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Economic Effects of a California Minimum Wage Increase: An Econometric Scoring of AB 10

This report analyzes the potential economic impact of implementing the changes to California minimum wage laws contained in Assembly Bill No. 10 on private sector employment and production. AB 10, originally introduced on December 3, 2012 by Assembly Member Luis A. Alejo would gradually increase the minimum wage in California over time to $9.25 in 2016 and provide for future increases in the minimum wage dependent rates of future inflation. The long-run effect of the legislation would be the destruction of jobs and economic production in the state of California. Depending upon the rate of inflation in future years, enacting AB 10 could result in over 68,000 lost jobs in California over a ten-year period and a reduction in real output of $5.7 billion. More than 63 percent of the lost jobs would be jobs from the small business sector of the economy.

Introduction

Employers in all fifty states are required to offer workers a minimum wage in exchange for their labor. The primary federal statute in the area of minimum wages is the Fair Labor Standards Act (FLSA) of 1938 which, as amended, establishes a basic minimum wage that must be paid to covered workers. The current federal minimum wage is $7.25 per hour. States are permitted to establish their own minimum wages which have the potential to replace the federal rate as the basic minimum wage, provided that the state minimum wage established exceeds the federal rate. The effective minimum wage in the state of California is currently $8.00, seventy-five cents higher than the federal rate (**Table 1**).

Table 1: Historical Effective Minimum Wage Rates for California

Year	Minimum Wage	Year	Minimum Wage
1972	$1.65	1993	$4.25
1973	$1.65	1994	$4.25
1974	$1.65	1995	$4.25
1975	$1.65	1996	$4.25
1976	$2.00	1997	$4.25
1977	$2.00	1998	$4.25
1978	$2.00	1999	$4.25
1979	$2.90	2000	$5.75
1980	$2.90	2001	$6.25
1981	$3.35	2002	$6.75
1982	$3.35	2003	$6.75
1983	$3.35	2004	$6.75
1984	$3.35	2005	$6.75
1985	$3.35	2006	$6.75
1986	$3.35	2007	$7.50
1987	$3.35	2008	$8.00
1988	$3.35	2009	$8.00
1989	$3.35	2010	$8.00
1990	$3.35	2011	$8.00
1991	$3.35	2012	$8.00
1992	$4.25	2013	$8.00

Source: Department of Labor

Despite an increase of 18.5 percent in the state minimum wage over the past decade, state legislators continue to push for additional increases. The most recent attempt takes the form of AB 10, a bill originally introduced on December 3, 2012 by Assembly Member Luis A. Alejo. If passed, the bill would raise the minimum wage to $8.25 in 2014, $8.75 in 2015, and $9.25 in 2016. Future increases to the state minimum wage rate would be guaranteed vis-à-vis indexation to increases in the California Consumer Price Index on an annual basis.

This brief report quantifies the potential economic impact implementation of AB 10 might have on California small businesses and their employees by using the Business Size Insight Module (BSIM). The BSIM is a dynamic, multi-region model based on the Regional Economic Models, Inc. (REMI) structural economic forecasting and policy analysis model which integrates input-output, computable general equilibrium, econometric, and economic geography methodologies. It has the unique ability to forecast the economic impact of public policy and proposed legislation on different categories of U.S. businesses differentiated by size of firm. Forecast variables include levels of private sector employment and real output. By comparing simulation results for scenarios which include proposed or yet-to-be-implemented policy changes with the model's baseline forecast, the BSIM is able to obtain estimates of how these policy changes would impact employer firms and their employees.

Description of New Employer Costs Under AB 10

Minimum wage increases raise the cost of labor for employers.[1] AB 10 is no exception to this rule. Increases to the California minimum wage law constitute a direct increase in employer costs. Intended to take effect on January 1, 2014, the bill would increase the minimum wage to $9.25 in 2016 in stages over three years. Annual adjustments in future years would be linked increases in the cost of living as measured by the California Consumer Price Index.

The precise amount of additional wages employers must pay under AB 10 is uncertain since future wage increases depend upon future (unknown) cost of living adjustments (COLA). Due to this uncertainty, the analysis in this report relies on a set of three different COLA paths which, with the assistance of the BSIM, provide a *range* of potential employment and production effects resulting from AB 10's implementation. The three paths chosen for this analysis were a path with no increases in the cost of living in future years, a path with two percent annual increases in the cost of living, and a path with four percent annual increases in the cost of living. These three paths, given historical rates of increases in the cost of living, can reasonably be expected to include within their range the actual, realized path of future cost of living adjustments. **Table 2** presents the hypothetical paths the California minimum wage would take under these three scenarios assuming that AB 10 is implemented in 2014.

Larger increases in cost of living adjustments translate to larger increases from the status quo minimum wage, leading to larger additional employer costs in future years. The additional per-employee wage burdens shouldered by employers in future years is presented in **Table 3** in percentage terms. Assuming zero percentage changes to the cost of living in future years, the increase of the minimum wage to $9.25 per hour represents a 15.6 percent increase in the minimum wage. In contrast, constant cost of living adjustments of two percent annually will result in a 32.8 percent increase in the minimum wage in 2023, ten years from 2014, the assumed

[1] Good overviews of the literature on the minimum wage can be found in:

Brown, Charles, Curtis Gilroy, and Andrew Cohen, "The Effect of the Minimum Wage on Employment and Unemployment: A Survey," NBER Working Paper No. 846, January 1982;

Neumark, David and William Wascher, "Minimum Wages, Labor Market Institutions, and Youth Employment: A Cross-National Analysis," Industrial and Labor Relations Review, Vol. 57, No. 2, January 2004.

year of implementation. Constant cost of living adjustments of four percent annually will result in a minimum wage that is 52.2 percent higher than it is today.

Table 2: Future California Minimum Wage Trajectories Under Different Cost of Living Adjustment Paths

Year	Hypothetical Minimum Wage Schedule, 0 Percent COLA Path	Hypothetical Minimum Wage Schedule, 2 Percent COLA Path	Hypothetical Minimum Wage Schedule, 4 Percent COLA Path
2013	$8.00	$8.00	$8.00
2014	$8.25	$8.25	$8.25
2015	$8.75	$8.75	$8.75
2016	$9.25	$9.25	$9.25
2017	$9.25	$9.44	$9.62
2018	$9.25	$9.62	$10.00
2019	$9.25	$9.82	$10.40
2020	$9.25	$10.01	$10.82
2021	$9.25	$10.21	$11.25
2022	$9.25	$10.42	$11.70
2023	$9.25	$10.63	$12.17

Table 3: Per-Employee Percentage Increase in Minimum Wage (Compared to Status Quo) Under Different Cost of Living Adjustment Paths

Year	Hypothetical Minimum Wage Schedule, 0 Percent COLA Path	Hypothetical Minimum Wage Schedule, 2 Percent COLA Path	Hypothetical Minimum Wage Schedule, 4 Percent COLA Path
2014	3.1%	3.1%	3.1%
2015	9.4%	9.4%	9.4%
2016	15.6%	15.6%	15.6%
2017	15.6%	17.9%	20.3%
2018	15.6%	20.3%	25.1%
2019	15.6%	22.7%	30.1%
2020	15.6%	25.2%	35.3%
2021	15.6%	27.7%	40.7%
2022	15.6%	30.2%	46.3%
2023	15.6%	32.8%	52.2%

An important aspect of modeling minimum wage increases is "tipped" employees. According to the U.S. Department of Labor (DOL), tipped employees are employees who "customarily and regularly receive more than $30 per month in tips."[2] Employers may use tips received by such employees as a credit against their minimum wage obligations to the employees,

[2] For detailed information on tipped employees, a useful resource is the DOL fact sheet available here: http://www.dol.gov/whd/regs/compliance/whdfs15.pdf.

provided that a minimum cash wage, currently set to $2.13 per hour at the federal level, is also paid to the employees. States have the option of establishing their own cash wage. California's current cash wage is approximately $8.00 per hour.[3] AB 10 does not specifically reference tipped employees. For this analysis, it is assumed that the mandated cash wage paid to tipped employees adjusts according to the schedule of the state minimum wage.

A second issue a modeler must concern himself with when modeling an increase in the state minimum wages is business size exemptions. Some states exempt businesses of a certain size from minimum wage requirements. The state of Illinois, for example, exempts employer firms with three or fewer employees from minimum wage laws. No such exemptions exist for the state of California, and all employer firms in the state are therefore assumed to be affected by AB 10.

A third issue takes the form of potential "emulation effects" associated with individuals earning near (just above) the minimum wage. Some of these individuals will earn between $8.00 per hour and $9.25 and will see their wages raised automatically to $9.25 by 2016 if the bill passes, although their wages may increase to even higher levels if employers attempt to maintain the pre-implementation wage structure. Other workers will earn just slightly above $9.25 and despite not being affected directly by the legislation, can be expected to pressure their employers for a raise in order to maintain the wage premium between them and the lowest-earning individuals in the economy. Failure to increase the wages of near-minimum-wage earners and allowing wage compression to occur may result in workers expressing their dissatisfaction by reducing work effort or leaving. Research suggests that "relative wages are important to workers," and "firms may find it in their profit-maximizing interest to increase [near-minimum-wage] workers' wages when minimum wages increase, in an attempt to restore work effort."[4] For the modeler, a key concern involves estimating how many workers can be expected to contribute to such emulation effects. Based upon state-level data from the Bureau of Labor Statistics, for this analysis it was adjudged that 15 percent of California's private sector employees less those individuals directly affected by AB 10 would also see per capita raises equal to the dollar amount in wage increases experienced by workers earning *at* the minimum wage (equivalent to a staggered increase of $1.25 per hour over the first three years following

[3] A good source for information on mandated cash wages paid to tipped employees by state is the National Restaurant Association's minimum wage map, available at http://www.restaurant.org/Downloads/PDFs/advocacy/maps/map_minwage_rates.

[4] Grossman, Jean Baldwin, "The Impact of the Minimum Wage on Other Wages," The Journal of Human Resources, Vol. 18, No. 3 (Summer 1983).

bill implementation).[5] Wage increases for these workers are assumed to occur simultaneously with the future scheduled increases in the minimum wage.[6]

Besides the direct cost of higher wages in an increased minimum wage scenario, there are significant additional employer costs in the form additional payroll taxes that must be paid on wage differentials. In general, an employer's share of payroll taxes equals 7.65 percent of employee wages and salary. Of this 7.65 percent, 6.2 percentage points are intended to help fund old age, survivors, and disability insurance, and 1.45 percentage points go toward helping to pay for Medicare hospital insurance. Employers in all three modeled scenarios can expect to pay more in payroll taxes as a consequence of a minimum wage increase.[7]

No Changes to Government Demand

Given that a mandated minimum wage has been in effect for decades, it is assumed that government mechanisms to monitor compliance with the statute are established and well-developed. An increase in the minimum wage therefore should not require the development of new government mechanisms or materially increase government administrative costs. Therefore, there are no projected increases in government demand resulting from the implementation of AB 10.

Additional Private Spending in the Economy

Consumers in an economy have two choices of what to do with their after-tax income. They can either choose to spend it, thereby increasing consumption within the economy, or they can elect to save it, and in doing so potentially increase investment in the economy. Government stimulus programs frequently focus on transferring wealth to lower-earning individuals because of the strong likelihood that these individuals will elect to spend the additional wealth in the short run, producing a temporary consumption-fueled boost to the economy, rather than to save. Consistent with expectations pertaining to increases in income for low-income workers, this

[5] According to the Bureau of Labor Statistics, California wage earners at the 10th percentile earn $9.04 per hour, while those at the 25th percentile earned $11.46 per hour. Emulation effects can be assumed to occur among workers who earn near (within a few dollars of) the minimum wage. Workers at the 15th percentile currently earn less than three dollars more than the proposed new minimum wage level and can reasonably be expected to press for the restoration of the original wage structure. It is assumed that emulation effects do not occur for workers earning above the 15th percentile. For workers earning at or below the 15th percentile, it is assumed that earnings increase by $0.25 in 2014, by $0.50 in 2015, and by an additional $0.50 in 2016.

[6] The assumption that wage changes due to emulation effects occur simultaneously with the minimum wage increase is supported by research suggesting that "any substantial emulation effects are not long delayed, which seems plausible because increases in the minimum are [typically] well-advertised in advance." See Gramlich, Edward M., "Impact of Minimum Wages on Other Wages, Employment, and Family Incomes," *Brookings Papers on Economic* Activity, The Brookings Institution, 1974, downloadable at: http://www.brookings.edu/~/media/projects/bpea/1976%202/1976b_bpea_gramlich_flanagan_wachter.pdf.

[7] Payroll taxes modeled in this analysis only include federal taxes. An increase in the CA minimum wage could also impact state payroll taxes paid by employers, including the state unemployment insurance tax and the employment training tax, which are both funded by employers. Additionally, increasing the minimum wage will also make more employees potentially eligible to receive unemployment insurance. These consequences constitute potential additional employer costs not modeled in this analysis.

analysis assumes that new additional income received by minimum wage earners is spent (and not saved), leading to a commensurate and immediate increase in consumption equal to the full value of the cumulative wage boosts received. Seventy-five percent of this new spending is assumed to occur in the retail trade industry. Twenty-five percent is assumed to occur in services. This assumption will have a countervailing effect on any negative employment and growth effects predicted by the model.

Simulation Results

BSIM simulation results for the three modeled scenarios are provided below. All employment figures are in unit form, while output figures are presented in billions of dollars. Job losses forecast in year 2023 range from approximately 46,000 to 68,000. In all three scenarios, the small business sector is projected to shoulder at least 63 percent of the job losses. Estimates of the reduction in real output[8] from its baseline in year 2023 range from approximately $4.7 billion to $5.7 billion.

Simulation Results for a Minimum Wage Increase with a Zero Percent COLA Path

For the scenario of a minimum wage increase with no assumed future cost of living adjustments, the BSIM forecasts that there will be 46,000 fewer jobs in 2023 due to the implementation of AB 10 (**Table 4**). More than 63 percent of the jobs lost in the zero percent inflation scenario are in the small business sector. In addition, California gross domestic product is forecast to be $4.7 billion less in 2023 compared to the baseline scenario (in which no minimum wage increase takes place) (**Table 5**).

Table 4: Employment Difference from Baseline (Units), Zero Percent Cost of Living Increase Path

Firm Size	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Percent of Total (2023)
1-4 Employees	228	461	280	-714	-1,635	-2,405	-3,028	-3,526	-3,907	-4,191	9.0%
5-9 Employees	291	650	593	-390	-1,309	-2,074	-2,695	-3,186	-3,562	-3,837	8.3%
10-19 Employees	338	766	733	-375	-1,419	-2,291	-3,008	-3,572	-3,999	-4,313	9.3%
20-99 Employees	739	1,657	1,524	-1,009	-3,406	-5,427	-7,085	-8,388	-9,377	-10,097	21.7%
100-499 Employees	576	1,314	1,271	-598	-2,342	-3,804	-4,995	-5,926	-6,628	-7,136	15.4%
500 + Employees	3,063	7,635	9,412	3,047	-2,506	-6,996	-10,578	-13,343	-15,392	-16,863	36.3%
< 20 Employees	857	1,877	1,606	-1,479	-4,363	-6,770	-8,731	-10,284	-11,468	-12,341	26.6%
< 100 Employees	1,596	3,534	3,130	-2,488	-7,769	-12,197	-15,816	-18,672	-20,845	-22,438	48.3%
< 500 Employees	2,172	4,848	4,401	-3,086	-10,111	-16,001	-20,811	-24,598	-27,473	-29,574	63.7%
All Firms	**5,235**	**12,483**	**13,813**	**-39**	**-12,617**	**-22,997**	**-31,389**	**-37,941**	**-42,865**	**-46,437**	**100.0%**

[8] The term "output" refers to the aggregate output of the California economy (CA gross domestic product (GDP)). GDP has three possible definitions: (1) the value of final goods and services produced in an economy during a given period (as opposed to raw materials or intermediate goods which are produced or sourced earlier in the production process), (2) the sum of value added during a given period, or (3) the sum of incomes in the economy during a given period. It is a technical term whose significance may be better understood by the reader if she considers that because of the first definition, output serves as a rough proxy for sales.

Table 5: Real Output Difference from Baseline ($Billions), Zero Percent Cost of Living Increase Path

Firm Size	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Percent of Total (2023)
1-4 Employees	0.044	0.112	0.141	0.048	-0.040	-0.116	-0.179	-0.229	-0.267	-0.295	6.3%
5-9 Employees	0.049	0.126	0.168	0.079	-0.007	-0.082	-0.144	-0.194	-0.232	-0.260	5.6%
10-19 Employees	0.056	0.144	0.189	0.085	-0.016	-0.104	-0.178	-0.236	-0.281	-0.314	6.7%
20-99 Employees	0.121	0.307	0.384	0.119	-0.135	-0.355	-0.539	-0.684	-0.795	-0.874	18.7%
100-499 Employees	0.087	0.214	0.249	0.027	-0.179	-0.355	-0.499	-0.613	-0.698	-0.759	16.3%
500 + Employees	0.380	0.967	1.221	0.419	-0.287	-0.871	-1.344	-1.709	-1.978	-2.167	46.4%
< 20 Employees	0.149	0.382	0.498	0.212	-0.063	-0.302	-0.501	-0.659	-0.780	-0.869	18.6%
< 100 Employees	0.270	0.689	0.882	0.331	-0.198	-0.657	-1.040	-1.343	-1.575	-1.743	37.3%
< 500 Employees	0.357	0.903	1.131	0.358	-0.377	-1.012	-1.539	-1.956	-2.273	-2.502	53.6%
All Firms	**0.737**	**1.870**	**2.352**	**0.777**	**-0.664**	**-1.883**	**-2.883**	**-3.665**	**-4.251**	**-4.669**	**100.0%**

Simulation Results for a Minimum Wage Increase with a Two Percent COLA Path

For the scenario of a minimum wage increase with an assumed future cost of living adjustment path of two percent annually, the BSIM forecasts that there will be 58,000 fewer jobs in 2023 due to the implementation of AB 10 (**Table 6**). Sixty-seven percent of the jobs lost in the two percent inflation scenario are in the small business sector. In addition, California gross domestic product is forecast to be $5.3 billion less in 2023 compared to the baseline scenario (in which no minimum wage increase takes place) (**Table 7**).

Table 6: Employment Difference from Baseline (Units), Two Percent Cost of Living Increase Path

Firm Size	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Percent of Total (2023)
1-4 Employees	228	461	280	-560	-1,479	-2,380	-3,259	-4,111	-4,927	-5,703	9.8%
5-9 Employees	291	650	593	-193	-1,060	-1,915	-2,753	-3,556	-4,323	-5,054	8.7%
10-19 Employees	338	766	733	-146	-1,122	-2,089	-3,034	-3,944	-4,812	-5,640	9.7%
20-99 Employees	739	1,657	1,524	-493	-2,746	-5,001	-7,200	-9,323	-11,343	-13,257	22.9%
100-499 Employees	576	1,314	1,271	-194	-1,805	-3,417	-4,988	-6,492	-7,925	-9,278	16.0%
500 + Employees	3,063	7,635	9,412	5,165	721	-3,598	-7,757	-11,729	-15,459	-18,980	32.8%
< 20 Employees	857	1,877	1,606	-899	-3,661	-6,384	-9,046	-11,611	-14,062	-16,397	28.3%
< 100 Employees	1,596	3,534	3,130	-1,392	-6,407	-11,385	-16,246	-20,934	-25,405	-29,654	51.2%
< 500 Employees	2,172	4,848	4,401	-1,586	-8,212	-14,802	-21,234	-27,426	-33,330	-38,932	67.2%
All Firms	**5,235**	**12,483**	**13,813**	**3,579**	**-7,491**	**-18,400**	**-28,991**	**-39,155**	**-48,789**	**-57,912**	**100.0%**

Table 7: Real Output Difference from Baseline ($Billions), Two Percent Cost of Living Increase Path

Firm Size	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Percent of Total (2023)
1-4 Employees	0.044	0.112	0.141	0.080	0.009	-0.062	-0.134	-0.204	-0.271	-0.334	6.3%
5-9 Employees	0.049	0.126	0.168	0.114	0.050	-0.015	-0.082	-0.146	-0.207	-0.265	5.0%
10-19 Employees	0.056	0.144	0.189	0.125	0.049	-0.030	-0.109	-0.185	-0.259	-0.330	6.3%
20-99 Employees	0.121	0.307	0.384	0.207	0.004	-0.207	-0.417	-0.621	-0.818	-1.004	19.1%
100-499 Employees	0.087	0.214	0.249	0.091	-0.084	-0.263	-0.440	-0.611	-0.775	-0.931	17.7%
500 + Employees	0.380	0.967	1.221	0.699	0.153	-0.396	-0.932	-1.451	-1.942	-2.405	45.6%
< 20 Employees	0.149	0.382	0.498	0.319	0.108	-0.107	-0.325	-0.535	-0.737	-0.929	17.6%
< 100 Employees	0.270	0.689	0.882	0.526	0.112	-0.314	-0.742	-1.156	-1.555	-1.933	36.7%
< 500 Employees	0.357	0.903	1.131	0.617	0.028	-0.577	-1.182	-1.767	-2.330	-2.864	54.4%
All Firms	**0.737**	**1.870**	**2.352**	**1.316**	**0.181**	**-0.973**	**-2.114**	**-3.218**	**-4.272**	**-5.269**	**100.0%**

Simulation Results for a Minimum Wage Increase with a Four Percent COLA Path

For the scenario of a minimum wage increase with an assumed future cost of living adjustment path of four percent annually, the BSIM forecasts that there will be over 68,000 fewer jobs in 2023 due to the implementation of AB 10 (**Table 8**). Seventy percent of the jobs lost in the four percent inflation scenario are in the small business sector. In addition, California gross domestic product is forecast to be $5.7 billion less in 2023 compared to the baseline scenario (in which no minimum wage increase takes place) (**Table 9**).

Table 8: Employment Difference from Baseline (Units), Four Percent Cost of Living Increase Path

Firm Size	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Percent of Total (2023)
1-4 Employees	228	461	280	-403	-1,303	-2,326	-3,450	-4,649	-5,899	-7,189	10.5%
5-9 Employees	291	650	593	6	-798	-1,732	-2,762	-3,867	-5,025	-6,217	9.1%
10-19 Employees	338	766	733	90	-804	-1,849	-3,007	-4,250	-5,554	-6,898	10.1%
20-99 Employees	739	1,657	1,524	20	-2,062	-4,506	-7,201	-10,111	-13,152	-16,286	23.8%
100-499 Employees	576	1,314	1,271	214	-1,249	-2,976	-4,889	-6,953	-9,106	-11,327	16.6%
500 + Employees	3,063	7,635	9,412	7,293	4,040	54	-4,529	-9,566	-14,869	-20,388	29.8%
< 20 Employees	857	1,877	1,606	-307	-2,905	-5,907	-9,219	-12,766	-16,478	-20,304	29.7%
< 100 Employees	1,596	3,534	3,130	-287	-4,967	-10,413	-16,420	-22,877	-29,630	-36,590	53.6%
< 500 Employees	2,172	4,848	4,401	-73	-6,216	-13,389	-21,309	-29,830	-38,736	-47,917	70.2%
All Firms	**5,235**	**12,483**	**13,813**	**7,220**	**-2,176**	**-13,335**	**-25,838**	**-39,396**	**-53,605**	**-68,305**	**100.0%**

Table 9: Real Output Difference from Baseline ($Billions), Four Percent Cost of Living Increase Path

Firm Size	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Percent of Total (2023)
1-4 Employees	0.044	0.112	0.141	0.111	0.061	-0.005	-0.082	-0.169	-0.262	-0.360	6.3%
5-9 Employees	0.049	0.126	0.168	0.149	0.110	0.055	-0.012	-0.088	-0.170	-0.257	4.5%
10-19 Employees	0.056	0.144	0.189	0.165	0.117	0.050	-0.032	-0.123	-0.223	-0.328	5.8%
20-99 Employees	0.121	0.307	0.384	0.295	0.146	-0.051	-0.278	-0.536	-0.814	-1.104	19.4%
100-499 Employees	0.087	0.214	0.249	0.155	0.014	-0.164	-0.368	-0.594	-0.834	-1.087	19.1%
500 + Employees	0.380	0.967	1.221	0.979	0.604	0.115	-0.467	-1.120	-1.816	-2.551	44.9%
< 20 Employees	0.149	0.382	0.498	0.425	0.288	0.100	-0.126	-0.380	-0.655	-0.945	16.6%
< 100 Employees	0.270	0.689	0.882	0.720	0.434	0.049	-0.404	-0.916	-1.469	-2.049	36.0%
< 500 Employees	0.357	0.903	1.131	0.875	0.448	-0.115	-0.772	-1.510	-2.303	-3.136	55.1%
All Firms	**0.737**	**1.870**	**2.352**	**1.854**	**1.052**	**0.000**	**-1.239**	**-2.630**	**-4.119**	**-5.687**	**100.0%**

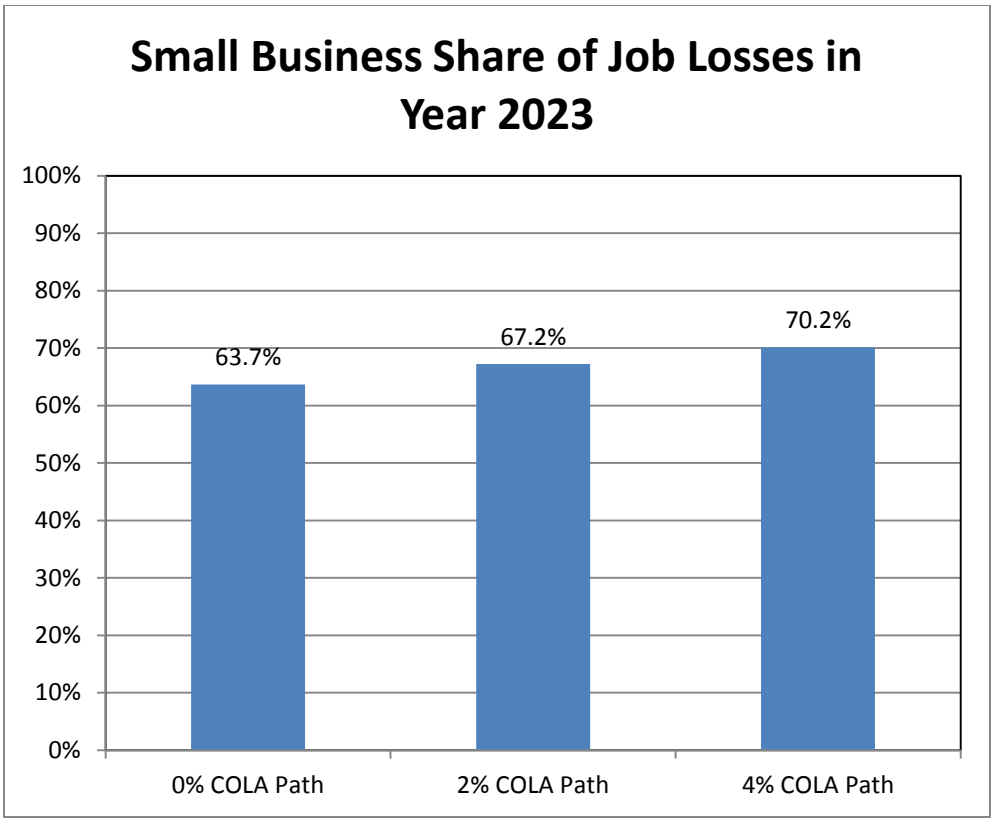

Figure 1

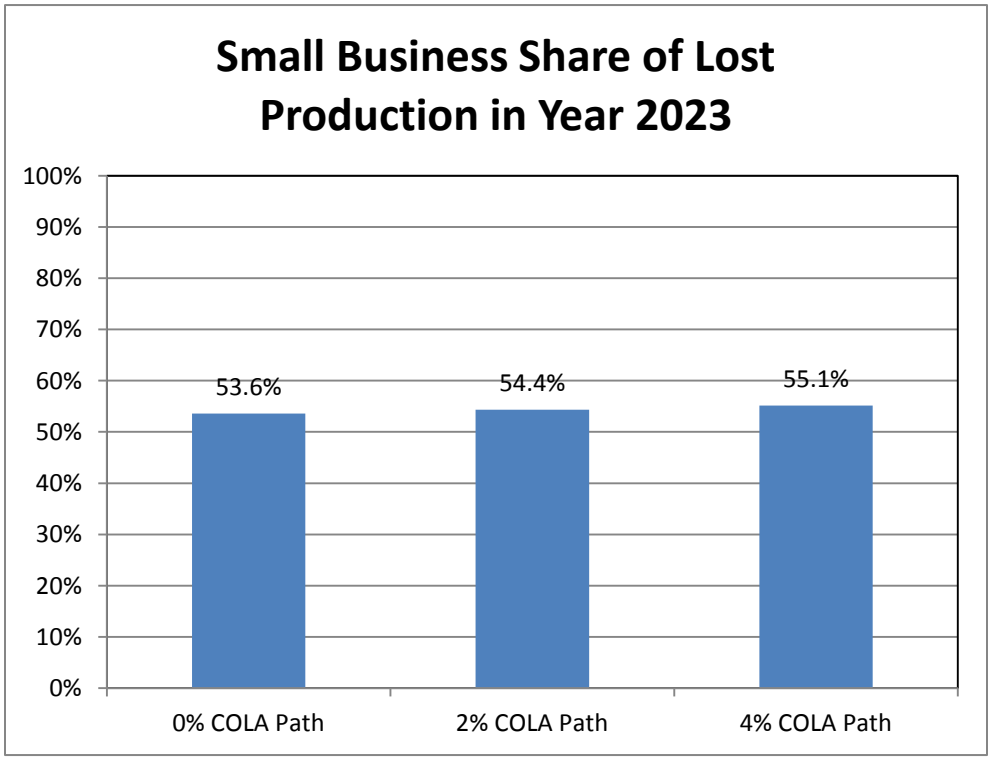

Figure 2