S. that could explain their relative inefficacy at creating conditions in which all Americans experience housing security.

First, existing income-targeted subsidized housing opportunities are vastly undersupplied. Recent research from Western New York (WNY), for example, estimated that in the city of Buffalo there is only about one subsidized housing opportunity for every three cost-burdened households earning at or below 80 percent of family-size-adjusted area median income. In other words, in Buffalo, roughly two-thirds of the most frequent target population for federal housing subsidies – i.e., “extremely” and “very” low-income households that are cost-burdened – apparently lack access to those subsidies.¹³

Second, in addition to being undersupplied, targeted federal housing subsidies become available to households only after families experience and demonstrate financial hardship. The subsidies do not eliminate the sources of hardship from the system. Stated alternatively, most housing policy is not crafted to transform or redesign the structures from which housing unaffordability emerges; but to accept unaffordability as a fixed part of social life that

can be mitigated (but not eliminated) for *some* households through reactive measures that try to offset harm which has already been done.

This sort of “event-oriented” thinking is at extreme odds with targeted universalism and its commitment to adopting systems as the unit of analysis.¹⁴ Simply assuming that the structures which produce [racially disparate] patterns of housing unaffordability are fixed and constant, and then creating policy tools around that assumption, guarantees that the problems will remain and even take new forms over time.¹⁵

While it goes beyond the scope of this memo, a systems analysis of housing unaffordability is one that situates the problem in a political-economic system characterized by (1) housing commodification¹⁶ and (2) racialized economic rules of wealth.¹⁷ In brief, the former concept relates to the fact that housing plays two different roles in our political economy. As a verb, housing is a space for dwelling – it’s where people who occupy homes perform the activities of being a household. As a noun, housing is a speculative investment – an asset purchased by non-owner-occupants for the purpose of turning a profit, without regard for how those profit motives might undermine the ability of housing to serve as an affordable dwelling space for its occupants.¹⁸

Commodified housing means that there will always be those who are in positions to wield their wealth to buy and profit from investment housing, and those whose lack of wealth makes them dependent on wealth holders and property owners for access to dwelling spaces. Often, members of this latter (tenant) class find themselves paying exploitative rents to property owners who seek to realize above-normal rates of return on their investments.¹⁹

When coupled with the well-documented history and influence of racialized rules for accessing income, wealth, education, housing, food,²⁰ and all other inputs needed to “live well”²¹ in the U.S., this commodified housing system builds and reinforces social, economic, and racial inequality in society. On balance, households headed by

persons of color are disproportionately – often highly so – among the exploited renters who struggle with housing unaffordability.²²

As others have argued, a systems approach to addressing these problems is one with a *universal* goal of housing security for all, to be achieved with *targeted* instruments²³ that lead to the gradual decommodification of housing (via expanding public housing, collective housing alternatives, and other forms of social housing).²⁴ That being said, such an approach requires much more than new public policy mechanisms. In addition to constant organizing aimed at shifting power relations in society, it demands deeper cultural shifts that prioritize different, collective and cooperative, norms, values, relational networks, and habits.²⁵

The difficulty involved in that sort of deep, systems-level change is one reason it is not taken up in most arenas of public policy. Instead of working toward systems-change, most public policy in the U.S. is reformist in nature. That is, as with housing subsidies, public policy regularly reinforces inequitable structures by keeping them in place, while merely attempting to conceal their worst effects (e.g., by redistributing some modicum of income to a fraction of the groups and places harmed by inequitable policies and institutions).²⁶

Set against this [perhaps overly] pessimistic view of status quo approaches to public policy, the *High Road Policy* framework argues that, through a strategically *targeted* combination of (1) **Prefiguring** new, equitable institutions and social relations, (2) **Disrupting** inequitable institutions and social relations, and (3) **Capturing** (to reorient or dismantle) sources of institutional power that can be applied toward systems change, the structural causes of persistent problems like housing unaffordability can be uprooted over time.²⁷

The remainder of this memo focuses on one source of economic power that appears ripe for Capture at the federal level: the minimum wage. While, as expanded on below, a minimum wage increase by itself has the potential to be just

another reformist policy that retains and reinforces existing inequitable structures and power relations, it could become an important *targeted* component of a broader, multi-pronged strategy for advancing the *universal* goal of housing security for all.

The Minimum Wage: Universal, Targeted, or Both?

More than eight decades ago, the U.S. Fair Labor Standards Act (FLSA) of 1938 established, among other things, the nation's first minimum wage²⁸ and locked-in the idea that all American workers should be entitled to baseline hourly compensation for their labor (though, in practice, many workers have been excluded from minimum wage protections²⁹ and most American-controlled multinational businesses have no problem paying sub-living wages to workers abroad³⁰).

Because it sets a floor for remuneration, the minimum wage is often portrayed as a *universal* policy for reducing poverty and the stresses that come with it – though, at present, the federal minimum wage still leaves full-time workers below the official U.S. poverty threshold.³¹ But even looking past its modern insufficiency for lifting workers from poverty, the current minimum wage is not truly universal in scope.

Except for in the handful of states that have changed their minimum wage laws, federal – and nearly all state – rules around the minimum wage create a two-tiered system.³² Specifically, the 1966 amendments to the FLSA established a lasting distinction between (1) tipped employees and (2) regular wage employees. The former group refers to workers who engage in occupations in which they “customarily and regularly receive more than \$30 per month in tips.”³³ For this group, which includes service employees like food servers and bartenders, the FLSA allows a sub-minimum wage to be paid

“under the assumption that these workers’ tips, when added to the sub-wage, would ensure that these workers’ hourly earnings were at least equal to the regular minimum wage.”³⁴ As of early 2021, the regular federal minimum wage sits at \$7.25 per hour,³⁵ whereas the tipped minimum wage is just \$2.13 per hour.³⁶ The former value has been stuck in place for the past twelve years, while the latter has remained at its current level since 1996, when Congress agreed to freeze it to appease the restaurant lobby.³⁷ Because of its exclusions and two-tiered structure, Powell and colleagues have called the minimum wage a “conditional universal” policy for combatting income inequality and lifting people from poverty.³⁸

That being said, while the *concept of a minimum wage* might be universal or conditionally universal because it applies to all (or most) laborers, in practice a *policy of raising the minimum wage* necessarily targets low-wage workers. Namely, lifting the wage floor directs income toward those who previously earned below where the new floor gets set. With respect to housing (un)affordability, increasing the flow of income to low-wage workers and low-income households through a higher minimum wage has the potential to mitigate some cases or degrees of housing cost-burden up front, as opposed to waiting for households to first experience financial hardship and then apply to receive woefully undersupplied subsidies to alleviate some of their suffering after the fact (NB: a minimum wage raise should not replace housing or any other direct benefits to households, but should augment these programs).

One byproduct of targeting the low-wage workforce with a policy of raising the minimum wage is that it has the potential to advance the more universal goal of racial equity. In addition to their higher likelihood of living in cost-burdened households, compared to their white counterparts, workers of color are also more likely to hold low-wage jobs.³⁹ Thus, a higher minimum wage – particularly one that replaces the two-tier system with a truly universal wage floor for all workers⁴⁰ – would disproportionately

benefit workers who are most harmed by current and historic racialized economic rules.⁴¹ Along those same lines, to the extent that higher income reduces housing cost-burden in a particular place, observed increases in affordability should occur most forcefully among households occupied by low-wage workers (who are, in turn, disproportionately workers of color).

Thus, even though a minimum wage is itself a *universal* policy tool, an act to raise the wage is a *targeted* measure that can marginally advance universal goals of housing affordability and racial equity. Later, this memo unpacks some of the ways that a minimum wage increase is severely limited in its ability to advance these goals on its own, but how it might fit into a broader strategy aimed at universal housing security. For now, the next section explores how the minimum wage could be changed in the here and now, and how that change might lower housing cost-burden and income disparities in the study area of Buffalo, NY.

Opportunity: Pass the Federal Raise the Wage Act

The federal “Raise the Wage Act” (S. 53, sponsored by Sen. Sanders [I-VT]; H.R. 603, sponsored by Rep. Scott [D-VA3])⁴² calls for a phased increase to the federal minimum wage, which would reach \$15 per hour within five years of the Act taking effect. Notably, a \$15 per hour federal minimum wage was part of the March 2021 American Rescue Plan originally put forward by the Biden administration; however, the provision was stripped out of the final bill when it was adopted into law.⁴³

Just as important as the wage increase, though, the Act would eliminate the existing two-tiered system, thereby dispensing with extant “separate minimum wage requirements for tipped, newly hired, and disabled employees.”⁴⁴

In simpler terms, “Raise the Wage” would more than double the current federal minimum wage, from \$7.25 to \$15.00 per hour. And it would make that wage apply to more jobs than ever before. At the same time, it would meaningfully alter the practice of tipping, which, as Reverend Dr. William J. Barber has observed, “happens to be a relic of slavery.” Specifically, Barber writes that:

Tipping originated in feudal Europe and was imported back to the United States by American travelers eager to seem sophisticated. The practice spread throughout the country after the Civil War as U.S. employers, largely in the hospitality sector, looked for ways to avoid paying formerly enslaved workers.⁴⁵

Whereas eliminating or drastically reducing the practice of tipping might meet with initial objections from some tipped workers, rigorous empirical research from analysts at the Economic Policy Institute (EPI) found that the median wage of tipped workers is about \$6 per hour less than the median wage for all other workers, *after accounting for tips*. Likewise, poverty rates among tipped workers are much higher than (generally twice as high as) they are for non-tipped workers in the U.S.

Perhaps most convincingly, though, the EPI researchers compared tipped workers’ wages in different states, including the seven that have already moved to a single-tiered minimum wage system (so-called “equal treatment” states). Their findings are illuminating:

Tipped workers in the seven “equal treatment” states appear to be noticeably better off than their counterparts in the rest of the country,

receiving higher total wages and experiencing poverty at significantly lower rates. At the same time, industries that employ tipped workers in these states are thriving...perhaps [it is time to] simply eliminate the tipped minimum wage altogether, and give tipped workers the same basic protection afforded to other workers.⁴⁶

For present purposes, the EPI study seems to speak to the importance of changing minimum wage policies at the federal level. Left to themselves, states have created an uneven patchwork of minimum wage rules, and poverty among low-wage workers appears to be a function of state policies. At present, twenty-one states use the federal \$7.25 per hour minimum wage. The remaining 29 states have adopted higher wage floors,⁴⁷ with the Pacific Coast states, Montana, Nevada, and Minnesota being the “equal treatment” states that do not use regular and tipped employment tiers.⁴⁸

While state and local governments have and going forward must retain the ability to *raise* (but not lower) wages and working conditions in their jurisdictions, it is painfully clear that the current floor set by federal policy is inadequate. According to reporting on analyses conducted by the National Low Income Housing Coalition, there is no “state, county or city in the country where a full-time, minimum-wage worker working 40 hours a week can afford a two-bedroom rental.”⁴⁹ The Raise the Wage Act elevates the floor to a somewhat more livable level, and it broadens that floor to include all workers, especially those who previously relied on sub-minimum tipped wages.

Still, even the \$15 per hour in “Raise the Wage” is a compromise. As economist Dean Baker has noted, from 1938 up until 1968, the U.S. federal minimum wage tracked with economic productivity. As workers produced more goods

and services, minimum wage increases ensured that those earning at the floor were able to purchase more goods and services over time. After 1968, however, when minimum wage reached its peak value in real (inflation-adjusted) dollars, productivity has continued to soar, while the minimum wage has gradually fallen in real value.⁵⁰ This relationship is depicted in the figure below. Had the two phenomena continued to move together after 1968, the current minimum wage would be nearly \$25 per hour.

Given the opposition to building a higher federal minimum wage into the Biden Administration's American Rescue Plan – from within the President's own party⁵¹ – it is farfetched to think that the current Congress would seriously consider adopting a \$25, single-tiered wage floor. Consequently, popular calls for a \$15 hourly rate might represent the most winnable (i.e., *Capturable*) position right now. In fact, even as progress toward a \$15 wage stalled earlier in 2021, pressure is mounting for Congress to move on the Raise the Wage Act.⁵² Nearly two-thirds of American adults support a \$15 minimum wage.⁵³ And even Biden has acknowledged that the so-called COVID-19

"labor shortage" might really be a crisis of low wages – that if firms paid \$15 per hour or more, then they might not be in their current "bind."⁵⁴

What adds to the feasibility of a \$15 national minimum is that several states are already moving toward that mark. Nine states and the District of Columbia have passed legislation and started phasing in a \$15 wage floor.⁵⁵ By and large, however, those state increases have not come with the Raise the Wage Act's provision to eliminate sub-minimum wages and move to a single-tiered system. New York State, for example, retains its tipped worker tier, which is set to max out at \$10 per hour when the state's regular minimum wage eventually hits \$15.

The importance of "Raise the Wage" from a targeted universalist perspective is therefore twofold. First, it creates the same, *universal* floor and expanded scope for all states, including those that have shown no interest in moving toward a more livable minimum wage for their struggling workers. Second, it does not impede state and local governments' abilities to continue experimenting with ways to raise working conditions (including minimum wage

Rising Productivity and a Stagnant Minimum Wage

Since 1968, the gap between productivity and the minimum wage in the U.S. has greatly widened

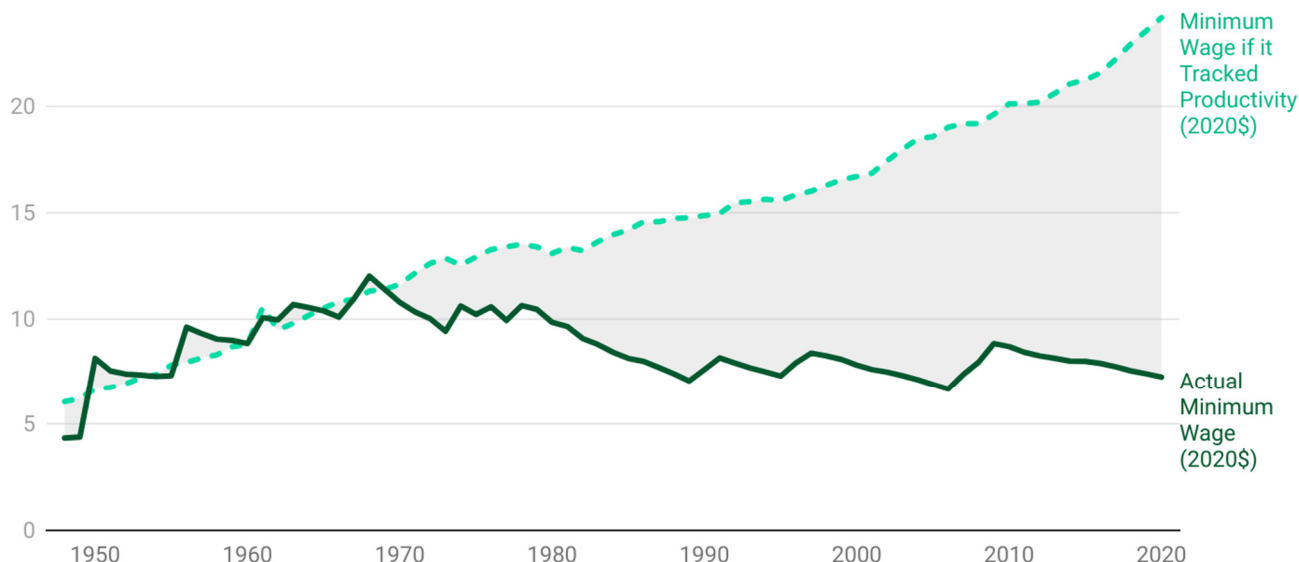


Chart: @RustBeltGeo • Source: Dean Baker • Created with Datawrapper

requirements) in their jurisdictions. Instead, it would merely require that those spatially and economically *targeted* experiments apply to *all* workers, eschewing tiered systems. For a state like New York, then, “Raise the Wage” would not require a higher minimum (recall that NY is already on a path to \$15). It would just make that minimum apply to everyone.

To see what a single-tiered \$15 minimum wage might mean for housing affordability and advancing racial equity in practice, the next section presents a data-driven thought experiment for the city with the highest rate of concentrated poverty in all of New York State,⁵⁶ where housing cost-burden is a widespread phenomenon and constant struggle (roughly 43 percent of all households are cost-burdened, per recent estimates⁵⁷): Buffalo, NY.

Case Study: Simulating Impacts of Raise the Wage on Housing Affordability in Buffalo, New York

Prefiguring a future increase to the federal minimum wage, New York State, in the 2016-17 legislative session, enacted a statewide \$15 minimum wage that is already in effect in the New York City region and is being phased in everywhere else. As of this writing (March 2021), minimum wage upstate – which includes Buffalo, NY – is still \$12.50 per hour. Recall, however, that New York’s system remains two-tiered, such that the current upstate minimum for tipped workers is just \$8.35 per hour.⁵⁸

Using data from the most recent Five-Year (2015-19) U.S. Census American Community Survey (ACS) Public Use Microdata Samples (PUMS), it is possible to estimate workers’

effective hourly wages based on their self-reported earned income, usual hours worked per week, and number of weeks worked.⁵⁹ According to my estimates from these data, about 44 percent of noninstitutionalized workers 16 years or over in Buffalo (approximately 50,700 workers), not including self-employed workers, report effective hourly wages of under \$15 per hour.⁶⁰ Reflecting systemic intersections of racial and economic inequality, workers of color are significantly more likely than white workers to fall in this group of low-wage earners.

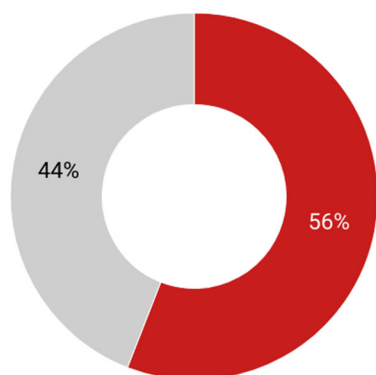
The figure at the top of the next page illustrates the relative frequency of earning less than \$15 per hour for workers in six major race-ethnicity groups tracked by the Census Bureau. Whereas only about a third of white workers fall into the “below \$15” category, more than half of workers from all other groups earn below the \$15 threshold.

Based on these uneven findings, the Raise the Wage Act, at least in Buffalo, could plausibly function as a *targeted* policy to increase income and financial security for low-wage workers, who are disproportionately persons of color. Put another way, given existing disparities in income, “Raise the Wage” (a single-tier \$15 minimum wage) should contribute to a more even distribution of earnings in Buffalo.

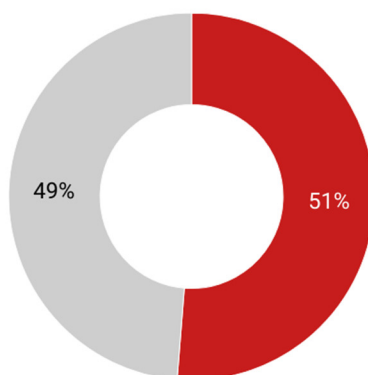
As argued above, one arena where evidence of more even racial income distributions should manifest is housing affordability and cost-burden. To test this possibility, for each worker in the PUMS dataset associated with an effective hourly wage of less than \$15 (excluding self-employed workers), I recomputed the worker’s annual earned income – given their self-reported hours and weeks worked – under “Raise the Wage” provisions. Next, I summed each worker’s “Raise the Wage” earned income with their other sources of income (e.g., interest) to arrive at hypothetical total individual incomes for each worker. From there, I added the “new” total income for each head of household to the “new” total income for each of their related household members to arrive at a “new” value for family income under the \$15 minimum wage.

Estimated Effective Hourly Earnings in Buffalo, NY, by Race-Ethnicity

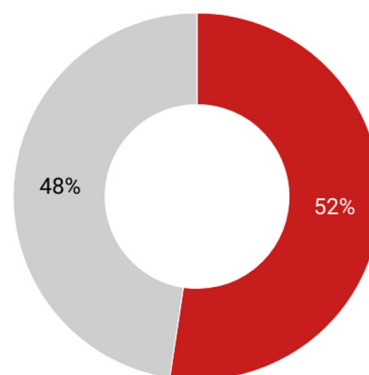
■ Below \$15 ■ At or above \$15



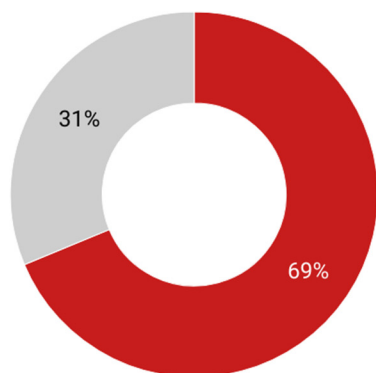
Asian American or Pacific Islander
Civilian Wage Workers 16 Years and Over:
5,233



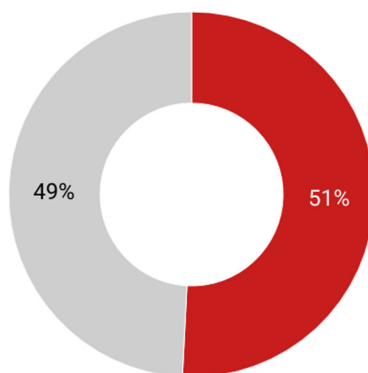
Black or African American
Civilian Wage Workers 16 Years and Over:
37,751



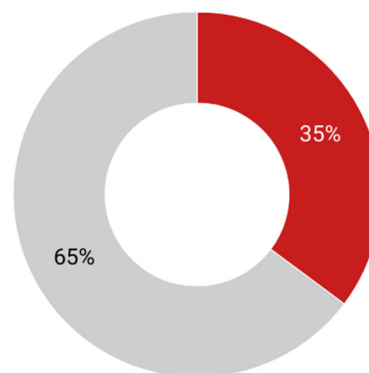
Hispanic or Latinx
Civilian Wage Workers 16 Years and Over:
11,768



Indigenous
Civilian Wage Workers 16 Years and Over:
323



Other or Multiple Racial Identities
Civilian Wage Workers 16 Years and Over:
2,797



White
Civilian Wage Workers 16 Years and Over:
58,517

Chart: @RustBeltGeo • Source: Author's Estimates from 2015-19 U.S. Census ACS PUMS Data • Created with Datawrapper

Finally, I computed the maximum affordable housing cost for each household as 30 percent of the household's "new" gross monthly family income. Households for which actual (observed) monthly housing expenses exceeded that "new" affordable price were coded as housing cost-burdened.

Overall, a single-tier minimum wage of \$15 per

hour is estimated to reduce the number of cost-burdened households in Buffalo by 14.3 percent, from around 44,625 households to 38,260 households.⁶¹ Crucially, in this hypothetical scenario, cost-burden rates by householder race-ethnicity do begin to even out, as expected (albeit slowly).

Although instances of cost-burden are still

prevalent throughout Buffalo, and households headed by persons of color remain – unjustly so – meaningfully more likely to struggle with housing unaffordability than white-headed households, the simple empirical experiment suggests that “Raise the Wage” would make marginal progress toward reducing housing insecurity and advancing racial equity in the city. To reinforce this latter point, the figure below compares current rates of housing cost-burden by race-ethnicity to what they are estimated to be under the “Raise the Wage” provisions.

Observe that all racial-ethnic groups experience lower housing cost-burden under the hypothetical “Raise the Wage” scenario relative to the status quo. Notably, though, the drops in cost-burden rates are larger in magnitude for households headed by persons of color, and the differences in cost-burden rates between such households and white-headed households shrink by three to nine percentage points after the hypothetical change. Simply put, a *targeted* policy of increasing the minimum wage and eliminating the two-tiered system is expected to result in some, albeit marginal, advancements in more *universal* goals of racial equity and housing security in Buffalo.

Limitations and Future Concerns

After framing the federal Raise the Wage Act – or any policy that simultaneously increases the federal minimum wage and eliminates the existing two-tiered system – as a targeted mechanism for increasing the income of low-wage workers (and, especially, low-wage workers of color), in pursuit of more universal goals of housing security and racial equity, this memo used data from Buffalo, NY to show that such a policy would meaningfully reduce housing cost-burden in the study area, particularly for households headed by persons of color. While those results are promising, there are at least two major sets of considerations that impede society’s ability to reach universal housing security and equity goals through minimum wage policy. One set involves more immediate and practical considerations, while the other raises questions of long-term strategy. This concluding section briefly outlines these two sets limitations, which are scheduled to be taken up again in slightly greater detail in the next edition of *High Road Policy*.

Estimated % of Cost-Burdened Households in Buffalo, NY, with and without a Single-Tier \$15 Minimum Wage

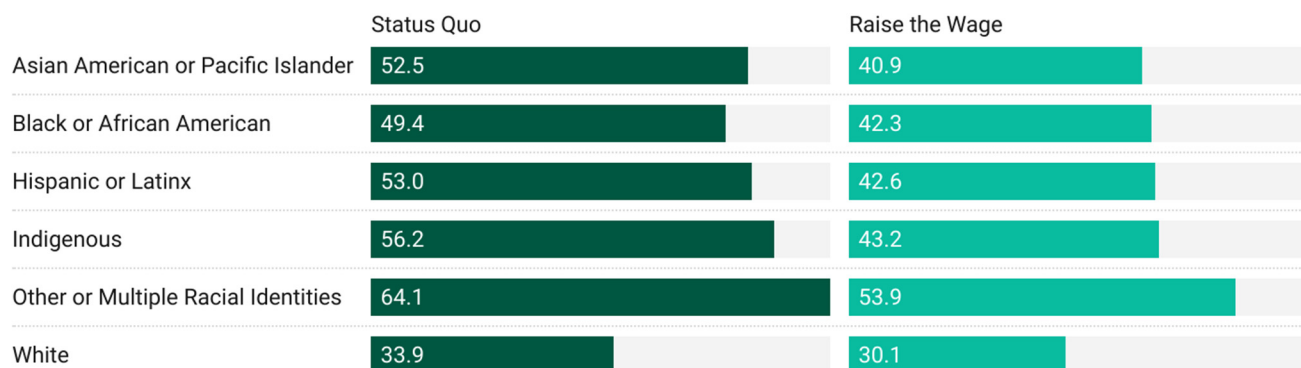


Chart: @RustBeltGeo • Source: Author’s Estimates based on 2015-19 U.S. Census ACS PUMS data • Created with Datawrapper

Practical Considerations

Because the practical considerations that surround passing and implementing “Raise the Wage” or a similar policy are many (e.g., pushing the bill through a divided Senate that lacks a reliable majority), here I focus on just one cluster of considerations: what are the downsides to workers and their families of a higher minimum wage?

Although this question sounds nonintuitive, one possible consequence of earning more income is that low-wage workers can fall off what is known as a *benefits cliff*. A benefits cliff:

*occurs for low-income families when small increases in income result in a reduction or a loss of essential public benefits. As a result, families do not have the resources required to meet even basic needs and employers are stymied in their attempts to hire and promote employees.*⁶²

Benefits cliffs are major stumbling blocks for economic mobility. While minimum wage increases might raise a household’s gross family income and potentially “unburden” that household in the eyes of standard definitions of housing affordability (i.e., spending 30% or less of gross monthly income on housing), increases to income can take away vital social support. Namely, higher incomes can make households newly ineligible for resources from programs like Medicaid or SNAP, reduce or eliminate their access to child and dependent care resources, disqualify them from publicly subsidized housing opportunities, and/or decrease the amounts they can obtain through tax initiatives like the Earned Income Tax Credit (EITC).

There is no simple strategy for attempting to identify households that could face benefits cliffs in the policy change scenario modeled

above for Buffalo. Such an analysis would demand more specific information from individual households about the benefits they apply for and receive, as well as from social support program administrators to determine precise program eligibility guidelines and thresholds in the study area. Collecting that resolution of data goes well beyond the scope of this brief memo. Nevertheless, one cannot ignore the likelihood that benefits cliffs would affect the otherwise positive pictures painted in the preceding charts. Nor, though, can one ignore the clear and considerable potential that a higher, single-tier minimum wage has for reducing housing cost-burden. For these reasons, any path forward on “Raise the Wage” must build in complementary strategies to prevent households and individuals from falling off benefits cliffs. The set of recommendations laid out by social scientists Susan Crandell and Olanike Ojelabi⁶³ are a great starting point and will be revisited in Vol. 2 Memo No. 2 of *High Road Policy*. For now, I’ll move onto the longer-term, strategic considerations that might limit the capacity of “Raise the Wage” to move society toward broader goals of housing security and racial equity.

Strategic Considerations

The *High Road Policy* framework⁶⁴ adopts a *dual power theory of change*,⁶⁵ which starts from the premise that society contains “two powers” – one inclusive, cooperative, decentralized, and democratic (“people power”); the other hierarchical, coercive, concentrated at the top, and inequitable (the “power elite”)⁶⁶ – that perpetually “compete for [political and economic] legitimacy” in the population.⁶⁷

Within this environment, the path to a more equitable society, in which universal goals like housing security for all become attainable, involves: (1) actively building (Prefiguring) institutions and social relations that expand people power; and, in parallel, (2) withdrawing support from the power elite (Disrupting) and (3) shifting control of existing resources and institutions from the power elite to the people

(Capturing).⁶⁸ In plainer terms, in a *High Road* society, ordinary people have the means and collective power to be self-determining – to have control over their lives and communities.

On that backdrop, whereas a targeted policy to increase the income available to low-wage workers arguably provides more ordinary people with more means to achieve greater financial security in their lives, by itself the policy is unlikely to afford those workers more control over their lives or communities. Namely, being paid a higher (minimum) wage does not change the fact that affected workers are still beholden to employers in jobs that might not allow them to realize their full potential. And, even if workers find themselves no longer housing cost-burdened after a wage raise, they will almost certainly still be paying wealthy property owners (landlords or banks) – for whom housing is a source of profit – for the right to dwell in their investment properties.

Thus, while higher minimum wages provide material or *transactional* benefits to working people and families, they do not bring about *transformational* changes to society's uneven power relations and systems. For that reason, "Raise the Wage" and policies like it can never be standalone instruments for empowering ordinary people. They must be accompanied by other people- and planet-centered measures, as well as active organizing and institution building efforts that intentionally shift power relations – from housing decommodification⁶⁹ to Land Back,⁷⁰ to reparations⁷¹ and universal basic income,⁷² to decolonization⁷³ and sustainable degrowth.⁷⁴

In light of mounting political pressure⁷⁵ and swelling popular support for a federal minimum wage hike,⁷⁶ passing some variant of the Raise the Wage Act seems more politically feasible than at any point in the recent past. Should that occur, and should the current two-tiered system be eliminated, data from this memo suggest that many low-income households stand to gain some measure of financial and housing security. However, so long as the political-economic system remains biased toward and controlled by

the power elite, these marginal gains will be temporary at best (e.g., even a \$15 hourly wage is not enough to afford rent in much of the country anymore, and housing prices continue to rise⁷⁷). Raising the wage is therefore an important near-term action that can target more income to working people and families right now. But, for it to be a step up to the High Road – and not just another lateral move along the Low Road – "Raise the Wage" needs to be situated in a longer-term strategy to build dual power and provide ordinary people with the means, resources, and infrastructure they need to live flourishing lives as members of self-determining communities.

About the Author

Russell Weaver, PhD, is a geographer and Research Director at the Cornell University ILR Buffalo Co-Lab. Contact: rcweaver@cornell.edu | Twitter: [@RustBeltGeo](https://twitter.com/RustBeltGeo)

About High Road Policy

High Road Policy is a quarterly issue memorandum published by the Cornell University School of Industrial Labor Relations (ILR) through its Buffalo Co-Lab. It aims to contribute actionable insights to contemporary policy and political discourses in and beyond the regions and communities of Upstate New York. Content for memoranda comes in part from the Co-Lab's Data for Equitable Economic Development and Sustainability (Good DEEDS) program, which democratizes local and regional data for the purposes of: empowering residents and institutions; informing public policy debates; and providing an empirical basis for ensuring that change and development in Upstate communities follows the High Road to shared prosperity for all residents, from the present to all future generations.

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who responded to the ACS prior to 2019 (recall that the ACS data used in this report were collected over a five year period from 2015 to 2019). To overcome this challenge, the author drew on the "unbinned" data on weeks worked that were collected from respondents in 2019. Specifically, starting in 2019, all workers who respond to the ACS are now asked to report the exact number of weeks they worked in the prior year. While the PUMS data provide these precise values for 2019 respondents, they also – for consistency and compatibility with older data – continue to report each respondent's weeks worked "bin". I therefore computed the average (precise) number of weeks worked for 2019 respondents, by bin, for all workers in the Buffalo-Niagara metropolitan region. I subsequently assigned that "regional typical" bin value to persons within that bin who responded to the PUMS prior to 2019. These values are as follows:

Bin Number	Weeks Worked Bin	Average Number of Weeks Worked (Rounded) for Workers in Bin (2019 respondents only)	Standard Deviation
1	1-13 weeks	7	3.7
2	14-26 weeks	21	4.1
3	27-39 weeks	33	3.3
4	40-47 weeks	43	2.4
5	48-49 weeks	49	0.4
6	50-52 weeks	52	0.2

A second complication arises in the way that income is recorded and hours worked are reported. Namely, some respondents report that they work for wages *and* have self-employment income. However, the ACS only collects one data point per worker on "hours worked". Accordingly, it is not possible to decipher how many hours might be dedicated to wage work versus self-employment. To address this issue, I relied on the PUMS variable "earned income" as opposed to "wage and salary income". Earned income is simply income earned from wages/salary *plus* income earned through self-employment. Both numbers are annualized. For workers who work only for wages (and do not have self-employment income), earned income is equal to wage and salary income. Adopting all of the preceding assumptions and analytical strategies, each worker's *effective (self-reported) hourly wage* was calculated as:

$$\text{Annual Earned Income} / (\text{Number of Weeks Worked} * \text{Hours Worked per Week})$$

This value was computed for all noninstitutionalized persons 16 years or older who reported that they were in the labor force and earned income at the time they responded to the ACS. Note that self-reported hours worked may include or reflect uncompensated work time. It

is not possible to identify these specific cases with certainty. However, it is reasonable to assume that at least some workers whose effective hourly wages are below minimum wage, and whose occupations are not currently exempt from minimum wage laws (e.g., food service professions), have been impacted by employer wage theft. Because these considerations are outside the immediate scope of this report, I merely wish to flag this possibility for future research.

⁶⁰ The number of workers reporting effective hourly wages below \$15 per hour jumps up to 53,859 when persons with self-employment income are included.

⁶¹ Note that if the \$15 minimum were made to be truly universal and extended to self-employed workers, then just over 400 fewer households would be cost-burdened. Readers are encouraged to read Conor D'Arcy's recent proposal to extend minimum wage coverage to self-employed workers in the U.K. See: D'Arcy, C. "The minimum required? Minimum wage and the self-employed." The Resolution Foundation, 2017.

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