

Locally Controlled Minimum Wages Are No Closer to Public Preferences

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Abstract

Does decentralizing policymaking authority to the local level lead to a closer match between public policies and citizen preferences? We study this question in the context of minimum wage laws, a salient and substantively important policy area with significant variation in the degree of local policymaking discretion. Using novel survey data and aggregation methods, we generate estimates of minimum wage preferences for all cities across the U.S. and compare these preferences to actual minimum wages. We find that prevailing minimum wages are generally lower than residents prefer, and this conservative bias is most pronounced in states with preemption laws. However, locally controlled minimum wages leapfrog public preferences and are higher than residents want, on average. Finally, we consider how various counterfactual policies might improve representation and conclude that a top-down approach with minimum wages tailored to local conditions would produce the closest match between preferences and policies.

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Introduction

Can decentralizing policymaking authority to the local level improve how well mass preferences are represented by public policy? In the U.S., existing research demonstrates a high degree of *policy responsiveness*, that is, a strong correlation between citizen ideology and policy outcomes across U.S. states, with more liberal states implementing more liberal policies (Erikson, Wright, and McIver, 1993; Caughey, Xu, and Warshaw, 2017). At the same time, scholars have also provided evidence of *policy bias*, or ideological deviation between policy outcomes and public opinion within states (Matusaka, 2010; Lax and Phillips, 2012; Simonovits, Guess, and Nagler, 2019). In sum, the literature on statehouse democracy conveys a mixed message: state legislation appears to respond to changes in mass opinion (Caughey and Warshaw, 2018), but policies are far removed from average preferences (Simonovits, Guess, and Nagler, 2019).

Political scientists and economists often assume that delegating policymaking authority to local governments will facilitate a better match between local tastes and policy outcomes (e.g. Oates et al., 1972; Tiebout, 1956; Brennan, Buchanan et al., 1980; Weingast, 1995). However, the focus of empirical research on the central tendency of state preferences — but *not* their variation — has made it impossible to assess how much devolving policy decisions improves representation vis-a-vis more centralized policy-making. While some studies have explored the opinion-policy relationship below the level of states (e.g. Tausanovitch and Warshaw, 2014), existing work has not examined whether the degree of decentralization improves how well mass preferences are represented by policy.

We study this question in the context of local minimum wages laws in the U.S. Minimum wages play an important role in determining earnings inequality (Autor, Manning, and Smith, 2016), and a majority of minimum wage workers are women and people of color (Huizar and Lathrop, 2019). In addition to being an important and salient topic over which average citizens have strong preferences, local minimum wages are an ideal case to study policy representation because we can easily quantify local preferences and policies on the same cardinal scale in order to meaningfully evaluate the degree of policy bias. While not the only way to measure representation, this distance-based notion of representation builds on both classic theoretical and recent empirical research (e.g. Achen, 1978; Dahl, 1973; Simonovits, Guess, and Nagler, 2019) and provides an intuitive way to think about how well policies match aggregate preferences. Moreover, substantial variation

exists in the degree to which minimum wage policy is decentralized. Some states allow local governments to adopt their own minimum wages, while others preempt this ability.

Existing theoretical work on federalism and decentralization typically argues that if tastes for a policy vary geographically or if local politicians have better knowledge of local conditions, then decentralized policies will come closer to matching mass preferences (De Montesquieu, 1989; Hayek, 1939; Oates, 1999). Recent research also demonstrates that 1) state minimum wage laws display a strong conservative bias and 2) substantial sub-state variation exists over minimum wage preferences (Simonovits, Guess, and Nagler, 2019). If city residents have more homogeneous political tastes due to geographic sorting, local governments might be more constrained by the preferences of the median voter (Gerber and Lewis, 2004), and minimum wages adopted at the city-level should more closely reflect public preferences.

However, if local policymakers are unwilling or unable to learn about the tastes of their constituents and enact policies that cater to those preferences, then delegating policymaking authority will not improve representation. Cities often have trouble passing policies that benefit low-income residents due to the economic pressures of Tiebout (1956) sorting (e.g. Peterson et al., 1981), and it's also unclear whether local units must necessarily adopt their own policies in order to reap the benefits of decentralization (Treisman, 2007). Higher level governments can also tailor policies to local preferences from above, which is the case in several states including Oregon and New York. Whether decentralizing policymaking authority to the city-level or having state-mandated variation in local policies is better for representation is thus an open empirical question.

This study adds to our understanding of decentralization and policy representation by making three distinct contributions. First, we use a novel procedure to estimate local preferences over minimum wages for all U.S. cities. Second, we provide meaningful measures of the degree of policy bias by estimating the deviation in dollars between local minimum wage preferences and prevailing minimum wages. Finally, we examine how closely the prevailing minimum wage comes to reflecting these preferences when policy-making is more or less decentralized. We show that policy delegation does not lead to unambiguous improvement and offer suggestive evidence that centrally established minimum wages tailored to local cost of living would produce the closest match between policy and preferences.

Research Design

Minimum wages in the U.S.

In the U.S., the federal minimum wage has been \$7.25 since 2009. While this minimum rate applies nationwide to most employers, states are permitted to set higher mandatory minimum wages, and some local governments are also able to enact local ordinances to increase the minimum wage within their jurisdiction. As of 2020, twenty-nine states and over forty cities and counties maintain higher minimum wages than the federal benchmark. At the same time, twenty-five states have recently passed laws preempting the ability of local governments to set their own minimum wages, and twelve cities and counties have seen their laws invalidated. Finally, New York and Oregon ban local governments from adopting their own minimum wages but require different minimum wages across regions (with the highest wages in places like New York City and the Portland metro area).

Table 1: Summary of Minimum Wage Policy Conditions

Condition	Definition	Example
Preempted	Includes cities in 25 states that have passed explicit preemption laws. Cities are prohibited from setting local minimum wages and must adopt the state law.	All cities in the following states: ID, ND, WI, MI, RI, IA, IN, OH, PA, UT, CO, MO, KY, KS, AR, TN, NC, SC, OK, LA, MS, AL, GA, TX, FL
Tiered	Includes cities in Oregon and New York. Cities cannot adopt their own minimum wages but can have differential wages, as mandated by the state.	Most cities in New York State have their minimum wages set at \$11.80 per hour. However, cities in Long Island & Westchester County have minimum wages of \$13, and NYC has a minimum wage of \$15.
State	Includes cities in states that don't have preemption but that choose not to enact local minimum wages.	All cities in ME, NH, VT, MS, IL, MN, MN, WA, NV, WY, SD, NJ, CN, CA, NE, WV, VA, MD, DE, AZ, NM, AK, and HI that choose to follow the state minimum wage
Local	Includes all cities where there is a local minimum wage ordinance in place, set by either the city or county.	Includes cities like Berkeley, CA, Chicago, IL, and all cities in counties like Montgomery, MD

Given this variation in policy decentralization, we are able to descriptively examine how

closely prevailing minimum wages reflect local resident preferences across the following conditions: 1) cities in states without preemption that have passed local minimum wage ordinances; 2) cities in states without preemption that adopt the state minimum wage; 3) cities in states with preemption that are unable to set their own minimum wages; 4) cities in New York and Oregon that have been forced to adopt different minimum wages via the state. Each of these conditions is summarized with specific examples in Table 1.

Data Collection

We gathered data via a series of large online surveys fielded in 2020 through the survey vendor Lucid ($n = 18,071$). Lucid is a large marketplace for online survey panels (Coppock and McClellan, 2018) that allows researchers to field surveys to a diverse population and offers quota sampling. We asked versions of the following question: *In your view, what should be the minimum hourly wage in the town or city you currently live in?* We required subjects to enter a numeric response to a box and top coded these responses at \$30. For each survey respondent we also obtained basic demographic data (age, gender, education, race, income) as well as their zip codes, which we used to merge respondents to their respective cities of residence.¹

We use a comprehensive dataset of U.S. cities obtained from simplemaps, a commercial product that provides city-level demographic estimates—along with a host of other geographic data—on every single U.S. municipality. The source of these data is the most recent American Community Survey. We complement this dataset with county-level data on election returns from the 2016 presidential election as well city-level rental prices obtained from a commercial website (Salviati and Woo, 2020). Finally, we merge our city-level dataset with a compilation of state and local laws influencing local minimum wages. First, we compiled a dataset of local minimum wage laws implemented either at the city or county level. Then, we compiled state minimum wage laws, some of which mandate different minimum wages within different parts of a state (in New York and Oregon). Based on these data, we were able to establish the effective minimum wage in each U.S. city and whether this policy was established at the state or local level. Finally, we also collected data on state-level preemption laws that ban localities from implementing their own local minimum wage laws.

¹We obtained consent from participants by providing on the first screen of the survey a brief description of the research project and asking for their voluntary participation. Respondents were paid \$1 (the standard compensation offered by Lucid) for a 15 minute survey. Lucid, or their vendors, compensated the participants.

Methods

The key difficulty in estimating average city-level preferences over minimum wages is that we only have relatively small and non-representative samples of survey respondents for each city. For instance our 18,000 respondents concentrate in 11,262 cities with only 6 cities contributing over 100 respondents and about 75% of cities contributing only 1 respondent. Existing research has typically mitigated this issue using a procedure called multilevel regression with poststratification (MRP) (Ghitza and Gelman, 2013; Lax and Phillips, 2012), which uses data from national surveys and multilevel modeling to generate opinion estimates by demographic or geographic subgroups. These estimates can then be weighted by the percentage of each subgroup appearing in the population of the subnational unit of interest.

A crucial—though somewhat counterintuitive—feature of MRP is that it can provide estimates of local preferences even for localities from which *no* data is collected. The model estimates local preferences for places without any data collected based on these places’ similarity to other localities in terms of their observed characteristics that predict the outcome of interest. For instance, if our model “learns” from the available data that, on average, liberal residents in California cities with high rental prices (like Mountain View or Menlo Park) have high minimum wage preferences, it can make a prediction for a city from which no data was collected but which is similar to other cities in terms of observable traits (e.g. Palo Alto). Of course, the precision of these estimates hinges on the extent to which features observable for *all* cities predict local preferences.

However, one issue with using MRP in the context of cities is that the joint distributions of a sufficient number of demographic categories are generally not available at the municipal level due to census data privacy concerns. To overcome this limitation, we utilize a procedure called multilevel regression with synthetic poststratification (MrsP) introduced by Leemann and Wasserfallen (2017). The advantage of MrsP is that in contrast to standard aggregation techniques (Caughey and Warshaw, 2018), it does not require the joint distribution of demographic types in each unit we seek to make predictions for. Because the American Community Survey does not provide joint distributions of the necessary demographic variables at the city-level, we follow Leemann and Wasserfallen (2017) in estimating joint frequencies as the product of marginal proportions. While this

procedure does not lead to accurate predictions of joint distributions, unbiased MrsP estimates can be obtained using linear response models.

We first fit a multilevel model predicting survey responses with six demographic categories. Specifically, we use gender, five levels of educational attainment, three levels of race (black, white and other), Hispanic ethnicity, three age groups and four income categories. In addition, we model city random effects as a function of state random effects, city-level median income, city-level median rent and county level two-party Democratic vote share in the 2016 presidential election. We weight down respondents that show up in our dataset multiple times due to probabilistic matching (i.e. because some zipcodes belong to multiple cities).

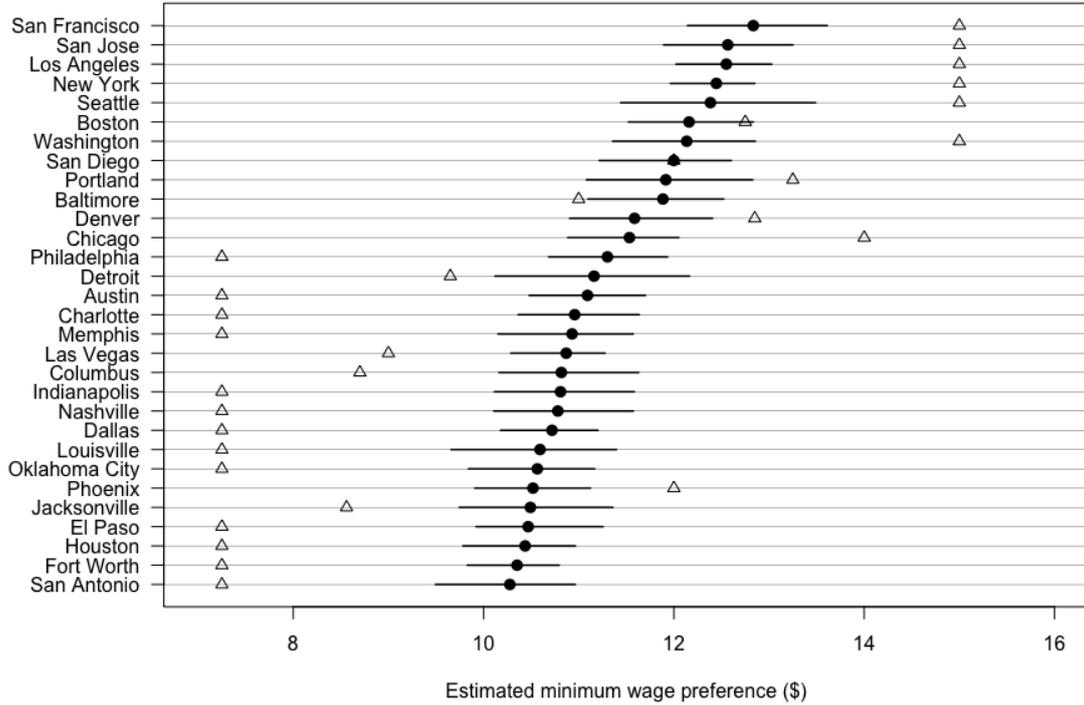
$$y_{i,city,county,state} = \alpha + \beta_{age[i]} + \beta_{sex[i]} + \beta_{edu[i]} + \beta_{race[i]} + \beta_{hispanic[i]} \\ + \beta_{income[i]} + \gamma_{vote[county]} + \gamma_{income[city]} + \gamma_{rent[city]}$$

Given our multilevel model, we generate posterior predictions using Bayesian simulation for each possible combination of geographic and demographic categories. Then, we generate city-level preference-predictions as the weighted averages of the demographics by city types within each city, weighted by the proportion of individuals in a city that fall into each demographic category. Using these procedures, we were able to obtain point estimates and confidence intervals for the average minimum wage preference for a total of 16,169 cities. To create the final dataset, we merged these estimated preferences with the city-level data on demographics and rental prices, prevailing minimum wages, the source of the minimum wage law, and whether state preemption was in place.

Results

We begin by reporting our estimates of city-level minimum wage preferences compared to effective minimum wages for the 30 cities with populations over 600,000 in Figure 1. The figure demonstrates that residents in more stereotypically liberal cities with high costs of living—like San Francisco, Boston, and Los Angeles—prefer the highest local minimum wages. City residents in the south or in regions with lower costs of living favor lower minimum wages. These initial results provide some face validity for our estimates of local minimum wage preferences and suggest that we are capturing meaningful variation over

Figure 1: Estimates of Minimum Wage Preferences



Note: Solid dots denote our city-level preference estimates with 95% confidence intervals. Triangles represent effective minimum wages.

these preferences across cities.² Also note that the distribution of these preferences falls well within the range of enacted policies, suggesting that these preferences are realistic and would be feasible in terms of implementation.

Our findings provide a first hint of over-responsiveness in the sense that we observe wages that are substantially lower than what residents want in conservative states but higher than average preferences in liberal states. As we later show, this conservative bias is particularly pronounced in states with preemption laws, while liberal bias is more likely among cities that adopt their own local minimum wage ordinances. We also note here that our estimates of city-level preferences are precise enough to rule out that these patterns are simply due to noise in our predictive model. For almost all of the cities in Figure 1, we can rule out that deviations between preferences and policies are simply due to measurement error based on conventional significance levels.

We next visualize the relationship between average preferences and actual minimum wages across all the cities in our sample. The left panel of Figure 2 plots effective city minimum wages against our estimates of city-level preferences. Confirming earlier empirical studies

²We provide additional evidence supporting the validity of this measure in the Online Appendix.

(e.g. Tausanovitch and Warshaw, 2014), we find a strong relationship between preferences and policies *across* cities ($\beta = 1.87$, 95% CI[1.85–1.90]). However, the fact that the slope of the line is greater than 1 suggests that policies tend to be over-responsive to variation in preferences and are either too high or too low. Such “leapfrogging” of policies has been demonstrated empirically in a variety of contexts (e.g. Bafumi and Herron, 2010) and might indicate that policies are responsive to the median voter of the party in power rather than the median city resident.

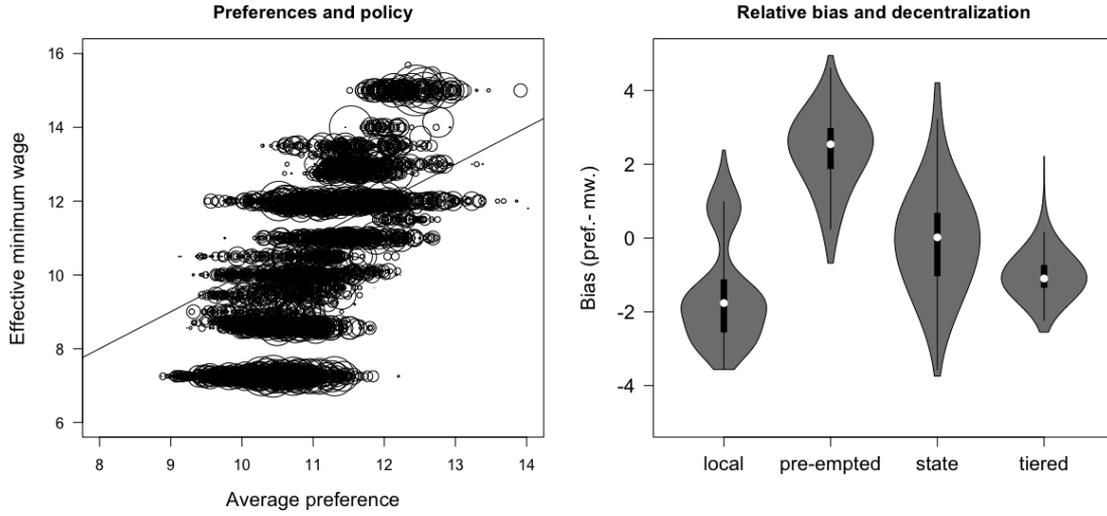
Because we measure minimum wage preferences and effective policies on the same scale, we can also assess the deviation of preferred and actual minimum wages *within* cities. We find that the average within-city difference between preferred and actual minimum wages is \$1.33. However, while the direction of this policy bias is conservative on average—meaning that minimum wages are lower than what most respondents want—minimum wages were *higher* than what the average resident wanted in about 25% of localities.

We next compare the deviation between average city preferences and effective local minimum wages across the four distinct institutional settings described previously. We refer to this signed difference as *policy bias*. Positive values indicate conservative bias—that is, places where resident preferences are higher than the prevailing minimum wage. Negative values indicate that local minimum wages are higher than resident ideal points. In the panel on the right of Figure 2, we plot the distribution of city-level policy bias across the four types of minimum wage regimes described in Table 1.

The highest degree of policy bias exists in states with preemption laws. City minimum wages in states with preemption are \$2.63 lower than city residents would ideally want. Interestingly, decentralized policies are not much closer to resident preferences. However, the direction of the bias flips. Cities that enact their own local minimum wage ordinances have minimum wages that are \$1.98 higher, on average, than resident ideal points. On the other hand, when cities simply adopt the state minimum (in states without preemption), local minimum wages basically reflect average preferences, albeit with substantial variation. Notably, cities in the special cases of Oregon and New York—where state laws mandate variation in local wages—enjoy both low degrees of policy bias and also low variance.

In Table 2, we summarize the average values of prevailing local minimum wages (W) and estimated local preferences (P) across cities, as well as the average difference between

Figure 2: Minimum wage preferences and policy outcomes



Note: Left panel: Circles plot estimated city minimum wage preferences against effective minimum wages. Circle areas are proportional to log-population. Right panel: Violin plots visualize the distribution of policy bias (i.e. average preference - policy) across localities with different types of decentralization.

these two values and the average absolute value of the difference. The overall conservative bias (*Total*) in local minimum wage laws appears to be driven almost entirely by states with preemption laws. Surprisingly, in states where local minimum wages are permitted, policies enacted in cities are not actually closer to preferences compared to policies enacted by states. It appears that local legislation moves policy outcomes in the liberal direction demanded by city residents but delegation leads to overly generous minimum wages.

Table 2: Preferences and policies by decentralization

	N	\bar{P}	\bar{W}	$(P - W)$	$ P - W $
Preempted	8,361	10.44	7.81	2.63	2.63
Tiered	1,527	11.76	13.31	-1.55	1.56
State	5,838	11.20	11.27	-0.06	0.93
Local	432	12.10	14.09	-1.98	2.12
Total	16,158	11.01	10.22	0.79	1.88

Note: W and P denotes minimum wages and corresponding preferences, respectively

There are several possible explanations for this descriptive result. Local politicians may be responding to the preferences of a subset of progressive residents or labor groups who prefer higher minimum wages than the average city resident. Alternatively, local politicians might lack better or more accurate information about voter preferences, as predicted by theory. Instead, because \$15 per hour is a common benchmark in the minimum wage movement, local officials may simply adopt this policy when city residents

want “higher” minimum wages. As a result, minimum wage policies may end up leap-frogging resident preferences when policymaking is devolved to the local level.

While these descriptive results are interesting, they are not necessarily informative about how changes in decentralization would affect policy bias. States that pass preemption laws are likely different from those that don’t, as are cities that enact their own minimum wage ordinances. However, we can provide some suggestive evidence by simulating several counterfactual policy changes to examine whether they would mitigate or exacerbate policy bias based on our estimates of local minimum wage preferences.

To do this, we estimate the degree of policy bias that would exist between resident preferences and actual minimum wages across cities if various policies were adopted. First, we consider how well preferences would be represented if the federal minimum wage were increased to either \$10 or \$15 per hour. Second, we assess how closely minimum wages would match preferences if minimum wage laws were tied to either statewide or local costs of living, as proxied by housing rental prices. For these simulations, we regress our estimated city-level preferences on rental prices and use the predicted values from this regression as counterfactual policies.

Table 3 presents these counterfactual results. If the federal minimum wage were set at \$10 per hour (rather than the current rate of \$7.25) this would increase minimum wages in 23 states.³ This policy would only affect cities with minimum wages lower than \$10 per hour, and prevailing minimum wages would come fairly close to matching the average preference across cities. Wages would be 24 cents higher than city ideal points, on average, but the overall degree of policy bias would be less than what cities experience under the status quo.

Table 3: Policy bias under counterfactual regimes

Scenario	\bar{W}	$(P - W)$	$ P - W $
Status-quo	10.22	0.79	1.88
Federal minimum wage \Rightarrow 10	11.25	-0.24	0.90
Federal minimum wage \Rightarrow 15	15.00	-3.99	3.99
Rent-based local minimum wages	11.01	0.00	0.40

Note: W and P denotes minimum wages and corresponding preferences, respectively

Alternatively, a \$15 federal minimum wage is popular among Democrats and many labor sectors. In 2019, the Raise the Wage Act—designed to gradually raise the wage to \$15

³<https://www.dol.gov/agencies/whd/mw-consolidated>

per hour—was cosponsored by 181 members of the House of Representatives and 31 senators (congress.gov, 2019). However, this policy would result in wages that are \$3.99 higher than residents in most cities prefer. It is important to note that from a normative standpoint, such “liberal” bias may still be desirable if it disproportionately helps the poor and working class. And in fact, a majority of Americans say they support a \$15 minimum wage when they aren’t provided with other options such as \$10 or \$12 per hour (Center, 2019). This suggests that the public cares about the direction of the policy bias, rather than only about the absolute magnitude. But in terms of matching policy to stated preferences, a \$15 federal minimum wage would actually move prevailing wages farther away from the ideal points of most city residents.

We estimate that the approach that would most closely align local minimum wage policies to resident preferences would be a centralized system that sets local minimum wages at a rate determined by local housing rental prices. Such a policy would overcome competitive pressures across cities that make it difficult to pass progressive policies (Peterson et al., 1981) while allowing wages to be tailored to local conditions and preferences. Increasingly, state and local governments are experimenting with local minimum wage hikes that are tied to costs of living, and twenty four jurisdictions currently increase their minimum wages automatically through annual indexing. Our results suggest that such an approach, if mandated by the state or federal level, would be the most effective at representing citizen preferences at the local level.

Discussion

In this paper, we estimate local preferences over minimum wages and examine whether decentralization improves the degree to which local preferences are represented. We find that even though there is a strong correlation between local preferences and prevailing minimum wages, local policies appear to be overly responsive, and large deviations between preferences and policies exist within many jurisdictions. While the absolute magnitude of policy bias is relatively similar across cities with different levels of policy delegation, states with preemption laws produce noticeably worse outcomes, with prevailing local wages that are substantially more conservative than city preferences. On the other hand, local minimum wage ordinances are associated with policies that are *higher* than the average preference of residents.

We conclude that if the goal is simply to shift policies in a liberal direction, granting cities the discretion to increase minimum wages is likely an effective policy. The conservative bias in states with preemption likely hurts poor residents disproportionately. Recent empirical work assessing the economic effects of minimum wage hikes in cities like Seattle have uncovered little evidence that such policies increase unemployment (Allegretto et al., 2018; Cengiz et al., 2019; Harasztosi and Lindner, 2019) and there may be normative reasons to prefer liberal bias to conservative bias in terms of minimum wage policies. However, if the goal is to more closely match policy to resident preferences, decentralization does not appear to be a particularly effective strategy.

Using our estimates of city minimum wage preferences, we also explore how hypothetical changes in the way minimum wage laws are enacted would shape policy representation. We find that a \$15 minimum wage at the federal level would be higher than what residents in most cities want. Instead, a top-down but tailored approach that sets variable local minimum based on local costs of living would produce minimum wages most consistent with resident preferences.

Overall, these findings demonstrate that decentralizing policymaking authority is not a panacea for improving representation. While state preemption clearly distorts policy in a conservative direction, local control of minimum wages can lead to over-responsiveness and policies that are similarly far from resident preferences. However, it is important to note that political constraints also shape the ability of legislators to enact minimum wage increases at any level of government. Republican lawmakers and business lobbyists often oppose minimum wage hikes, even when such increases are popular among voters of both parties.⁴ If state or federal officials are unwilling or unable to dictate local minimum wage policies from above given the political environment, allowing cities to pass their own minimum wages is likely an important tool to increase policy responsiveness at the local level.

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Online Appendix

Contents

A	Supplementary Information on Data	17
A.1	Summary statistics	17
A.2	Validation	19

A Supplementary Information on Data

A.1 Summary statistics

Table OA1: Individual level summary statistics

Variable	Mean	Std. Dev.	Min	Max
Minimum wage preference	11.0	5.5	0	30
Age (18-40)	43.3%	49.5%	0	1
Age (40-60)	32.9%	47.0%	0	1
Age (60+)	23.8%	42.6%	0	1
Female	51.3%	50.0%	0	1
White	70.6%	45.6%	0	1
Black	12.8%	33.4%	0	1
Other	16.7%	37.3%	0	1
Hispanic	13.0%	33.6%	0	1
No high school	6.5%	24.6%	0	1
High school	22.4%	41.7%	0	1
Some college	30.4%	46.0%	0	1
College	24.9%	43.2%	0	1
Grad degree	15.9%	36.6%	0	1
Republican	40.6%	49.1%	0	1
Independent	10.4%	30.5%	0	1
Democrat	49.0%	50.0%	0	1

Figure OA1: Distribution of individual ideal points

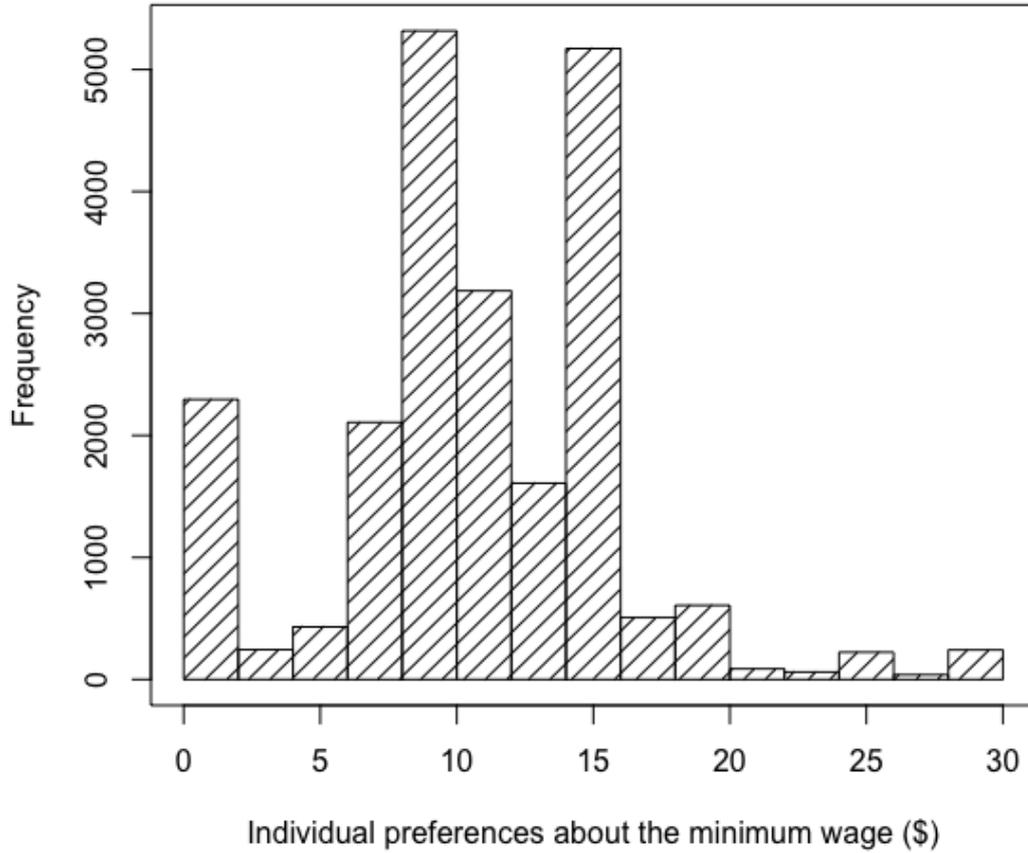


Table OA2: City-level summary statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
Median rent (\$1000)	16,158	1.1	0.6	0.1	4.0
Median income (\$1000)	16,158	60.7	29.4	9.2	250.0
Population	16,158	15520.1	93576.1	1000.0	8622698.0
Democratic vote-share	16,158	44%	17%	7%	96%
Minimum wage preference (\$)	16,158	10.5	0.8	7.4	14.1
Effective minimum wage (\$)	16,158	9.5	2.1	7.3	15.7
Bias (\$)	16,158	1.1	1.7	-3.7	4.9
Absolute bias (\$)	16,158	1.7	1.1	0.0	4.9
Local law	16,158	3%	16%	0	1
Pre-empted	16,158	52%	50%	0	1
Tiered	16,158	9%	29%	0	1
State law	16,158	36%	48%	0	1

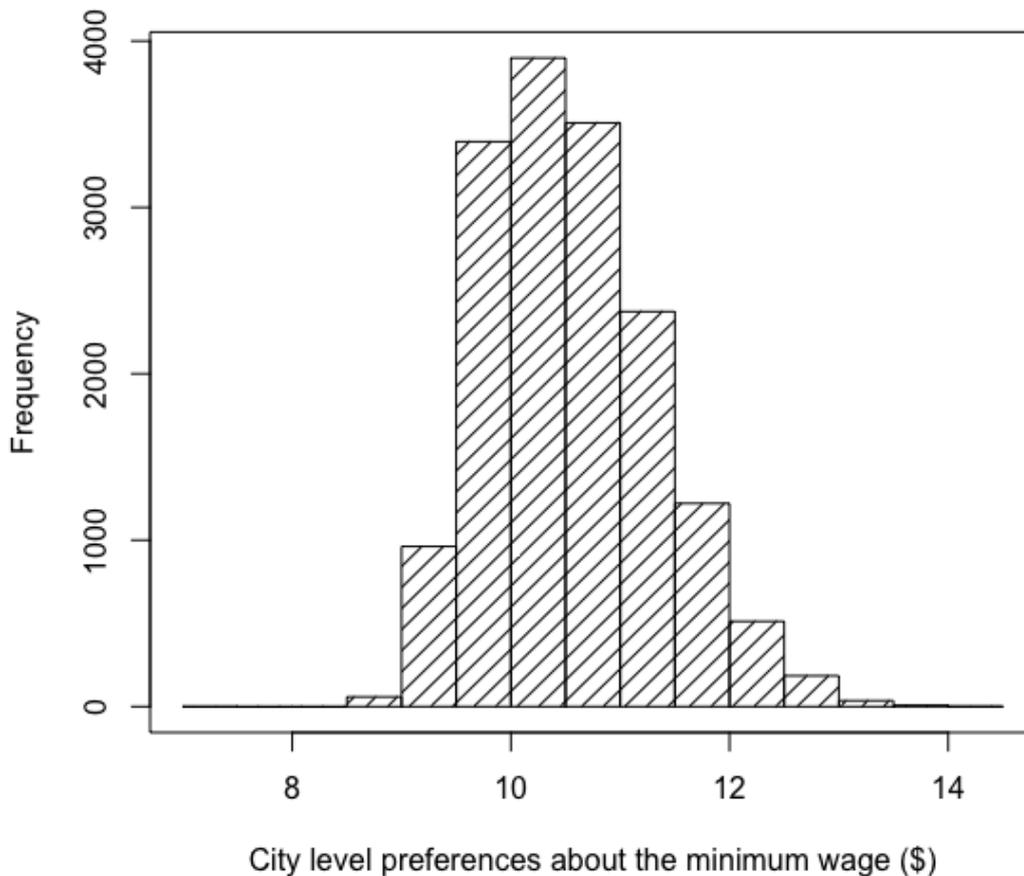


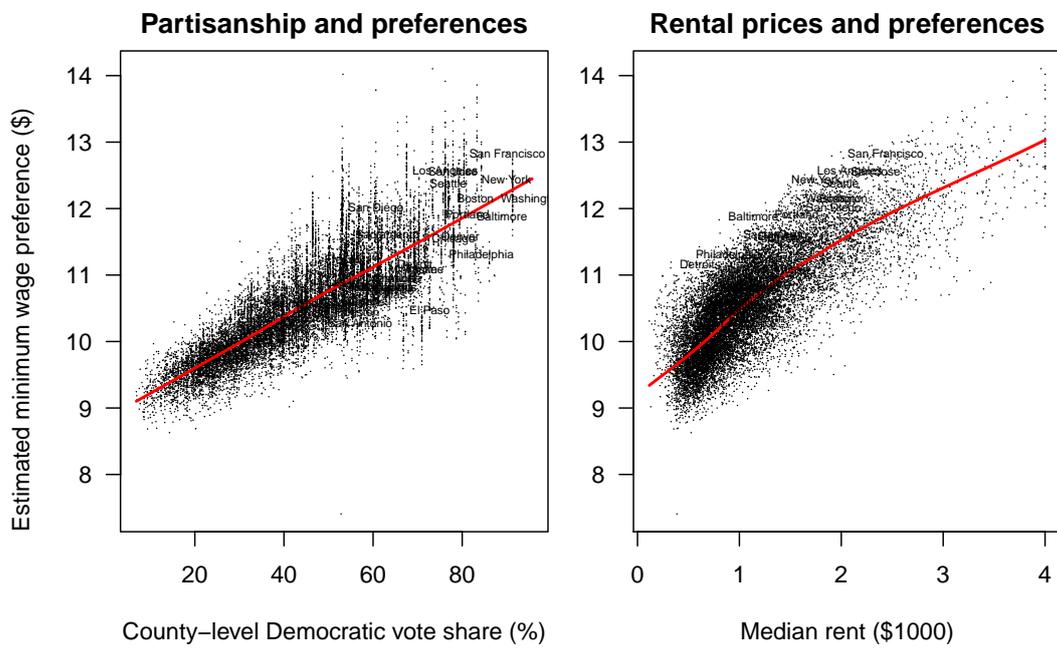
Figure OA2: Distribution of city ideal points

A.2 Validation

We conducted two validation exercises to demonstrate the validity of our city-level estimates of average preferences about the minimum wage. First, we compared our estimates with county-level vote shares for the two-party Democratic vote-share in the 2016 Presidential election. Given that city-level election results are typically not available, this is the best benchmark to compare our estimates to. Our results show that our estimates correlated with county-level vote-shares at 82% which is all the more reassuring given that city-level average preferences are likely to vary within counties.

Second, we used data on rental prices that are available at the city-level. We reasoned that to the extent that preferences about local minimum wages track price levels in general – and housing prices in particular – we would expect a tight relationship between the two variables. The correlation between median rental prices and our estimated minimum wage preferences was 79%, again showing high convergent validity of our estimates.

Figure OA3: Validating Estimates of Minimum Wage Preferences.



Note: Left panel: Dots plot estimated city minimum wage preferences against county level two-party Democratic vote-share in the 2016 Presidential election. Right panel: Dots plot estimated city minimum wage preferences against city-level estimates of median rental prices. Red lines are lowest curves in both panels.