



CITY OF KIRKLAND
CITY MANAGER'S OFFICE
123 Fifth Avenue, Kirkland, WA 98033
425-587-3000

MEMORANDUM

To: Kurt Triplett, City Manager

From: Jen Davis Hayes, Economic Development Manager

Date: September 17, 2026

Subject: **Kirkland Economic Competitiveness Study and Minimum Wage White Paper Summary**

RECOMMENDATION:

Staff recommends that the City Council receives reports about the completed economic competitiveness study and minimum wage white paper and provides direction on whether staff should return with options for additional analysis or policy development on either topic.

EXECUTIVE SUMMARY:

- This memorandum responds to two separate legislative requests on different but related topics: economic competitiveness and local minimum wages. While the two studies address different policy questions, both examine conditions affecting employers, workers, and Kirkland's overall economic environment and are presented together to help inform Council's broader economic policy discussion.
- Economic Competitiveness Study: The analysis shows Kirkland's business tax environment generally comparable to its peer cities. Kirkland's lack of a local Business & Occupation (B&O) tax provides an advantage, while higher utility taxes impact some utility-intensive businesses.
- Potential actions as part of the 2027-2028 budget informed by the study include maintaining existing support for economic development recruitment and retention, a continued focus on catalyzing the Station Area, and investing in streamlining the permit process.
- Minimum Wage: Research indicates that minimum wage increases generally increase earnings for workers who remain employed and can reduce wage inequality, while potential effects on employment, hours, prices, business operations, and other outcomes vary across studies and local conditions.
- Some local minimum wages exempt certain types of businesses or take a tiered approach depending on the number of employees.
- Council should provide direction on whether to proceed with additional analysis for elements of the Economic Competitiveness Study or to consider a local minimum wage.

BACKGROUND:

Economic Competitiveness Study

On April 7, 2026, Councilmember Pascal sponsored a Legislative Request Memorandum (LRM) requesting options for completing a comprehensive economic competitiveness study to support Kirkland's economic development goals. At the May 5, 2026 City Council meeting, staff presented options for the study, and Council requested a targeted economic competitiveness study that could be completed in time to inform the 2027-2028 budget deliberations.

The current analysis builds on the City's previous competitiveness work. In 2010, the City conducted a competitive assessment evaluating the cost of doing business with Kirkland, including developers, and in Kirkland, including businesses. The assessment was updated in 2012. In 2018, the City developed the "Kirkland Works" brochure to compare Kirkland with peer cities and highlight the costs of doing business both with and in the city.

Minimum Wage

On April 21, 2026, Councilmembers Falcone and Tymczyszyn sponsored a Legislative Request Memorandum (LRM) requesting options for evaluating a local Kirkland minimum wage. The LRM was presented to Council on May 19, 2026, and included options for further study.

The City subsequently commissioned ECONorthwest to prepare the Kirkland Minimum Wage White Paper, dated September 3, 2026, which provides this first-phase review of academic research, approaches taken by peer jurisdictions, and the demographic context of lower-income workers in Kirkland. The White Paper is provided as Attachment 1.

The White Paper is intended to inform the beginning of Council's policy conversation. It does not recommend whether Kirkland should adopt a local minimum wage or establish a wage level, phase-in schedule, or ordinance structure. It also does not provide Kirkland-specific estimates of affected workers, employer costs, employment or hours effects, consumer prices, or City fiscal impacts; those would require additional Kirkland-specific analysis. Accordingly, additional analysis would be needed before Council could evaluate the likely magnitude and distribution of these effects specifically within Kirkland.

DISCUSSION/ANALYSIS:

Economic Competitiveness Study

The City of Kirkland wants to better understand how its costs of doing business compare to peer cities and how these costs may influence business location, retention, or expansion decisions. This updated analysis compares Kirkland with Bellevue, Bothell, Issaquah, and Redmond and examines where Kirkland is competitive with its peers.

The analysis also demonstrates that a significant portion of the taxes paid by businesses are outside the City's direct control. State, county, regional, and other taxes comprise a substantial share of total business tax costs. Across the business prototypes, state and local taxes generally represent approximately 3 to 4 percent of gross business income, with the difference between the lowest- and highest-cost peer city typically ranging from two to five tenths of a percentage point. The discussion will be focused on which conditions the City can influence through policy.

The economic competitiveness report is presented as a series of interactive webpages¹ that allow users to explore different business scenarios. Users can select variables such as business type, size, and development scenario to view how taxes, fees, and other costs may vary across Kirkland and the comparison cities. This interactive format allows Council and the community to review the information based on the types and sizes of businesses most relevant to their interests.

Overall, Kirkland's business tax environment is comparable to its peers, with estimated tax costs generally similar across the five cities and Kirkland typically near the middle. Kirkland, Bothell, and Redmond do not levy a local Business & Occupation (B&O) tax, while Bellevue and Issaquah do. The study identifies this as an important difference, particularly for businesses with high gross revenues.

Across business types, estimated local tax costs in Kirkland are typically on the lower end compared to peer cities. For a large manufacturer with roughly \$200 million in gross income, the estimated annual local tax bill ranges from about \$2.4 to \$2.8 million, with Kirkland at \$2.5 million. Small prototypes follow the same pattern at a smaller scale: a small health care practice pays about \$29,000 to \$39,000 a year, with Kirkland at \$30,000.

This is often due to no B&O tax in Kirkland and is especially apparent for both small and large computer system design businesses. For large computer system design businesses, local tax costs in Kirkland are around \$200,000, similar to Bothell and Redmond. This is much lower than Bellevue and Issaquah, as both cities that levy local B&O taxes for large businesses, where costs are over \$340,000.

The website allows users to select different business types and sizes to view and compare estimated City tax costs under various scenarios.

Chart 1 provides an example for a large tech company, classified as a computer systems design business. This business prototype has 155 employees and approximately \$105 million in gross business income. For a high-revenue business of this type, Kirkland's lack of a local B&O tax results in a lower estimated City tax cost compared to Bellevue. In this example, Kirkland's Head Tax, also known as the revenue-generating regulatory license fee, is estimated at approximately \$20,000, compared to an estimated \$168,000 in Bellevue's B&O tax.

¹ <https://www.kirklandwa.gov/Business/Economic-Competitiveness-Study>

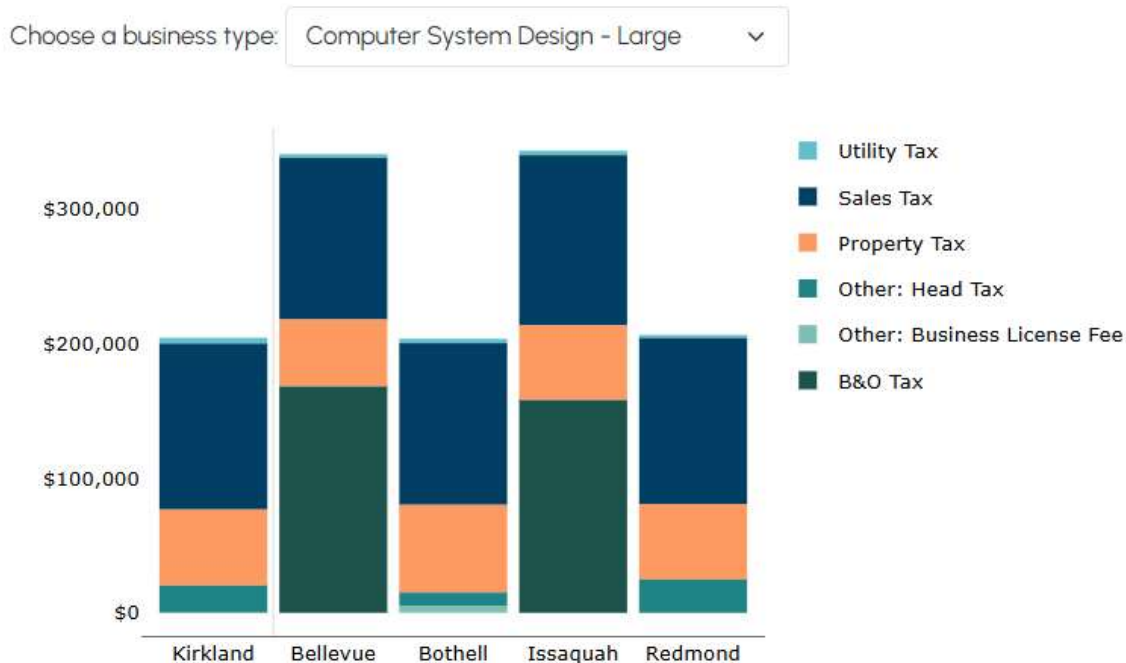


Chart 1: Total Cost of City Taxes, by Type – Large Computer System Design Company

The local B&O tax plays less of an impact on businesses with lower revenue businesses that rely on property location and employees for success. Chart 2 depicts a small restaurant business prototype, with approximately 14 employees and \$1.4 million in gross business income. The Head Tax would equal just over \$1,900 in Kirkland, with utility and property taxes creating the highest local tax payments. Overall, Kirkland is on par with Bellevue, Redmond, and Issaquah for small restaurants and more competitive than Bothell, due to its business license fee structure.

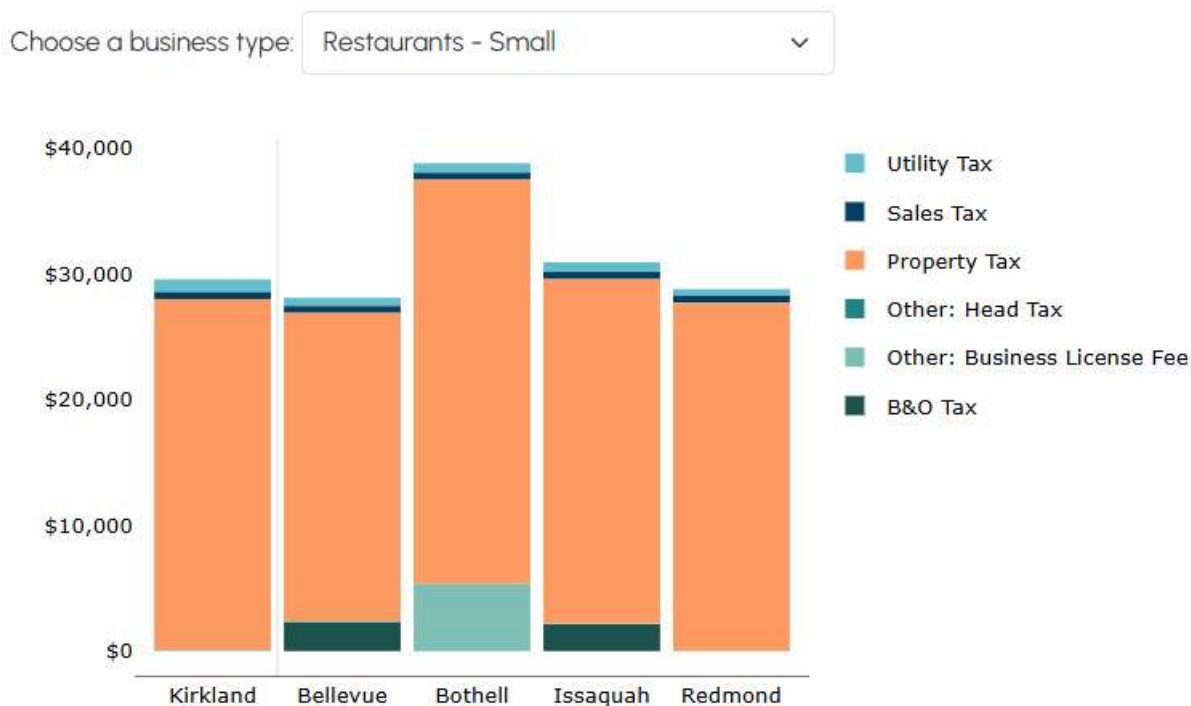


Chart 2: Total Cost of City Taxes, by Type – Small Restaurant

Kirkland's higher utility taxes are identified as the clearest local tax difference relative to the peer cities, although the effect varies by business type. The impact is more modest for office businesses and can be more significant for utility-intensive businesses, such as restaurants and manufacturers.

Taken together, the tax analysis does not identify a broad business tax competitiveness issue for Kirkland relative to its peer cities. Instead, the findings point to more targeted considerations, including utility taxes for certain business types and other operating conditions that may influence business location, retention, and expansion decisions.

The study also examines commercial space and workforce conditions because businesses make location decisions based on overall operating conditions rather than taxes and fees alone. These factors are not directly controlled by City policy in the same way as a tax rate or fee schedule, but they can be influenced over time by City policies and investments.

Commercial space availability is identified as a more significant constraint than rental rates. Kirkland's rents are generally comparable to peer cities and vacancy is low, but the amount of available space—particularly retail and industrial space—limits the businesses Kirkland can accommodate. Kirkland has approximately 3.2 million square feet of industrial inventory and approximately 126,000 square feet of industrial space available. Based on the study's business prototypes, that amount of availability represents roughly three small manufacturing spaces.

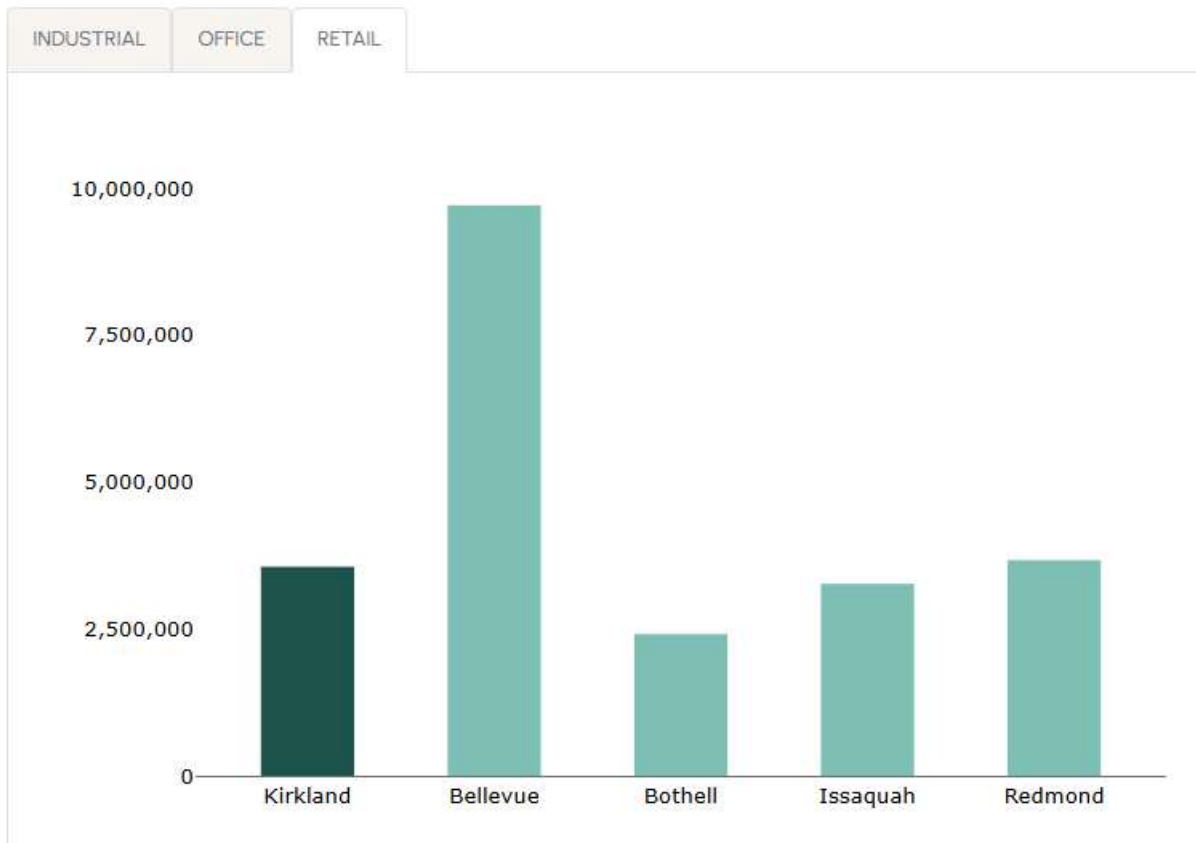


Chart 3: Retail Space Inventory – Square Foot

Workforce conditions are broadly comparable to Kirkland's peer cities. Median earnings for Kirkland residents are approximately \$119,000, and median household income is approximately \$150,000, both generally in the middle of the peer group. Mean travel time to work is approximately 24 minutes, within the 23- to 27-minute range of the five cities.

Kirkland's workforce is highly regional. Of approximately 53,800 jobs located in Kirkland, about 90 percent are held by people who live outside the city. At the same time, approximately 88 percent of Kirkland residents who are employed work outside the city. The study therefore identifies regional access as an important consideration for employers seeking to hire workers.

The study also provided a high-level perspective about building permit fees and impact fees. The intent was not to provide a thorough analysis of the cost of development. Other costs have a larger impact to development costs and a more in-depth study could be conducted.

Building permit fee differences among the five cities are relatively modest. For a project with \$90 million in construction valuation, the difference between the highest and lowest permit fee is approximately \$170,000. Kirkland's top-tier permit rate is the lowest among the five cities, which means the relative difference decreases for larger projects.

City	Base fee	For the first	Plus, per additional \$1,000
Kirkland	\$289,639	\$50,000,000	\$5.14
Bellevue	\$37,075	\$5,000,000	\$5.63
Bothell	\$8,540	\$1,000,000	\$7.00
Issaquah	\$7,799	\$1,000,000	\$5.39
Redmond	\$11,198	\$1,000,000	\$7.29

Chart 4: Compiled Permit Fee Schedule

Impact fees vary more substantially by development type. Kirkland has the lowest impact fees among the five cities for office development and is substantially lower for retail, driven primarily by its transportation impact fee. In contrast, Kirkland's multifamily impact fees are comparatively high because of transportation and parks charges.

The City invited businesses representing the prototypes to a focus group. The intent was to inquire if the tax comparisons captured actual experiences. Feedback from consumer-facing businesses included that local taxes are less important factors for location decisions compared to labor availability and costs, demographics and permit timelines. It was noted that high-revenue businesses have moved to Kirkland when other cities increased the local B&O taxes. There were no comments regarding inconsistent information presented regarding the study.

Minimum Wage

Washington establishes a statewide minimum wage and allows local jurisdictions to establish higher wage standards. In 2026, the Washington minimum wage is \$17.13 per hour. The state does not preempt cities from establishing a higher local minimum wage.

Several Washington jurisdictions have adopted local minimum wage requirements. These ordinances vary considerably in their structure:

- **Bellingham:** \$19.13 per hour, with no listed exemptions.
- **Burien:** \$21.63 per hour, with a lower rate for employers with 21–499 employees and an exemption for employers with 20 or fewer employees.
- **Everett:** \$20.77 per hour for employers with 500 or more Washington employees and \$19.77 for employers with 15–499 employees; employers with 14 or fewer employees are exempt.
- **King County, unincorporated:** \$20.82 per hour for large employers, with lower rates for certain smaller employers based on employee count and revenue.
- **Renton:** \$21.57 per hour, with employers with 14 or fewer employees exempt.
- **SeaTac:** \$20.74 per hour for covered hospitality and transportation employers.
- **Seattle:** \$21.30 per hour, with no listed exemptions.
- **Tukwila:** \$21.65 per hour, with coverage determined in part by employer size, revenue, or franchise affiliation.

Seattle provides the most extensively studied regional example. Its 2014 ordinance established a phased increase to \$15 per hour, with different implementation schedules based on employer size. By 2025, all employers were subject to the same minimum wage, which now adjusts annually for inflation. Research examining Seattle's experience has found increases in worker

pay, changes in hours and hiring, employer responses involving prices and allocation of hours, and increases in business exits. However, the research has produced differing conclusions regarding the magnitude and nature of employment effects.

The research identifies several relatively consistent effects of minimum wage increases. Workers who remain employed generally experience higher earnings, including some workers earning above the new minimum as employers adjust internal pay scales. Research also finds reductions in wage inequality.

The primary area of continued debate is employment. Some studies have found reductions in employment or hours, particularly among younger and lower-skilled workers. Other studies have found relatively small overall employment effects, with reductions in hiring offset by reductions in job separations. The White Paper concludes that the employment evidence is mixed and that outcomes can vary by worker type and industry.

Employers may respond to higher labor costs in several ways. These can include adjusting staffing or hours, increasing prices, changing benefits or other compensation, investing in technology and productivity improvements, and adopting more capital-intensive operating models. The effects may differ substantially by firm size and industry, with research identifying hospitality, food service, and retail as industries where smaller and lower-margin businesses may face greater pressure.

Research also identifies potential effects beyond wages and employment, including improved health outcomes, increased commuting by low-wage workers, and reductions in housing cost burden for some low-wage households.

Kirkland Worker and Household Context

Kirkland's workforce includes more than 50,000 people. Approximately 24% earn less than \$3,333 per month, equivalent to approximately \$19.22 per hour for a full-time worker. The industries with substantial concentrations of lower-wage workers include health care, retail trade, accommodation and food services, arts and entertainment, and education.

Lower-wage workers are more likely to be younger, female, work part-time, and have lower educational attainment. Nearly half of workers earning below the 25th percentile wage work part-time. Lower-wage employment is concentrated in food preparation and serving, building and grounds maintenance, personal care and service, and transportation and material-moving occupations.

The household data provides additional context. Because these figures come from American Community Survey estimates for the Public Use Microdata Area containing Kirkland, which also includes part of Redmond, they reflect the combined Kirkland–Redmond area rather than Kirkland alone. Approximately 26% of Kirkland households have at least one low-wage worker, while 14% have a full-time low-wage worker. Forty-three percent of households with a low-wage worker are cost burdened, compared with 29% of all Kirkland households.

Approximately 23% of households with a low-wage worker are below twice the federal poverty level, compared with 13% of all Kirkland households. The data also show greater poverty risk among certain household types, including one-adult households with children and one-adult households without children. Chart 4 highlights that low-wage workers are mainly in households without children.

Low-wage workers are mainly in households without children.

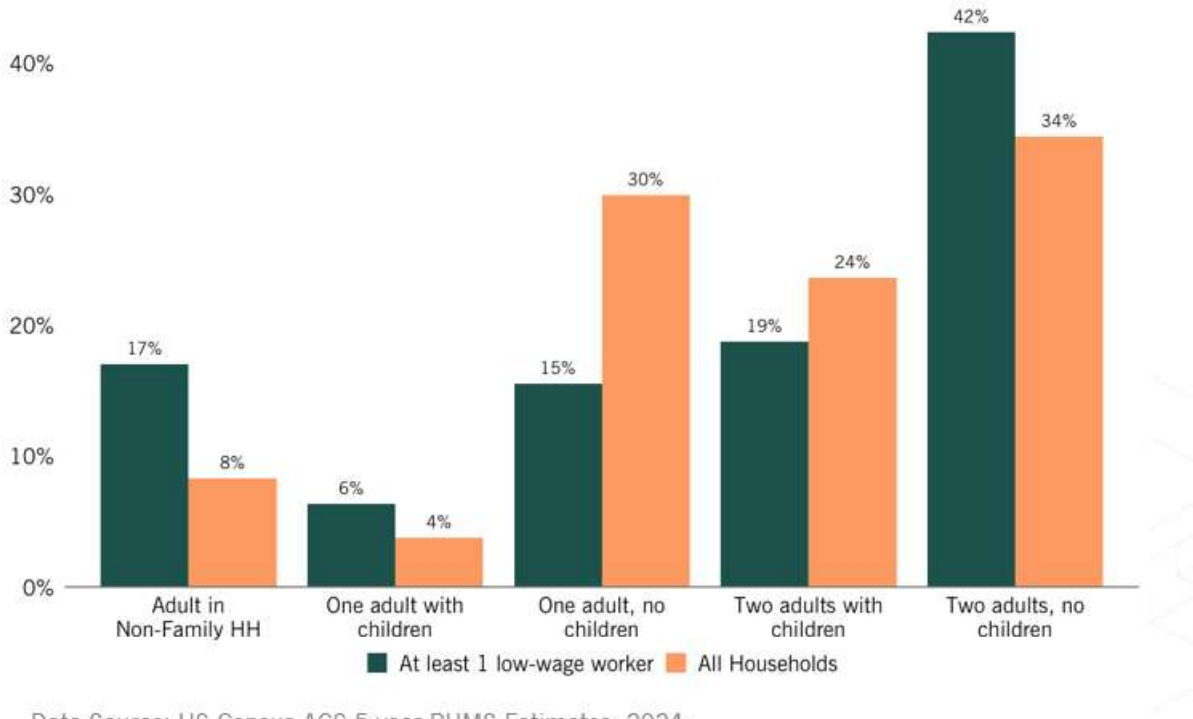


Chart 4: Household Composition for Low-Wage Workers

The geographic distribution of the workforce is also important. Only about 10% of people who work in Kirkland also live in the city. Seattle is home to approximately 16% of Kirkland's workforce, while the remaining workers are distributed across other King County jurisdictions. Consequently, a local minimum wage would affect many workers who commute into Kirkland rather than live within the city.

During the focus group, it was mentioned that the City has taken the first step to explore a local minimum wage in Kirkland. One business noted that having a higher minimum wage could make a substantial difference to their bottom line and might result in closing their business that is now struggling. Another business mentioned that the challenge of recruiting employees is a bigger challenge. They currently offer just above minimum wage, with the opportunity to earn tips, that results in higher hourly wage than other local minimum wages. Businesses that do pay above state minimum wage noted they may need to increase wages to continue to be competitive.

Key Information Gaps

The White Paper is a first-phase exploration and does not estimate the number of Kirkland workers who would be directly affected by a particular wage level. It also does not quantify changes in worker earnings, employer payroll costs, employment or hours, consumer prices, business impacts, or City fiscal impacts. Those questions would require Kirkland-specific modeling.

If Council chooses to continue consideration of a local minimum wage, additional analysis would therefore be needed to evaluate specific policy scenarios and understand the potential effects on workers, businesses, and households in Kirkland.

NEXT STEPS:

Economic Competitiveness Study

Council could choose to continue evaluating the factors identified in this study. Staff could return with options for further analysis or policy discussion focused on areas within the City's influence, including local tax and fee policies, development costs, commercial space availability, and regional access.

Minimum Wage

If Council chooses to continue evaluation of a potential local minimum wage, staff would return with a proposed scope for additional Kirkland-specific analysis, including potential impacts on workers, employers, employment, and other relevant factors. The study could also request recommendations for minimum wage level with proposed exemptions. Council could then provide direction on whether and how to proceed with further study and/or action.

ATTACHMENTS:

Attachment 1 – Kirkland Minimum Wage White Paper

DATE: September 3rd, 2026
TO: City of Kirkland
FROM: ECO Northwest
SUBJECT: Kirkland Minimum Wage White Paper

About this White Paper

The Kirkland City Council is at the beginning of a policy conversation, and the Council has asked what is known about local minimum wage policy — what the research shows, what other cities in the region have done, and what Kirkland would need to understand before deciding whether to act. This white paper addresses those questions. It does not answer whether Kirkland should adopt a local minimum wage, or at what level.

This paper is a first-phase exploration. It is organized around three questions: What does the research say about the impacts of local minimum wage increases? What have peer jurisdictions done? What is the demographic context Kirkland in Kirkland around lower income workers? Each section is written to be read independently, and each closes by noting where the evidence is strong, mixed, or limited.

What this paper is:

- A concise, policy-oriented synthesis of recent academic, policy, and applied research on local minimum wage increases, emphasizing findings most relevant to a high-cost, employment-rich Eastside city.
- A review of Washington jurisdictions and how they have structured local minimum wage ordinances — wage levels, phase-in schedules, indexing, employer size thresholds, small business treatment, exemptions, and enforcement — with attention to policy design choices rather than legal drafting.
- A high-level scan of Kirkland's labor market and business base, using readily available data to identify the industries, workers, and households where impacts would most likely be concentrated.

What this paper is not:

- **It is not a minimum wage impact model.** It does not estimate the number of affected workers, the change in worker earnings, employer payroll cost exposure, employment or hours effects, consumer price effects, or fiscal impacts to the City. Those estimates require Kirkland-specific modeling that is outside the scope of this phase.
- **It is not a recommendation.** This paper does not propose a target wage, a phase-in schedule, or an ordinance structure, and it does not advocate for or against a local minimum wage.

- **It is not a resolution of the academic debate.** The minimum wage literature is genuinely contested on several points, particularly employment effects. Where the research disagrees, this paper reports the disagreement rather than selecting a preferred result.
- **It is not a substitute for the full analysis a policy decision would warrant.** A comprehensive study would add detailed existing conditions analysis, scenario development, first- and second-order impact modeling, equity analysis, fiscal impact analysis, and policy recommendations.

Throughout, this paper distinguishes between findings that can be supported by existing research and areas where Kirkland-specific data or modeling would be needed. Where data gaps exist, they are identified rather than filled by assumption. The intent is to give Council an accurate picture of what is currently known — including the limits of that knowledge — so that any decision to proceed, or not to proceed, rests on a clear understanding of the evidence.

Academic Literature

Generally, economists consider the minimum wage as a “price floor”¹. Employers cannot legally set “prices”, which in this case are wages, below the minimum wage. Theoretically, this results in a gap because employers receive less labor for the amount they were previously paying, leading to excess demand for labor. In contrast, an increase in minimum wage will benefit low-wage workers who retain their jobs but may reduce the overall number of jobs available. But this direct relationship is overly simplistic, with academic literature suggesting a wide and varying range of positive and negative outcomes linked to minimum wage increases.

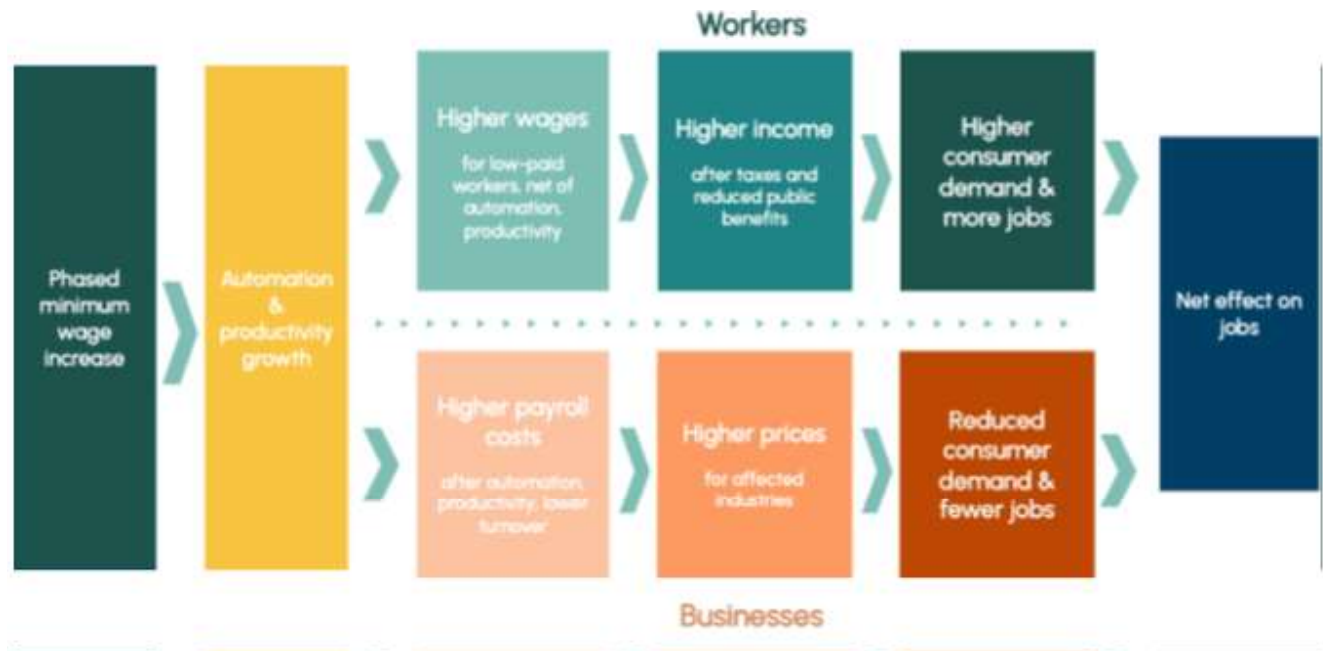
Minimum Wage Dynamics

To understand these dynamics in more depth, the Institute for Research on Labor and Employment (IRLE) at the University of California, Berkeley developed a conceptual model tracing how a phased minimum wage increase moves through the local economy. Higher mandated wages flow into higher pay for low-wage workers, net of any offsetting automation and productivity gains. This can create higher after-tax income and greater consumer demand for low-wage workers after taxes and reduced public benefits. At the same time, employers face higher payroll costs, net of the same automation and productivity effects, which can translate into higher prices and reduced consumer demand in the industries most affected. The net effect on jobs reflects the balance of these worker-side and business-side channels, and that balance varies with local labor market conditions.

¹ A price floor is an established lower boundary on the price of a commodity in the market.



Exhibit 1. Berkeley IRLE Minimum Wage Model



Source: Reich, M., Allegretto, S., Jacobs, K., and Montialoux, C. (2016). "The Effects of a \$15 Minimum Wage in New York State." Berkeley, CA: Institute for Research on Labor and Employment.

In practice, a mandated minimum wage typically sits above the market-clearing wage that would otherwise prevail. That premium, the gap between the mandated and market wage, does not disappear. It is redistributed among workers, businesses, and consumers. Workers who keep their jobs tend to see higher take-home pay, lower turnover, and reduced wage inequality. Employers absorb or offset these costs through some combination of fewer scheduled hours, slower hiring, higher prices for customers, and greater investment in automation. How that balance plays out for any given business or industry is the central question the academic literature seeks to answer.

A simple textbook supply-and-demand model would predict as the minimum wage rises, more people want jobs than businesses are willing to offer at a fixed payroll, widening the gap between job seekers and available jobs the higher that wages climb. The economic literature shows this textbook explanation as overly simplistic and does not account for the range of adjustments in hours, prices, productivity, and business models which employers and workers make in response to a higher minimum wage. The following sections review this literature in depth.

Deeper Dive into the Literature

Earnings

As expected, one of the main goals of a minimum wage increase is to raise worker earnings. Allegretto et al. (2018) found a 10 percent increase in minimum wage increases food services earnings by 1.3 to 2.5 percent, comparable with other recent studies.² Studies have also found spillover effects from a minimum wage increase extending up to \$2.50 above the minimum wage.³ Additionally, internal pay hierarchies shift with the wage increase, leading to higher wages across many positions.⁴ However, some studies have found a minimum wage increase can lead employers to reduce non-compensation including benefits.⁵

Minimum wage increases raise earnings for low-wage workers and for some earning just above the new minimum, as pay scales shift upward.

Employment Outcomes

Despite decades of research, and a variety of methodologies, the debate on how minimum wage increases affect employment is still unsettled. In one of the most influential minimum wage studies, Card & Krueger (1994) conducted a natural experiment comparing fast food employment across New Jersey and Pennsylvania after a minimum wage increase.⁶ They found the increase in New Jersey's minimum wage did not affect employment when compared with Pennsylvania, where there was no minimum wage increase. In response to this Neumark & Wascher (2000), replicated the work of Card & Krueger (1994) using a different data source and found the increase in New Jersey's minimum wage led to a 4

Employment effects remain the most contested question in the literature. Some studies find fewer jobs; others find mainly slower hiring, not job loss.

² Allegretto, Sylvia A Godoey, Anna Nadler, Carl et al. (2018). "The New Wave of Local Minimum Wage Policies: Evidence from Six Cities." *CWED*. <https://escholarship.org/content/qt9j3565x5/qt9j3565x5.pdf>

³ Gopalan et al. (2021). "State minimum wages, employment, and wage spillovers: Evidence from administrative payroll data." *Journal of Labor Economics*.

⁴ Pierre R. Brochu, David A. Green, Thomas Lemieux, and James H. Townsend. (2025). "The Minimum Wage, Turnover, and the Shape of the Wage Distribution". https://www.nber.org/system/files/working_papers/w33479/w33479.pdf Brochu et al. 2023

⁵ Clemens, J. (2021). 'How Do Firms Respond to Minimum Wage Increases? Understanding the Relevance of Non-Employment Margins.' *Journal of Economic Perspectives*.

⁶ Card, D. and Krueger, A. B. (1994). "Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania." *The American Economic Review*. <https://davidcard.berkeley.edu/papers/njmin-aer.pdf>



percent decrease in fast food employment.⁷ Since then, there have been a myriad of studies using different methodologies to assess the employment effect.

Negative Employment Effects

Neumark & Wascher (1992) found a 10 percent increase in the minimum wage decreased employment among teenagers by 1 to 2 percent and among young adults by 1.5 to 2 percent. Additional studies Broecke, Forti & Vandeweyer (2017)⁸ and Neumark & Shirley (2022)⁹ both found there is little to no employment effect overall, but more vulnerable groups such as the young and low-skilled may face the greatest negative employment impacts.

A study, Jardim et al. (2018), on the first and second phases of the 2015 Seattle Minimum Wage Ordinance found after the second wage increase from \$11 to \$13, hours worked in low paying jobs reduced by 6 to 7 percent.¹⁰

Neutral or Minimal Employment Effects

Dube & Lindner (2021) explained why earlier papers, such as Jardim et al. (2018), found negative employment impacts.¹¹ They found cities with high minimum wages were fundamentally different from cities without. When city-level controls were introduced, wage increases were found only in the bottom 30th percentile of earners while employment effects were small.¹²

Martínez & Martínez (2023)¹³ used a meta-regression analysis to conclude while increases to the minimum wage decreased hiring, they also decreased job separations.¹⁴ These

⁷ Neumark, D. and Wascher, W. (2000). "Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania: Comment." *The American Economic Review*.
https://web.archive.org/web/20060525090352id_/http://www.econ.jhu.edu:80/people/Barnow/neumarmw.pdf.

⁸ Broecke, S., Forti, A., and Vandeweyer, M. (2017). 'The effect of minimum wages on employment in emerging economies: a survey and meta-analysis.' Oxford Development Studies.

⁹ Neumark, D. and Shirley, P. (2022). 'Myth or measurement: What does the new minimum wage research say about minimum wages and job loss in the United States?' NBER.

¹⁰ Jardim, E., Long, M. C., Plotnick, R., van Inwegen, E., Vigdor, J., and Wething, H. (2018). 'Minimum wage increases, wages, and low-wage employment: evidence from Seattle.' NBER.

¹¹ Dube, A. and Lindner, A. (2021). "City limits: what do local-area minimum wages do?" *Journal of Economic Perspectives*. <https://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.35.1.27>.

¹² The authors find that minimum wage increases are associated with a 4 percent additional wage gain and an employment elasticity with respect to wage of -0.12.

¹³ Martínez, M. J. and Martínez, M. J. (2023). "From snapshot to movie: Decomposing the minimum wage effects on employment into hirings and separations." *Employee Relations*.
<https://www.emerald.com/insight/content/doi/10.1108/ER-09-2021-0413/full/html>.

¹⁴ Job separation refers to the end of an employee's working relationship with a company.



countervailing forces offset each other, resulting in the minimal employment impact that is found in the literature (see also Dube, Lester, & Reich, 2016 and Schmitt, 2013).¹⁵

Dube, Lester, & Reich (2016) convincingly demonstrate employers hire fewer workers after a minimum wage increase, but fewer workers also leave their jobs.¹⁶ Additionally in 2010, the same authors found local differences in minimum wage have no employment effects.¹⁷

Business Fixed and Operating Costs

A common explanation as to why there are limited employment effects from a minimum wage increase is that measurable employment effects are typically shorter-term and employers may shift towards investing in capital intensive operation in the longer-term. Magnitudes of these effects may vary by worker type and industry.

Employers increasingly shift toward capital-intensive operations over time, and new entrants are more likely to launch that way from the start.

Some research shows minimum wage increases can increase firm entry and exits, with entering firms shifting to more capital-intensive business models.¹⁸ Employers may also find it easier to substitute automation for people, especially with low-skill workers.¹⁹

Prices

The potential impact of the minimum wage on prices is known as the “pass-through” effect because the resulting higher labor costs are passed through to consumers (Harasztosi & Lindner, 2019, Luca & Luca, 2019, Jardim & van Ingwen, 2019, Belman & Wolfson, 2014, MacDonald & Nilsson, 2016, Schmitt, 2013, Tan, 2021, Congressional Budget Office,

Higher labor costs are often passed through to consumers as higher prices. These costs may fall disproportionately on lower-income households.

¹⁵ Dube, A., Lester, T. W., and Reich, M. (2016). “Minimum Wage Shocks, Employment Flows and Labor Market Frictions.” *Journal of Labor Economics*. <https://escholarship.org/content/qt27z0006g/qt27z0006g.pdf>; Schmitt, J. (2013). “Why Does the Minimum Wage Have No Discernible Effect on Employment?” *Center for Economic and Policy Research*. https://lobby99.org/Demo99/yDocs/@News/iss21_CEPR_MinwageEmp.pdf.

¹⁶ <https://escholarship.org/content/qt9nz5z03m/qt9nz5z03m.pdf>

¹⁷ Dube, Arindrajit, T. William Lester, and Michael Reich. “Minimum Wage Effects Across State Borders: Estimates Using Contiguous Counties.” *Review of Economics and Statistics*, 92(4):945-964. November, 2010. <https://irle.berkeley.edu/publications/scholarly-publications/minimum-wage-effects-across-state-borders-estimates-using-contiguous-counties/>

¹⁸ Aaronson, D., French, E., Sorkin, I., and To, T. (2018). 'Industry dynamics and the minimum wage: a putty-clay approach.' *International Economic Review*; Jardim, E. and van Ingwen, E. (2019). 'Payroll, Revenue, and Labor Demand Effects of the Minimum Wage.' W.E. Upjohn Institute for Employment Research.

¹⁹ Lordan, G. and Neumark, D. (2018). 'People versus machines: the impact of minimum wages on automatable jobs.' NBER.



2023).²⁰ These “pass-through” costs can be similar to a regressive value-add tax with costs borne disproportionately to poorer individuals.²¹

Business Productivity and Success

The relationship between minimum wage increases and business productivity is mixed, and outcomes tend to vary significantly by firm size, industry, and market position.

Minimum wage increases are linked to higher productivity; small business owners are divided on the impact.

Research consistently finds minimum wage increases can drive productivity gains, partly by prompting businesses to invest in better technology and operations (Riley & Bondibene, 2017), and partly through a reallocation of workers away from lower-paying, less-productive firms toward larger, higher-paying ones (Dustman et al., 2021; Engbom & Moser, 2021). This kind of market consolidation can raise overall productivity even if some individual businesses struggle in the short term. There is also evidence that minimum wage increases improve product quality, as lower-quality businesses are more likely to exit the market while better-established ones are not (Luca & Luca, 2019; Dustman et al., 2021).

The picture is less favorable for smaller businesses and certain industries. Firms with thinner margins — particularly in hospitality, food service, and retail — are more exposed to increased labor costs and less able to absorb or pass them on (Agarwal, Ayyagari, & Kosová, 2024; Bell & Machin, 2018). Larger employers and premium-market businesses generally fare better, as they have more pricing power and operational flexibility. There is also some evidence that noncompliance in the form of wage underpayment increases

²⁰ Harasztosi, P. and Lindner, A. (2019). “Who pays for the minimum wage?” *American Economic Review*. <https://www.aeaweb.org/articles?id=10.1257/aer.20171445>; Luca, D. L., and Luca, M. (2019). “Survival of the Fittest: The Impact of the Minimum Wage on Firm Exit.” NBER. https://www.nber.org/system/files/working_papers/w25806/w25806.pdf; Jardim, E. and van Ingwen, E. (2019). “Payroll, Revenue, and Labor Demand Effects of the Minimum Wage.” *W.E. Upjohn Institute for Employment Research*. https://research.upjohn.org/cgi/viewcontent.cgi?article=1316&context=up_workingpapers; Belman, D. and Wolfson, P. J. (2014). “What Does the Minimum Wage Do?” *W.E. Upjohn Institute for Employment Research*. https://research.upjohn.org/up_press/227/; MacDonald, D., and Nilsson, E. (2016). “The Effects of Increasing the Minimum Wage on Prices: Analyzing the Incidence of Policy Design and Context.” *W.E. Upjohn Institute for Employment Research*. https://research.upjohn.org/cgi/viewcontent.cgi?referer=&httpsredir=1&article=1278&context=up_workingpapers; Schmitt, J. (2013). “Why Does the Minimum Wage Have No Discernible Effect on Employment?” *Center for Economic and Policy Research*. https://lobby99.org/Demo99/yDocs/@News/iss21_CEPR_MinwageEmp.pdf; Tan, B. J. (2021). “The minimum wage and firm networks.” *United Nations University World Institute for Development Economics Research*. <https://www.wider.unu.edu/sites/default/files/Publications/Working-paper/PDF/wp2021-100-minimum-wage-firm-networks-South-Africa.pdf>; Congressional Budget Office. (2023). “The Budgetary and Economic Effects of S. 2488, the Raise the Wage Act of 2023.” *Congressional Budget Office*. https://www.cbo.gov/system/files/2023-12/The_Budgetary_and_Economic_Effects_of_S.%202488_the_Raise_the_Wage_Act_of_2023_1.pdf.

²¹ MaCurdy (2025)



following minimum wage hikes, particularly among smaller or more-pressured employers (Clemens & Strain, 2020).

The overall takeaway for policymakers is minimum wage increases tend to benefit the businesses best positioned to adapt — typically larger, more productive, higher-quality employers — while placing greater pressure on smaller or lower-margin operators. In a city with a strong diversified employment base and a high cost of living, the former category likely represents a significant share of the local economy.

Small Businesses

Some of the largest concerns with minimum wage increases is the effect on small businesses. A recent survey on small business owners, conducted by National Federation of Independent Business (NFIB), found contrast in how employers view minimum wage increases with 17.5 percent stating it is a “critical problem” and 18.7 percent saying it “not a problem”.²²

Poverty and Inequality

Addressing poverty and inequality is one of the primary motivations for increasing the minimum wage. There may be substantial earnings benefits to low-wage workers and a reduction in income inequality.

Wage Inequality

One of the clearest and most consistent findings in the minimum wage literature is increases tend to compress the wage distribution and reduce income inequality – both across income levels and across racial groups.

Minimum wage increases narrow both income and racial wage inequality.

Oliveira (2023) found minimum wage increases were a major driver of overall wage growth in Portugal, with effects rippling well up into the middle of the wage distribution, not just among the lowest earners.²³ Redmond, Doorley, & McGuinness (2020) found similar spillover effects in Ireland, with wage gains extending notably above the new minimum wage floor.²⁴ Both studies link these wage effects to reductions in income inequality. Redmond and colleagues do note one important caveat: because minimum wage earners are spread across households at various income levels — including some higher-income

²² National Federation of Independent Business (2024). “Small Business Problems and Priorities.” <https://www.nfib.com/small-business-problems-and-priorities/>

²³ Oliveira, C. (2023). ‘The minimum wage and the wage distribution in Portugal.’ Labour Economics.

²⁴ Redmond, P., Doorley, K., and McGuinness, S. (2020). ‘The Impact of a Minimum Wage Change on the Distribution of Wages and Household Income.’ IZA Institute of Labor Economics.



households — the impact on household income inequality was more limited than the impact on individual wage inequality.

Derenoncourt & Montialoux (2020) found the 1966 extension of the Fair Labor Standards Act, which brought minimum wage coverage to industries employing large numbers of Black workers, accounted for more than a fifth of the total reduction in racial income inequality during the Civil Rights Era — a striking finding about the distributive power of minimum wage policy.²⁵ Reich & Wursten (2021) show this trend has continued in more recent decades, with minimum wage increases meaningfully narrowing the racial wage gap, especially for less-educated workers, Black women, and Black prime-age workers.²⁶

Wage gains for low-income parents are linked to better child health outcomes, including higher infant birthweights.

Positive Health Outcomes

Wehby, Kaestner, Lyu, & Dave (2020) examined the effects of minimum wage increases on child health more broadly, finding increases were associated with improved health outcomes among children.²⁷ A companion study by Wehby, Dave, & Kaestner (2020) focused more specifically on infant health, finding minimum wage increases led to higher birthweights — a well-established marker of healthy development and a predictor of long-term health and cognitive outcomes.²⁸ Taken together, these two studies suggest the wage gains accruing to low-income parents translate into tangible health benefits for their children, likely through improved access to nutrition, prenatal care, and reduced household financial stress. Additionally, Maxwell, Pryce, & Wilson (2022) found the health benefits of minimum wage increases extend to workers themselves, not only their families.²⁹

Increased Commuting

Dube, Lester, & Reich (2016) and Shirley (2018) found minimum wage increases led to higher probabilities of commuting, a conclusion echoed by McKinnish (2017), who also presented the somewhat surprising finding that low-wage workers were more likely to commute away from areas with minimum

Minimum wage increases are linked to more cross-jurisdiction commuting. This is relevant in Kirkland, where many minimum-wage workers commute in.

²⁵ Derenoncourt, E. and Montialoux, C. (2020). 'Minimum Wages and Racial Inequality.' The Quarterly Journal of Economics.

²⁶ Reich, M. and Wursten, J. (2021). 'Racial Inequality and Minimum Wages in Frictional Labor Markets.' UC Berkeley IRLE.

²⁷ Wehby, G., Kaestner, R., Lyu, W., Dave, D. M. (2020). 'Effects of the minimum wage on child health.' NBER.

²⁸ Wehby, G., Dave, D., and Kaestner, R. (2020). 'Effects of the minimum wage on infant health.' Journal of Policy Analysis and Management.

²⁹ Maxwell, J., Pryce, R., Wilson, L. B. (2022). 'The impact of increasing the United Kingdom national minimum wage on self-reported health.' Health Economics.



wage increases than toward them.³⁰ In Kirkland this may be increasingly relevant since majority of minimum wage workers commute in from neighboring cities.

Reduced Housing Cost Burden

In high-cost of living areas like Kirkland, housing cost burden is highly prevalent in lower-income households. Hughes (2020) showed a 10 percent increase in minimum wage decreases rent-to-income ratios by 1.4 percent.³¹ Additionally, Hanson (2022) found wage increases lead to more renter households becoming unburdened. They also found effects are greater for non-white renters.³²

Minimum wage increases ease housing cost burden by lowering rent-to-income ratios, with the largest gains for non-white renters.

³⁰ Dube, A., Lester, T. W., and Reich, M. (2016). "Minimum Wage Shocks, Employment Flows and Labor Market Frictions." *Journal of Labor Economics*. <https://escholarship.org/content/qt27z0006g/qt27z0006g.pdf>.; Shirley, P.

(2018). "The response of commuting patterns to cross-border policy differentials: Evidence from the American Community Survey." *Regional Science and Urban Economics*.

<https://www.sciencedirect.com/science/article/abs/pii/S0166046217300376>.; McKinnish, T. (2017). "Cross-state

differences in the minimum wage and out-of-state commuting by low-wage workers." *Regional Science and Urban*

Economics. <https://www.sciencedirect.com/science/article/abs/pii/S0166046216301156>

³¹ Hughes, Samuel, *Housing Demand & Affordability for Low-Wage Households: Evidence from Minimum Wage Changes* (January 20, 2020).

³² Hanson (2022). "Minimum Wage as a Tool for Combatting Renter Burdens." Illinois State University.



Jurisdiction Review

Washington has nearly the *highest* statewide minimum wage in the US, with Washington DC being slightly higher and New York and Connecticut being slightly lower.³³ Cities raise their minimum wage mainly to address a cost-of-living gap the state rate doesn't. A citywide floor keeps low-wage workers from falling behind even as the broader economy grows.

In 2026 the statewide minimum wage in Washington is \$17.13 with exemptions for workers under 16 to be paid 85% of the adult minimum wage (\$14.56 per hour). Washington prohibits “tip credit”, meaning all tips are in additional to the hourly wage. Washington's state Minimum Wage Act (RCW 49.46) sets a statewide floor, not a ceiling, and doesn't say it preempts local wage regulation. Washington cities, especially "code cities", have broad home-rule police power under Article XI, Section 11 of the state constitution to legislate for the health, safety, and welfare of their residents, and courts have read that power to include setting local wage standards. This was tested and upheld by the Washington Supreme Court in *Filo Foods, LLC v. City of SeaTac* (2015), which confirmed cities can legally set a minimum wage above the state's if the state statute doesn't explicitly bar. That's why you now see a patchwork of local minimum wages all sitting above the state minimum.

Exhibit 2. Minimum Wage by Jurisdiction, Washington State

Jurisdiction	Minimum Wage	Exceptions
Bellingham	\$19.13	None
Burien	\$21.63	\$20.63/hour for employers with 21–499 employees. Exempt: employers with 20 or fewer employees are exempt.
Everett	\$20.77	\$20.77/hour for employers with 500+ WA employees. \$19.77/hour for employers with 15–499 employees Employers with 14 or fewer employees are exempt
King County (unincorporated)	\$20.82	\$20.82/hour for employers with 500+ employees. \$19.82/hour for employers with 15 or fewer employees and \$2M+ annual gross revenue or 16–499 employees regardless of revenue. \$18.32/hour for employers with 15 or fewer employees and under \$2M in gross revenue.
Renton	\$21.57	\$21.57/hour for employers with 500+ employees. \$21.57/hour for employers with 15–500 employees. Employers with 14 or fewer employees are exempt

³³ <https://www.ncsl.org/labor-and-employment/state-minimum-wages>



SeaTac	\$20.74	\$20.74/hour applies only to employers in the hospitality and transportation industries.
Seattle	\$21.30	None
Tukwila	\$21.65	\$21.65/hour for employers with 15+ employees worldwide (if at least one has worked in Tukwila), or over \$2M in annual gross revenue generated within Tukwila, or franchisees tied to a franchisor network with 500+ employees in aggregate worldwide.
Washington Minimum Wage*	\$17.13	Workers who are 14 or 15 years old may be paid 85% of the adult minimum wage, or \$14.56 per hour.

* Applicable to all other jurisdictions in the state, including Kirkland.

Data Source: <https://www.lni.wa.gov/workers-rights/wages/minimum-wage/local-minimum-wage-rates>

Local Minimum Wage Laws

SeaTac

In 2013 SeaTac voters narrowly approved Proposition 1 (the “Good Jobs Initiative”), which set a \$15/hour minimum wage plus paid sick leave for hospitality and transportation employers, making SeaTac the first city in the nation to adopt a \$15 minimum wage.³⁴ A month after this passed a King County Superior Court judge ruled the ordinance could not apply to Seattle-Tacoma International Airport employees, since the airport falls under Port of Seattle jurisdiction. This cut the workers covered from about 6,300 to about 1,600.³⁵ And in 2015 the Washington State Supreme Court overturned the lower court, ruling the ordinance could also be enforced at the airport itself, extending coverage to the remaining airport-based workers.³⁶ The minimum wage adjusts for inflation January 1st of each year resulting in a wage of \$20.74/hour in 2026.

Prior to the approval of Proposition 1, Puget Sound Sage conducted an economic impact study that projected the measure would raise covered workers’ pay by about \$40 million a year and generate roughly 400 new jobs and \$14 million in added local income.³⁷

³⁴ Ballotpedia, 2013

³⁵ Ibid

³⁶ City of SeaTac, 2015.

³⁷ Puget Sound Sage, 2013. <https://pugetsoundsage.org/research/good-jobs/the-economic-impacts-of-a-transportation-and-hospitality-living-wage-in-the-city-of-seatac/>



Opponents countered by pointing to existing national research warning that wage floors can reduce employment for low-skilled workers.³⁸

King County (Unincorporated)

In 2023 an ordinance to raise the minimum wage to \$18.99/hour in unincorporated areas (White Center, Skyway, Vashon Island, and East King County) was introduced. In 2024 the proposal was approved with the rate updated to \$20.29/hour for large employers.³⁹ An amendment requiring a report on impacts to unincorporated farmers and an amendment requiring a comprehensive impact report both passed unanimously. There have been a lot of concerns from local farmers about how an increase in minimum wage would substantially lower the number of people employed. This impact study would be expected in the next few years.

At the beginning of 2025 the wage increase took effect at \$20.29/hour for employers with 500+ employees. Smaller employers began at reduced rates, \$18.29/hour (16–499 employees) and \$17.29/hour (≤15 employees and under \$2M gross revenue).⁴⁰ In 2026 the annual inflation adjustment raised the large-employer rate to \$20.82/hour.⁴¹ As of early 2026, King County is running a public survey of workers and employers in unincorporated areas about their experience with the ordinance, which may inform future adjustments.⁴²

Policy in Practice: Washington State and Seattle’s \$15 Experiment

In 2014 a \$15/hour minimum wage ordinance, up from the state minimum of \$9.32, passed unanimously. The ordinance split employers into two schedules: those with 500+ employees (nationally) to reach \$15 in 3 to 4 years; those with 500 or fewer reach \$15 in up to 7 years, with tips and benefits *temporarily* countable toward the wage for smaller employers.

Shortly after the ordinance passed the International Franchise Association and five local franchisees sued, arguing the ordinance unlawfully classified franchisees as “large” employers based on national headcount, but a federal judge denied this argument and the Ninth Circuit affirmed.⁴³ Then in 2015 the ordinance took effect; the wage floor for covered

³⁸ Neumark, D. and Wascher, W. "Minimum Wages and Employment." Foundations and Trends in Microeconomics, 2007. http://www.socsci.uci.edu/~dneumark/min_wage_review.pdf

³⁹ King County.

⁴⁰ Miller Nash.

⁴¹ King County.

⁴² King County

⁴³ UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT
<https://cdn.ca9.uscourts.gov/datastore/opinions/2015/09/25/15-35209.pdf>



employees rose to \$10–\$11/hour depending on employer size, tips, and benefits.⁴⁴ Large employers reached \$15/hour in 2017 and small employers reached a temporary \$15 “total compensation” threshold in 2019 and the full \$15 wage in cash pay by 2021.

Finally, by 2025 all employers, regardless of size, became subject to the same minimum wage, ending the two-schedule structure. The minimum wage now adjusts every January 1 for inflation.

Before the ordinance went into place the city commissioned two studies looking at who would be affected by the increase.⁴⁵ Once the ordinance passed, the city council contracted with a team at the University of Washington's Evans School of Public Policy to analyze effects from 2014 through 2017. In addition to the Evan's School team various other academic research has been conducted on the City of Seattle's minimum wage increase.

The following additional findings on Seattle's minimum wage increase supplement the research summarized above:

- ◆ Pay increased, but hours were reduced (Jardim et al. 2022).
- ◆ Workers kept their jobs at similar rates — the ordinance did not cause mass layoffs.
- ◆ New hiring into entry-level, low-wage jobs slowed, and workers changed jobs less often.
- ◆ More experienced workers saw earnings gains, while less experienced workers saw hours cut (Jardim et al. 2018).
- ◆ Pay gaps narrowed modestly, but overall earnings inequality in Seattle increased over the period (Long 2022).
- ◆ Employers reallocated hours toward higher-wage jobs and raised prices (Jardim & van Inwegen 2019).
- ◆ Business exits increased, and new businesses were more likely to adopt less labor-intensive operating models.
- ◆ There was no special harm to immigrant-owned businesses (Somashekhar et al. 2022).
- ◆ Grocery prices were mainly unaffected (Otten et al. 2018).

Seattle's ordinance is one of the most heavily studied local minimum wage law in the country, but the research is genuinely split: the city's own UW-commissioned team found job and hours losses at one stage, while a competing Berkeley team using different data found none, and later UW work found effects varied significantly by worker experience level.

⁴⁴ City of Seattle, Office of Labor Standards <https://www.seattle.gov/laborstandards/ordinances/minimum-wage>

⁴⁵ Klawitter, M., Long, M., & Plotnick, R. (UW Evans School) — “Who Would Be Affected by an Increase in Seattle's Minimum Wage?” (March 2014) http://murray.seattle.gov/wp-content/uploads/2014/03/Evans-report-3_21_14-appdx.pdf



The ordinance withstood a multi-year constitutional challenge from national franchise chains. Seattle's unusually strong regional job growth over the same period makes it difficult for any study to fully separate the wage law's effects from the city's broader economic boom; a caveat researchers on both sides acknowledge.



Kirkland Demographic Context

Kirkland is a mid-sized city, roughly ten miles from downtown Seattle, whose economy has been reshaped over the past decade by the growth of the technology sector. Google's Puget Sound campus, which opened in Kirkland in 2016, now employs well over a thousand workers in the city. This concentration of high-wage technology employment, combined with constrained housing supply, has pushed Kirkland's cost of living well above the state and national average: median household income was roughly \$157,400 in 2024,⁴⁶ more than double the national median, and the median home sale price has approached \$1.3 million.⁴⁷ However, the same forces that have made Kirkland attractive to well-paid technology workers have also pushed housing and other costs out of reach for many lower-wage workers including retail, hospitality, healthcare, and service employees.

Data Sources and Methodology

This analysis draws primarily on two data sources.

The first is the U.S. Census Bureau's Longitudinal Employer-Household Dynamics (LEHD). LEHD reports employment data at the census block level, which can aggregate to the city level. These data are organized around where jobs are physically located, allowing us to observe commuting patterns. We rely on LEHD as a substitute for the business-level Quarterly Census of Employment and Wages (QCEW) data which is not publicly available.

The second is the U.S. Census Bureau's American Community Survey (ACS) 5-year estimates. Where LEHD is organized around workplace location, the ACS reports statistics based on where people live, and its smallest published geography is the Public Use Microdata Area (PUMA) rather than the census block. The PUMA covering Kirkland also includes Redmond, so ACS figures for this area reflect both cities combined rather than Kirkland alone. The ACS is also a household survey rather than an administrative payroll record, so its wage figures are individuals' self-reported, pre-tax earnings, not data drawn directly from employer records.

Together, the two sources offer complementary views of the local economy: LEHD captures **where jobs exist** and who fills them, while the ACS captures the self-reported experience of **residents** across the broader Kirkland-Redmond area.

Employment and Commuting in Kirkland

Over 50,000 workers are employed in the city of Kirkland. Of those, 24 percent make less than \$3,333/month (about \$19.22/hour if employed full time). Kirkland's minimum wage

⁴⁶ US Census ACS 5-year PUMS Estimates, 2024.

⁴⁷ *Housing Market Trends*, Redfin. <https://www.redfin.com/city/9148/WA/Kirkland/housing-market>



covers just 59 percent of the MIT living wage⁴⁸ (\$29.21 per hour for a single adult in the Seattle-Tacoma-Bellevue metro area) for a single adult.

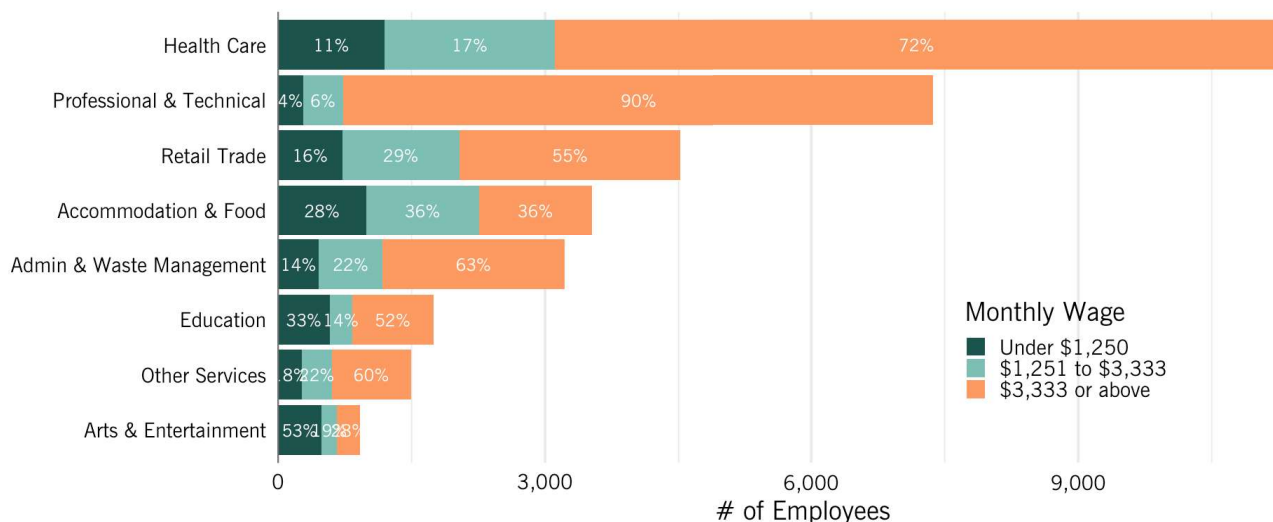
Exhibit 3. Comparison of Kirkland Wages



Data Source: MIT living wage Seattle-Tacoma-Bellevue MSA. US Census LEHD, 2023.

Sectors such as Health Care, Retail Trade, and Accommodation & Food Services are concentrated in Kirkland and have a substantial share of low-wage workers. Arts & Entertainment and Education are smaller sectors in Kirkland but have higher concentrations of low-wage workers.

Exhibit 4. Kirkland Industry Employment by Monthly Wage, 2023



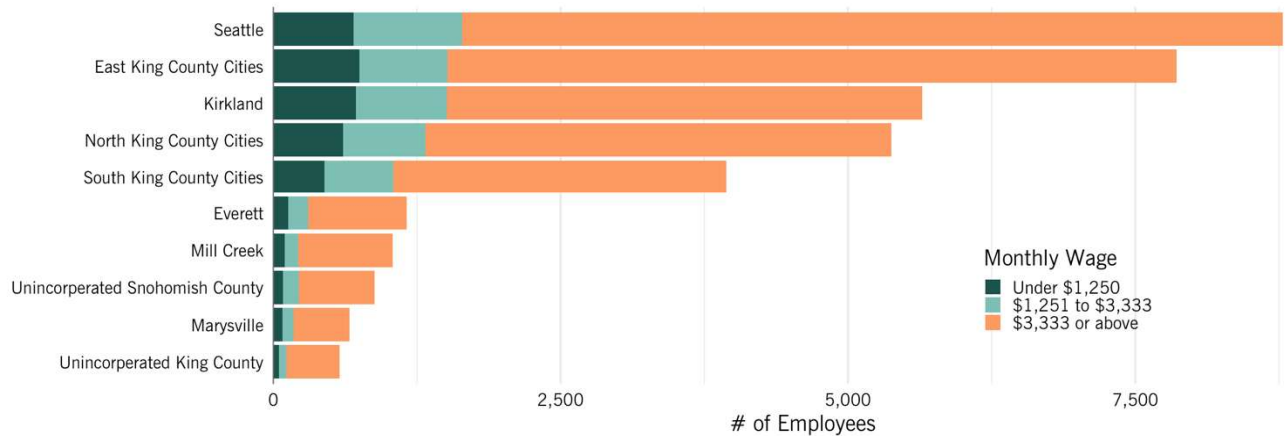
Data Source: US Census LEHD, 2023

Note: LEHD does not break out part vs full-time employment. Monthly wage information is pre-tax and calculated from the UI records.

⁴⁸ MIT living wages calculates the wage needed for basic living expenses in the region.

Only about 10 percent of people who work in Kirkland also live in Kirkland. Seattle alone is home to 16 percent of Kirkland's workforce, more than any single jurisdiction including Kirkland itself, and the remaining workers are spread thinly across King County cities, none of which individually accounts for more than a few percent. A city-specific minimum wage increase would therefore primarily benefit a regional workforce that commutes in to fill Kirkland's jobs, not simply Kirkland residents.

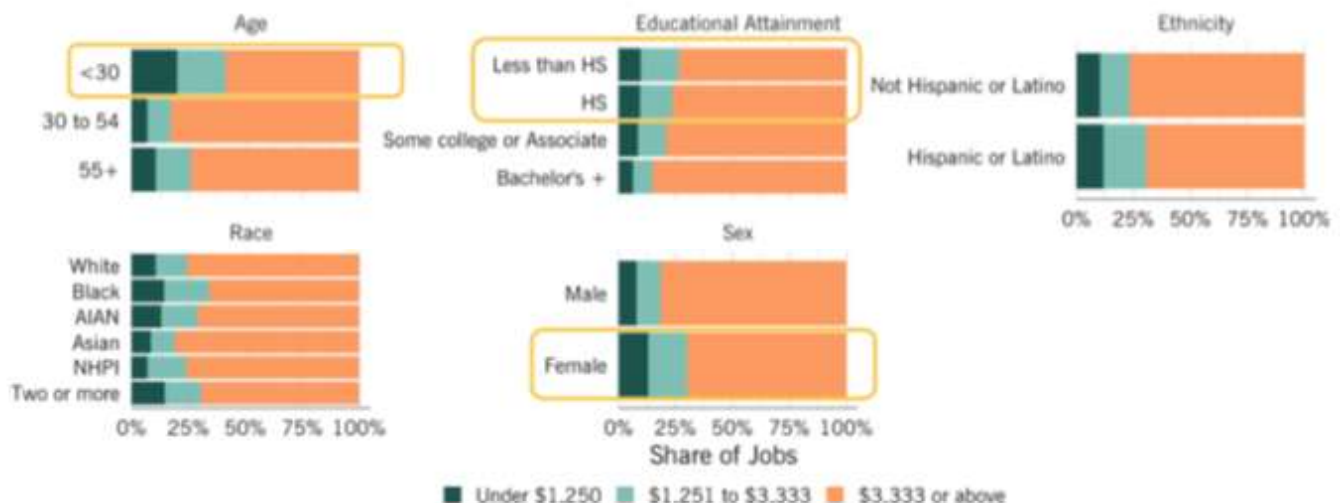
Exhibit 5. Home Location of Kirkland Workers, 2023



Data Source: US Census LEHD, 2023

Low-wage workers in Kirkland are more likely to be under 30 years old, have lower educational attainments, and be female.

Exhibit 6. Demographics and Monthly Wage of Kirkland Workers, 2023

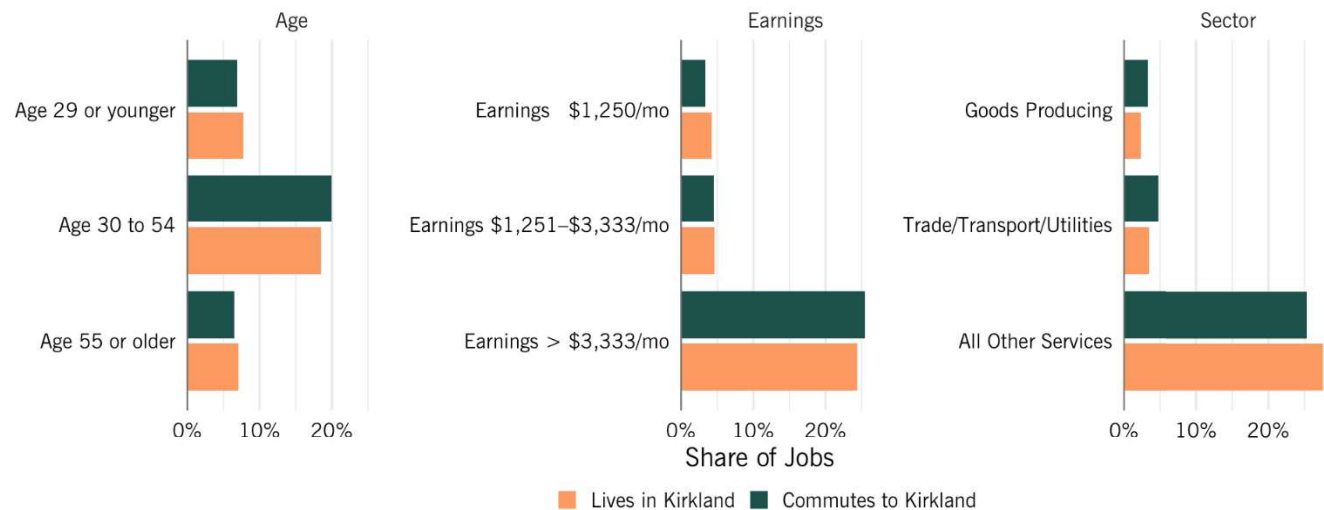


Data Source: US Census LEHD, 2023

Additionally, there are limited differences between Kirkland workers who commute in versus workers who live there.



Exhibit 7. Kirkland Employment by Demographic and Residence, 2023



Data Source: US Census LEHD, 2023

Who are Kirkland’s low-wage workers?

In Kirkland the median hourly wage is \$48.81/hour and the 25th percentile wage is \$25.18. Throughout this section we have defined low-wage workers as those making under the 25th percentile wage. This wage encapsulates a variety of lower wage workers, not just those at the minimum wage. With minimum wage increases, internal pay scales will shift upward translating to pay increases for additional workers.

Low-wage workers in Kirkland are typically younger, more likely to be part-time, and have lower educational attainment. Additionally, 15 percent of low-wage workers are in school compared with 9 percent of all workers being in school. Workers who identify as Asian Non-Hispanic are much less likely to be low-wage workers.



Exhibit 8. Demographics of Kirkland Residents

	<25th Percentile Wage Workers			All Workers		
	Part-time	Full-time	All	Part-time	Full-time	All
Race/Ethnicity						
Asian Non-Hispanic	14%	18%	16%	20%	33%	30%
Black, AIAN, NHOPI, Other	6%	6%	6%	5%	2%	3%
Hispanic or Latino (any race)	12%	11%	11%	9%	7%	7%
Two or More Races	6%	7%	7%	6%	5%	5%
White	61%	58%	60%	60%	53%	55%
Sex						
Female	50%	53%	52%	54%	39%	43%
Male	50%	47%	48%	46%	61%	57%
Age						
Less than 18	3%		2%	2%		1%
18 to 21	15%	4%	9%	11%	1%	3%
22 to 24	13%	8%	10%	10%	4%	5%
25 to 64	59%	82%	71%	68%	93%	86%
65 +	11%	6%	8%	10%	3%	5%
Educational Attainment						
High School or less	25%	21%	23%	21%	8%	11%
Some College, no degree	22%	19%	20%	17%	9%	11%
Associate's Degree	7%	10%	9%	7%	6%	6%
Bachelor's Degree	30%	31%	31%	33%	39%	38%
Postgrad Degree	16%	18%	17%	22%	38%	34%
Currently In School						
In School	21%	9%	15%	19%	5%	9%
Not in School	79%	91%	85%	81%	95%	91%

Data Source: US Census ACS 5-year PUMS Estimates, 2024

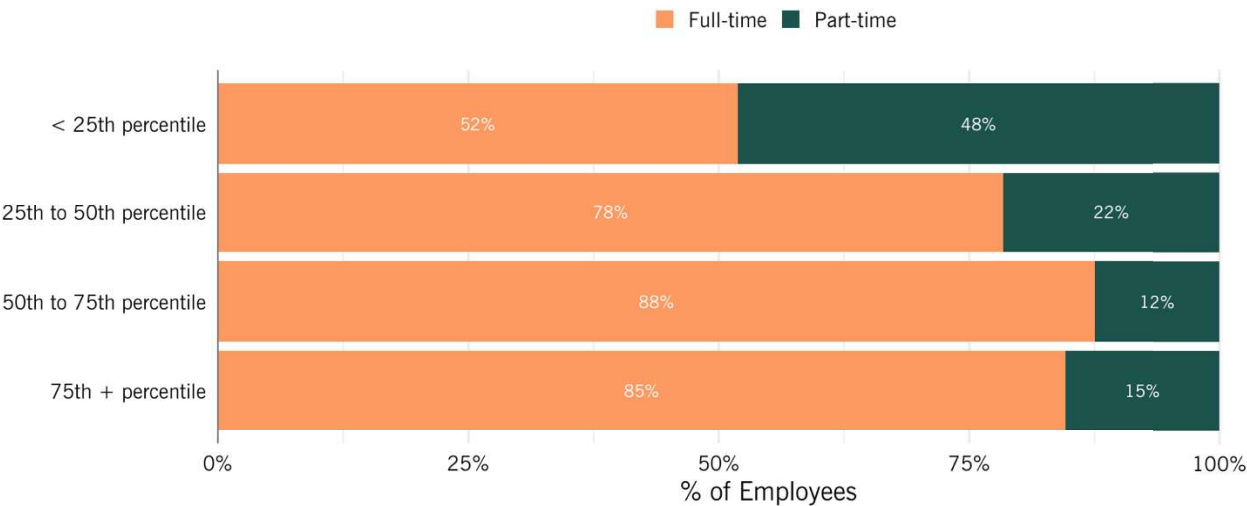
Note: PUMS Estimates are based on PUMA regions which may cross jurisdictions. The PUMA containing Kirkland also includes some of Redmond.

What jobs are low-wage workers at?

About 48 percent of workers earning below the 25th percentile wage work part time, compared with just 12 to 22 percent of workers earning above it. Part-time status is thus far more common among low-wage workers, though, as the household data below show, that does not necessarily mean those workers are secondary earners in otherwise comfortable households.



Exhibit 9. Employment Type by Hourly Wage of Kirkland Residents, 2024

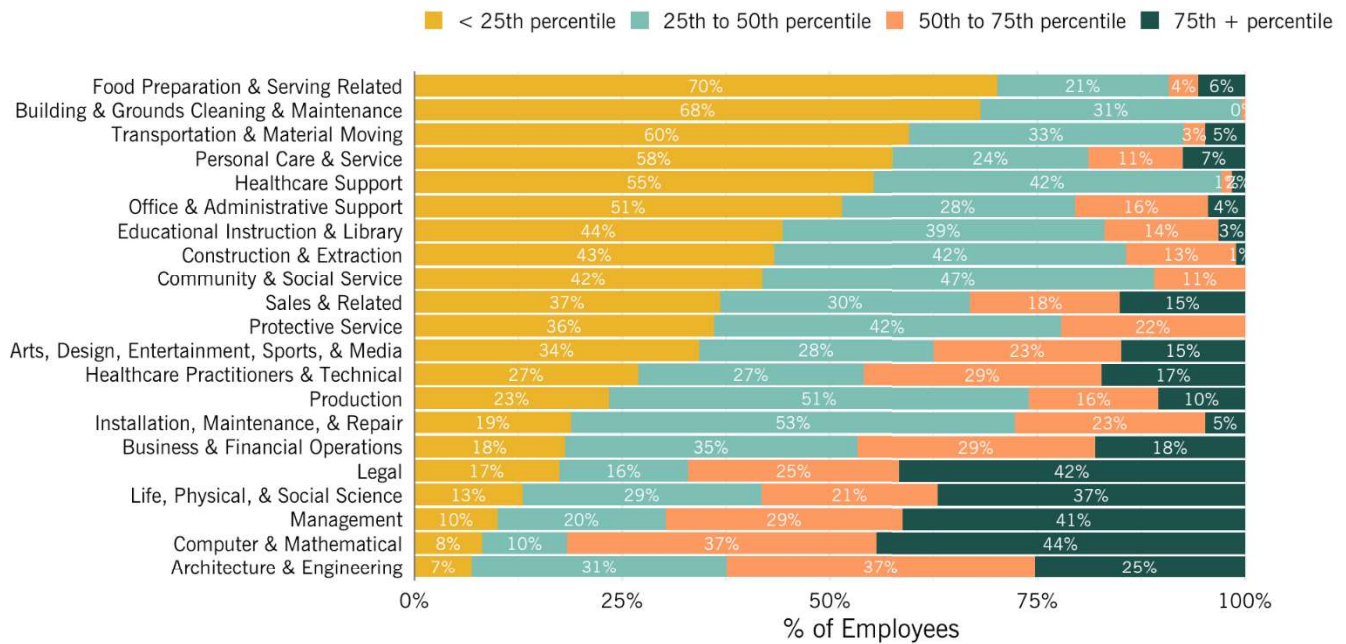


Data Source: US Census ACS 5-year PUMS Estimates, 2024

Low-wage employment is concentrated in lower-skill occupations such as food preparation and serving, building and grounds cleaning, and personal care and service. 70 percent of workers are in Food Preparation and Serving Related occupations, 68 percent in Building and Grounds Cleaning and Maintenance, and 60 percent in Transportation and Material Moving earn below the 25th percentile wage, compared with just 7 to 10 percent of workers in Computer & Mathematical or Architecture & Engineering occupations. A minimum wage increase would therefore be concentrated in a predictable set of service, maintenance, and care-related occupations.



Exhibit 10. Employment Type by Occupation Group of Kirkland Residents, 2024



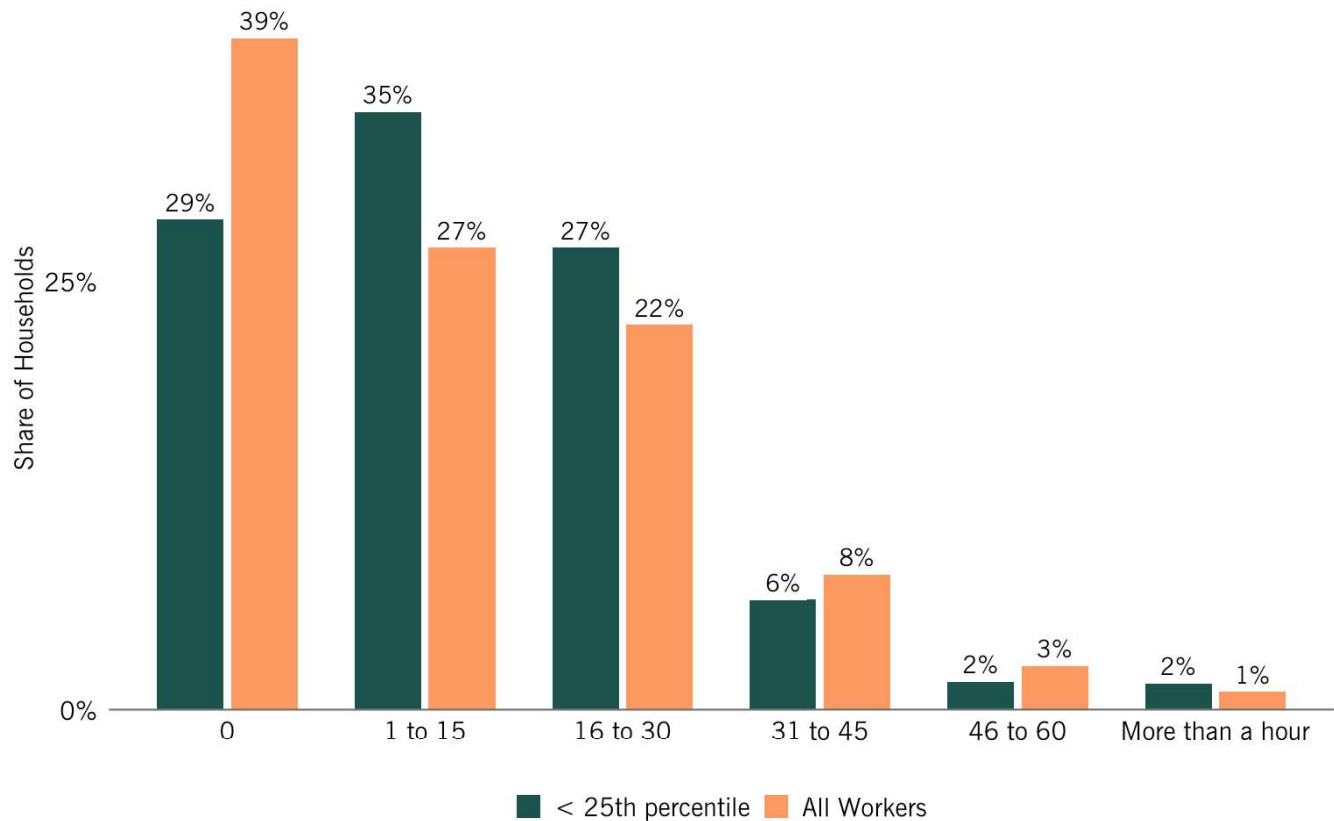
Data Source: US Census ACS 5-year PUMS Estimates, 2024

How far are low-wage workers commuting?

Low-wage workers have slightly longer commute durations. 37 percent of low-wage workers commute over 15 minutes to work whereas on average 34 percent of Kirkland workers have a commute duration of over 15 minutes.



Exhibit 11. Commute Duration of Kirkland Residents, 2024



Data Source: US Census ACS 5-year PUMS Estimates, 2024

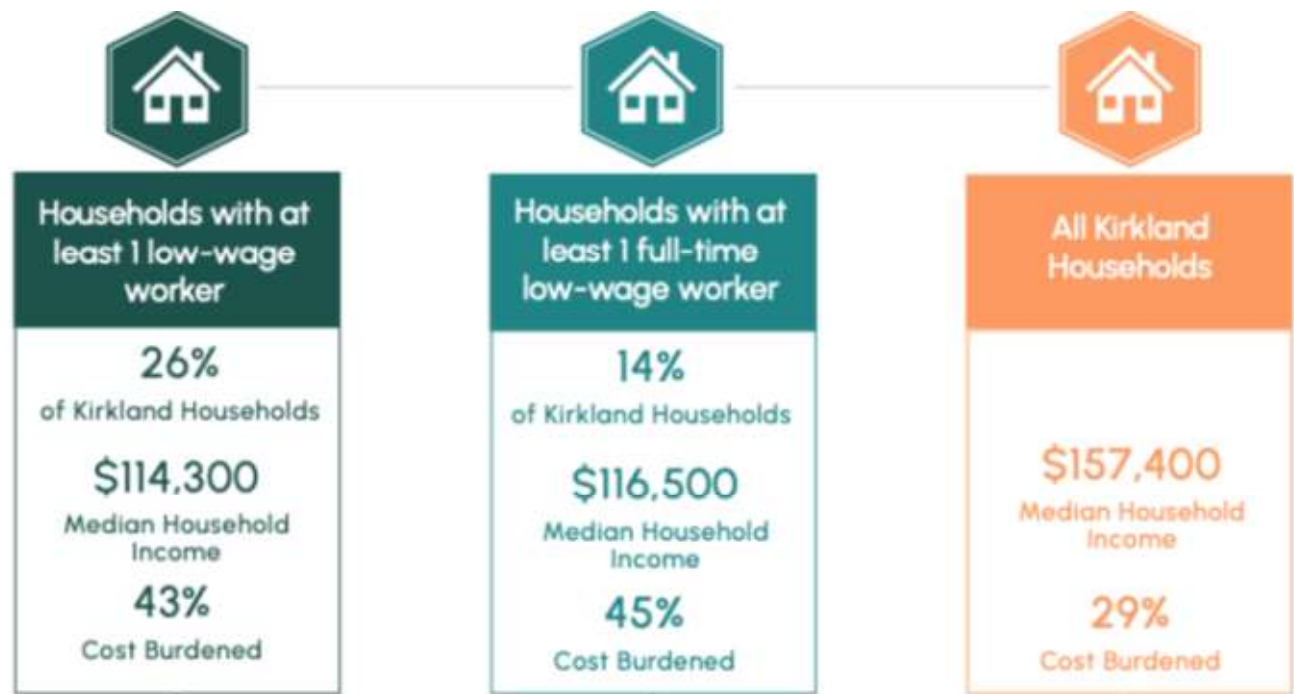
What types of households are low-wage workers in?

A lot of minimum wage rhetoric and push back discusses who will benefit from a minimum wage increase. Ideally it will be households that are below the median wage, in poverty, cost burdened, or otherwise disadvantaged. On the other hand, if most minimum wage workers are high school students who live at home or workers that are “under-employed” since they are not the primary bread winner, a minimum wage increase won’t have as large of impacts on reducing poverty or cost burden.

About 26 percent of households in Kirkland have at least one low-wage worker. However, only 14 percent of households have a full-time low-wage worker. This could be for variety of reasons: only wanting to work part time, availability of shifts, or needing to stay home to care for children. 43 percent of low-wage households are cost burdened compared with 29 percent of all Kirkland households. Cost burden is defined as over 30 percent of income going to household expenses such as rent or mortgage. Finally, the median household income for households with at least on low-wage worker is about 27 percent lower all household in Kirkland.



Exhibit 12. Household Comparison

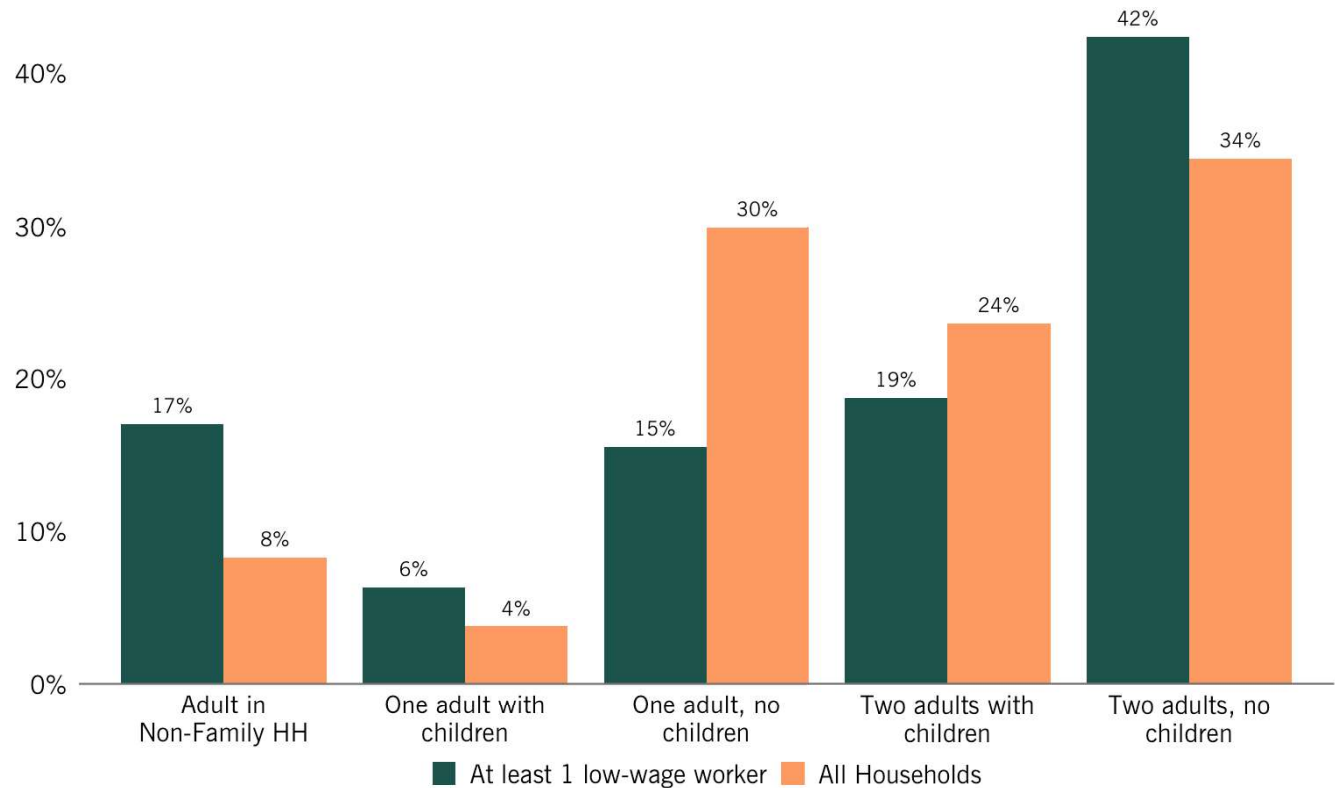


Data Source: US Census ACS 5-year PUMS Estimates, 2024

Two-adult households with no children make up 42 percent of low-wage households versus 34 percent of all Kirkland households, and two-adult households with children make up 19 versus 24 percent. One-adult households with no children, by contrast, are under-represented among low-wage households (15 percent) relative to their 30 percent share of all households, suggesting that low-wage work in Kirkland is concentrated less among single, childless adults and more among multi-adult households.



Exhibit 13. Household Composition for Kirkland Residents, 2024



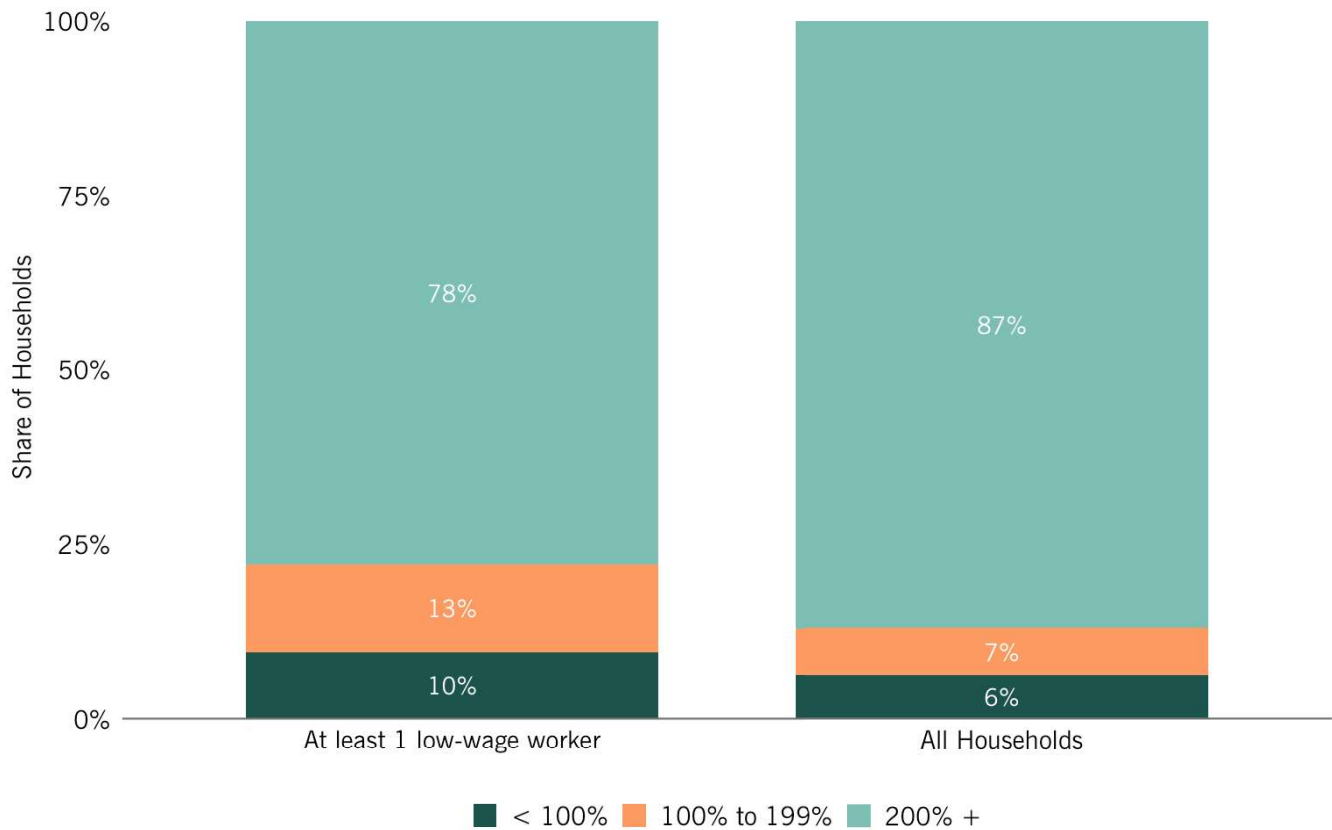
Data Source: US Census ACS 5-year PUMS Estimates, 2024

What income levels are these low-wage households at?

10 percent of households with at least one low-wage worker are at or below the federal poverty line (FPL) compared with 6 percent of all households in Kirkland. Since Kirkland is a high cost of living area, being < 100 percent of the FPL may be an under-estimation of households that are cost burdened. An additional 13 percent of low-wage households live between 100 and 199 percent of the federal poverty line, compared with 7 percent of all households. Combined, nearly a quarter (23 percent) of households with a low-wage worker live below twice the federal poverty line, versus just 13 percent of all Kirkland households. In 2024, 200% Federal Poverty Level (FPL) is \$30,120 for a single-person household and \$62,400 for a family of four. 200% FPL is often used to determine governmental program eligibility.



Exhibit 14. Household Federal Poverty Level

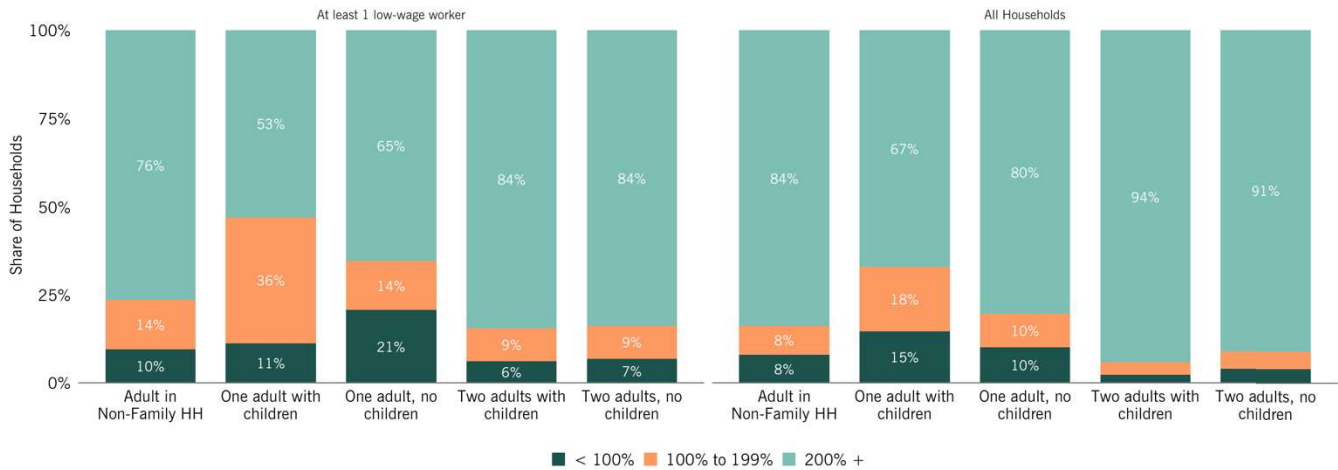


Data Source: US Census ACS 5-year PUMS Estimates, 2024

47 percent of low-wage one-adult households with children are below 200 percent of the poverty line. In contrast 33 percent of all one-adult households with children are below 200 percent.

Poverty risk varies sharply by household type, and having a low-wage worker widens the gap most for single-adult households. Among one-adult households with children, 47 percent of those with at least one low-wage worker fall below 200 percent of the federal poverty line, compared with 33 percent of all such households in Kirkland. One-adult households without children show an even larger jump in outright poverty: 21 percent of low-wage households in this group fall below the poverty line itself, roughly double the 10 percent rate among all one-adult, no-children households.

Exhibit 15. Federal Poverty Level by Household Composition



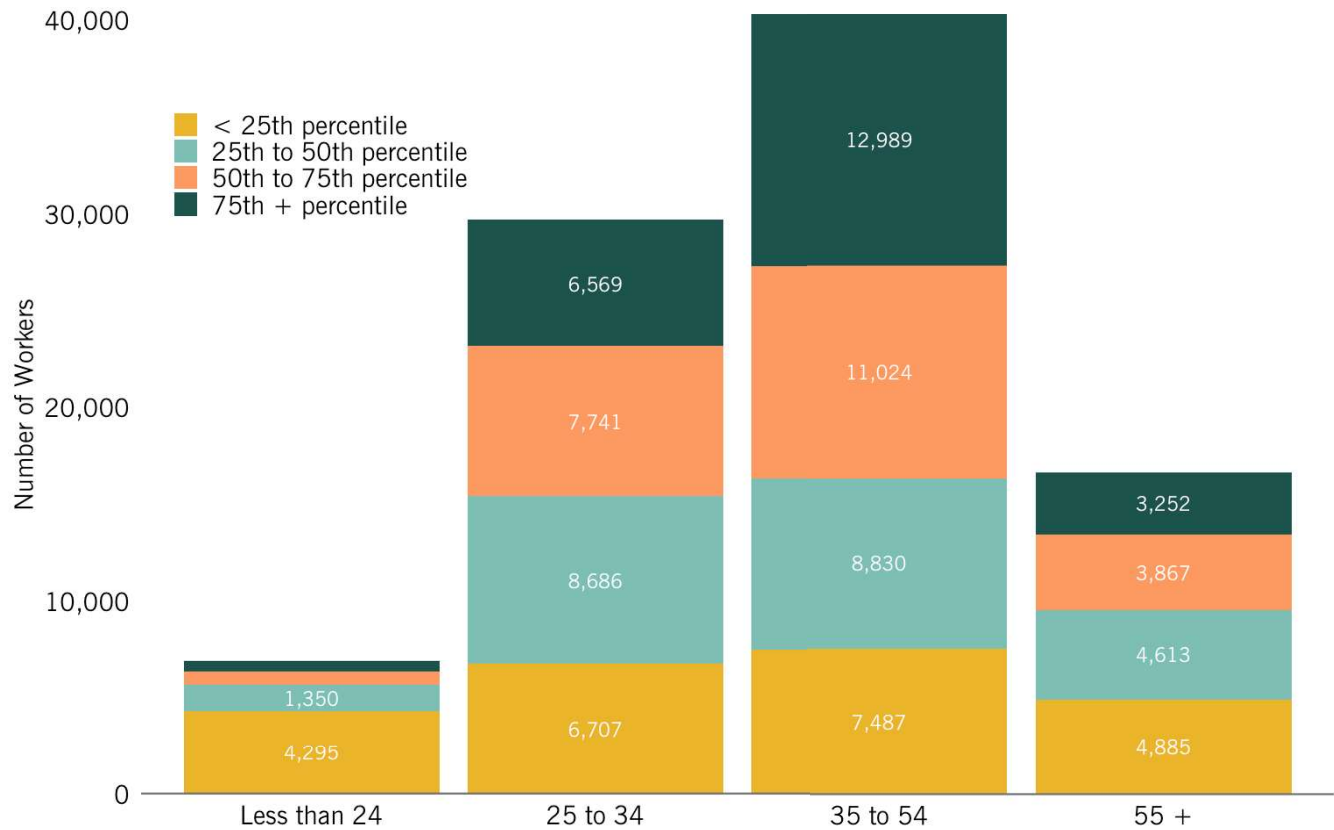
Data Source: US Census ACS 5-year PUMS Estimates, 2024

How old are low-wage workers?

About 18 percent of low-wage workers are less than 24 years old, which is a relatively small share of the workforce. Workers under 24 under are more likely to be low-wage workers, however only 7 percent of all workers are under 24.



Exhibit 16. Age and Wage Distribution, Kirkland



Data Source: US Census ACS 5-year PUMS Estimates, 2024

Of those low-wage workers 24 and under (4,295 people) 49 percent (or 2,125) are in school (any type) and 67 percent (2,870) live with their families. Young adults living with their families make up only 12 percent of all low-wage workers.

A minimum wage increase in Kirkland would primarily impact workers concentrated in retail, food service, and other hospitality and care-related occupations, who are disproportionately part-time, younger, less-educated, and female. Contrary to the narrative sometimes used to argue against local minimum wage increases, these are mostly not teenagers living at home or secondary earners in otherwise comfortable households, low-wage workers are largely adults in households that are already more cost-burdened and more likely to be in or near poverty than Kirkland households overall. The benefits would also extend well beyond Kirkland's own residents, since most people who work in the city commute in from elsewhere, meaning a local increase would mainly reach a regional workforce keeping Kirkland's retail, hospitality, health care, and service sectors running, in a city where the current wage floor falls well short of the local cost of living.

