Appendix for Online Publication Only

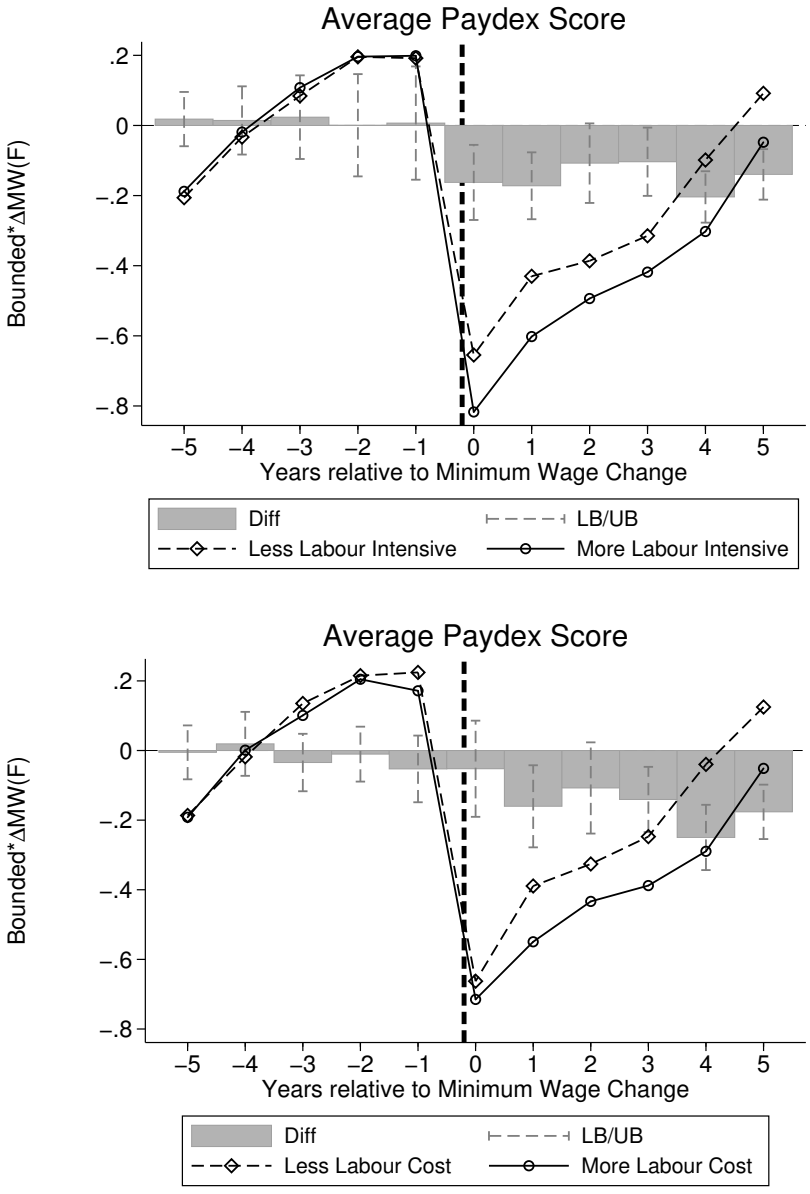

Figure IA1: Paydex Score Dynamics–Labor Heterogeneity: We test the dynamics of the differential effect of the federal minimum wage on the Paydex score for establishments located in bounded versus unbounded states based on an establishment's labor utilization heterogeneity. These figures plot the regression coefficients of Equation 3 with a 95% confidence interval, where we interact the equation with each median group. The solid line with circles plots the regression coefficients for more labor-intensive establishments (or establishments with high labor costs), while the dashed line with diamonds plots the coefficient for less labor-intensive (or lower-labor-cost) establishments. The bold dashed line indicates the period immediately before the federal minimum wage change.

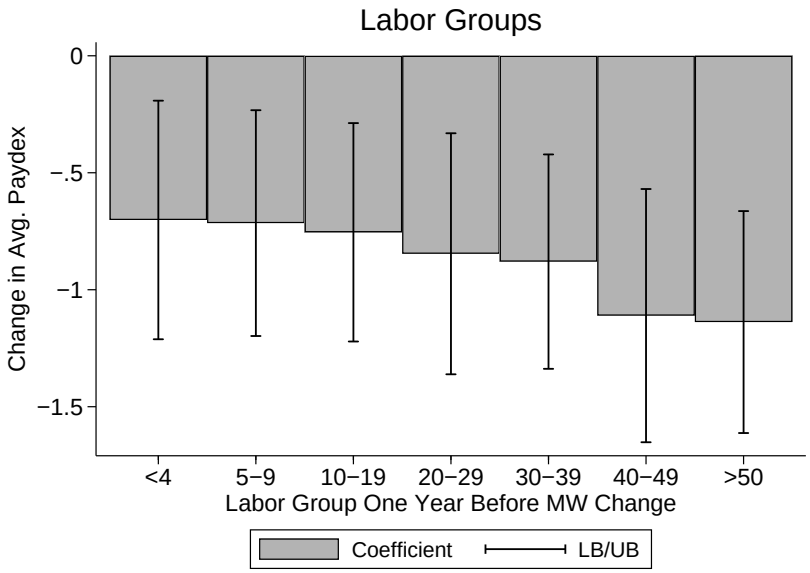

Figure IA2: Paydex Score–Labor Group: We test the differential effect of the federal minimum wage on the Paydex score for establishments located in bounded versus unbounded states based on an establishment's labor groups. The figure plots the regression coefficients of Equation 1 with a 95% confidence interval, where we interact the equation with each labor group based on the number of employees one year before the federal minimum wage change.

Table IA1: State-level Determinants of Minimum Wage Bound

This table presents the results of regressions estimating the effect of various state-level economic and political conditions on state's decision of keeping their minimum wage at the federal level. All regressions are with state and year fixed effects. Standard errors are in brackets and are clustered at the state level. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Dependent Variable:	Bound					
	(1)	(2)	(3)	(4)	(5)	(6)
	State-Economic Conditions			Political Conditions		
$\text{Log(GSP)}_{s,t-1}$	-0.06		0.19			0.28
	[0.27]		[0.31]			[0.30]
GSP Growth $_{s,t-1}$	0.78*		0.31			0.35
	[0.45]		[0.33]			[0.33]
$\text{Log(Population)}_{s,t-1}$		-0.29	-0.46			-0.65**
		[0.31]	[0.37]			[0.32]
$\text{Population Growth}_{s,t-1}$		4.05	3.00			1.99
		[2.83]	[2.69]			[2.56]
$\text{Democratic Governor}_{s,t}$				-0.08**		-0.06*
				[0.03]		[0.04]
$\text{Democratic House}_{s,t}$					0.03	0.02
					[0.04]	[0.05]
$\text{Democratic Senate}_{s,t}$					-0.13***	-0.14***
					[0.05]	[0.04]
$\text{Democratic Both}_{s,t}$					-0.09**	-0.04
					[0.04]	[0.05]
State Fixed Effects	✓	✓	✓	✓	✓	✓
Year Fixed Effects	✓	✓	✓	✓	✓	✓
Adjusted-R^2	0.59	0.59	0.59	0.59	0.60	0.61
No. of States	51	51	51	51	51	51
Observations	1,275	1,275	1,275	1,275	1,275	1,275

Table IA2: Robustness Tests: Unbounded States

In this table, we report results for various robustness tests of our baseline specification, i.e., Column (6) of Table 2. In Column (1), we omit establishments located in those state–years where bounded states have increased their minimum wage more than the federal minimum wage increase. In Column (2), we omit establishments located in those state–years where unbounded states have increased their minimum wage in response to the federal minimum wage increase. In Column (3), we drop both types of establishment–years. In our baseline specification, we lump all the unbounded states together. In Column (4), we test differential effect of the federal minimum wage on Paydex scores for businesses located in unbounded states based on the difference between the state minimum wage and the federal minimum wage (Δ). $\mathbb{1}_{\Delta \leq \$1}$ is a dummy variable that identifies the state–year observation where $\Delta \leq \$1$. Similarly, we define all other $\mathbb{1}_{\Delta}$ dummies. Standard errors are in brackets and are clustered at the state level. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Dependent Variable:	Average Paydex Score			
	(1) Drop Bound $\Delta MW(S)_t$	(2) Drop Unbound $\Delta MW(S)_t$	(3) Drop Both $\Delta MW(S)_t$	(4) Diff with $MW(F)_t$
$\text{Bound}_{s,t-1}$	-0.82***	-0.60**	-0.67***	
$\times\ \Delta MW(F)_t$	[0.25]	[0.23]	[0.23]	
$\text{Bound}_{s,t-1}$	-0.07	-0.20	-0.23	
	[0.14]	[0.18]	[0.18]	
$\text{Unbound}_{s,t-1}$				0.58**
$\times\ \Delta MW(F)_t \times \mathbb{1}_{\Delta<\$1}$				[0.27]
$\text{Unbound}_{s,t-1}$				0.58**
$\times\ \Delta MW(F)_t \times \mathbb{1}_{\$1<\Delta\leq\$1.5}$				[0.26]
$\text{Unbound}_{s,t-1}$				0.19
$\times\ \Delta MW(F)_t \times \mathbb{1}_{\Delta\geq\$1.5}$				[0.34]
Establishment Fixed Effects	✓	✓	✓	✓
Year Fixed Effects	✓	✓	✓	✓
Establishment Controls	✓	✓	✓	✓
Unbound × Group				✓
Adjusted R^2	0.62	0.63	0.63	0.62
Observations	30,637,205	27,939,819	27,554,105	31,031,426
$\mathbb{1}_{\Delta<\$1}$ - $\mathbb{1}_{\$1<\Delta\leq\$1.5}$				0.01
p-value				0.99
$\mathbb{1}_{\Delta<\$1}$ - $\mathbb{1}_{\Delta\geq\$1.5}$				0.38
p-value				0.36

Table IA3: Nearest–Neighbor Matching: Matching Balance

This table reports the matching balance for different matching methods. In Table 5, we report the regression results based on the matched sample. First, we use the credit score in the year 2006 and exactly match establishments in the bounded states (treatment group) with the possible set of control establishments within the same NAICS4 industry donor group in the unbounded states (control group). Next, for the exactly matched control sample, we compute the Euclidean distance between treatment and control samples based on establishment-, state-, county-, and ZIP code-level observable characteristics. Panel A reports the matching balance in year 2006 for establishment-level characteristics, i.e., credit score, sales, employees, employee-to-sales ratio, and sales growth. Panel B reports the matching balance where we exactly match the credit score and use establishment's sales, employees, employee-to-sales and sales growth, and we match state-level economic conditions by including both the level and growth in GSP and population. We use the first nearest neighbor establishment as the control firm. In Panel C, we match on state-level political conditions i.e., we match for partisan at the state-level. In Panel D, at county level we match on unemployment rate, labor force, and changes in unemployment rate. In Panels E, F and G, at ZIP code-level, we match for aggregate sales growth, personal income (lagged level and growth) and house price (lagged level and growth). In Panel H, we report the matching balance when we include all establishment-, state-, county-, and ZIP code-level observable characteristics. The reported t-stats are based on state-level clustered adjusted standard errors.

Panel A: Matching Balance, Establishment Characteristics (Table 5, Column 1)

	Before Matching				After Matching			
	Bounded	Unbounded	Diff	t-stat	Bounded	Unbounded	Diff	t-stat
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Observations	1,099,028	1,427,678			869,428	869,428		
Average Paydex Score$_{i,t}$	70.51	71.39	-0.88	-1.1	70.72	70.72	0.00	0.00
Sales$_{i,t}$	1.19	1.24	-0.048	-0.5	1.35	1.28	0.07	0.75
Employees$_{i,t}$	9.71	9.57	0.15	0.25	10.62	10.17	0.45	0.77
Employees-Sales$_{i,t}$	17.1	16.1	1.02	3.75	16.5	15.4	1.0	2.5
Sales Growth$_{i,t}$	0.030	0.028	0.002	0.56	0.036	0.036	0.000	-0.05

Panel B: Matching Balance, State Economic Conditions (Table 5, Column 2)

	Before Matching				After Matching			
	Bounded	Unbounded	Diff	t-stat	Bounded	Unbounded	Diff	t-stat
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Observations	1,099,028	1,427,678			869,428	869,428		
Average Paydex Score$_{i,t}$	70.51	71.39	-0.88	-1.1	70.72	70.72	0.00	0.00
Sales$_{i,t}$	1.19	1.24	-0.048	-0.5	1.35	1.19	0.16	1.89
Employees$_{i,t}$	9.71	9.57	0.15	0.25	10.60	9.47	1.13	2.26
Employees-Sales$_{i,t}$	17.1	16.1	1.02	3.75	16.5	15.3	1.2	5.2
Sales Growth$_{i,t}$	0.030	0.028	0.002	0.56	0.022	0.019	0.003	0.9
Log(GSP)$_{s,t}$	12.54	13.08	-0.54	-1.59	12.5	12.6	-0.08	-0.28
GSP Growth$_{s,t}$	-0.01	0.11	-0.11	-2.21	0.05	0.07	-0.02	-1.74
Log(Population)$_{s,t}$	15.75	16.20	-0.45	-1.35	15.72	15.71	0.01	0.05
Population Growth$_{s,t}$	0.012	0.009	0.004	0.80	0.012	0.012	0.000	0.1

Panel C: Matching Balance, State Political Conditions (Table 5, Column 3)

	Before Matching				After Matching			
	Bounded	Unbounded	Diff	t-stat	Bounded	Unbounded	Diff	t-stat
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Observations	1,099,028	1,427,678			869,428	869,428		
Average Paydex Score$_{i,t}$	70.51	71.39	-0.88	-1.1	70.72	70.72	0.00	0.00
Sales$_{i,t}$	1.19	1.24	-0.048	-0.5	1.35	1.18	0.17	3.22
Employees$_{i,t}$	9.71	9.57	0.15	0.25	10.60	9.50	1.10	2.89
Employees-Sales$_{i,t}$	17.1	16.1	1.02	3.75	16.5	15.5	1.0	6.0
Sales Growth$_{i,t}$	0.030	0.028	0.002	0.56	0.036	0.036	0.0	-0.06
Democratic Governor$_{s,t}$	0.43	0.35	0.08	0.41	0.43	0.36	0.1	0.31
Democratic House$_{s,t}$	0.33	0.52	-0.19	-0.9	0.34	0.35	0.0	-0.03
Democratic Senate$_{s,t}$	0.28	0.51	-0.24	-1.14	0.28	0.29	0.0	-0.04
Democratic Both$_{s,t}$	0.12	0.16	-0.03	-0.29	0.13	0.12	0.0	0.02

Panel D: Matching Balance, Unemployment Rate (Table 5, Column 4)

	Before Matching				After Matching			
	Bounded	Unbounded	Diff	t-stat	Bounded	Unbounded	Diff	t-stat
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Observations	1,099,028	1,427,678			869,428	869,428		
Average Paydex Score$_{i,t}$	70.51	71.39	-0.88	-1.1	70.72	70.72	0.00	0.00
Sales$_{i,t}$	1.19	1.24	-0.048	-0.5	1.35	1.17	0.18	2.89
Employees$_{i,t}$	9.71	9.57	0.15	0.25	10.60	9.34	1.26	3.57
Employees-Sales$_{i,t}$	17.1	16.1	1.02	3.75	16.5	15.6	0.9	3.5
Sales Growth$_{i,t}$	0.030	0.028	0.002	0.56	0.036	0.036	0.0	-0.06
Unemployment Rate$_{c,t}$	4.66	4.54	0.12	0.38	4.73	4.62	0.1	0.38
ΔUnemployment Rate$_{c,t}$	-0.52	-0.40	-0.12	-1	-0.52	-0.47	-0.05	-0.47
Log(Labor Force)$_{c,t}$	11.56	12.49	-0.93	-2.89	11.5	11.8	-0.23	-0.9

Panel E: Matching Balance, Aggregate Sales Growth (Table 5, Column 5)

	Before Matching				After Matching			
	Bounded	Unbounded	Diff	t-stat	Bounded	Unbounded	Diff	t-stat
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Observations	1,099,028	1,427,678			869,428	869,428		
Average Paydex Score$_{i,t}$	70.51	71.39	-0.88	-1.1	70.72	70.72	0.00	0.00
Sales$_{i,t}$	1.19	1.24	-0.048	-0.5	1.35	1.25	0.11	1.14
Employees$_{i,t}$	9.71	9.57	0.15	0.25	10.60	9.90	0.70	1.32
Employees-Sales$_{i,t}$	17.1	16.1	1.02	3.75	16.5	15.2	1.3	3.4
Sales Growth$_{i,t}$	0.030	0.028	0.002	0.56	0.036	0.040	0.0	-0.59
Agg. Sales Growth$_{z,t}$	0.041	0.035	0.007	1.16	0.040	0.036	0.0	0.57

Panel F: Matching Balance, Personal Income (Table 5, Column 6)

	Before Matching				After Matching			
	Bounded	Unbounded	Diff	t-stat	Bounded	Unbounded	Diff	t-stat
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Observations	1,099,028	1,427,678			659,107	659,107		
Average Paydex Score$_{i,t}$	70.51	71.39	-0.88	-1.1	70.72	70.72	0.00	0.00
Sales$_{i,t}$	1.19	1.24	-0.048	-0.5	1.37	1.27	0.10	0.56
Employees$_{i,t}$	9.71	9.57	0.15	0.25	10.70	9.80	0.90	1.27
Employees-Sales$_{i,t}$	17.1	16.1	1.02	3.75	16.5	15.4	1.10	1.9
Sales Growth$_{i,t}$	0.030	0.028	0.002	0.56	0.036	0.027	0.01	2.15
Log(Personal Income)$_{z,t}$	10.78	10.90	-0.12	-3.89	10.78	10.79	-0.01	-0.56
ΔLog(Personal Income)$_{z,t}$	0.044	0.040	0.004	0.88	0.044	0.040	0.004	0.88

Panel G: Matching Balance, House Prices (Table 5, Column 7)

	Before Matching				After Matching			
	Bounded	Unbounded	Diff	t-stat	Bounded	Unbounded	Diff	t-stat
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Observations	1,099,028	1,427,678			667,193	667,193		
Average Paydex Score$_{i,t}$	70.51	71.39	-0.88	-1.1	70.71	70.71	0.00	0.00
Sales$_{i,t}$	1.19	1.24	-0.048	-0.5	1.36	1.16	0.20	2.39
Employees$_{i,t}$	9.71	9.57	0.15	0.25	10.70	9.47	1.23	2.39
Employees-Sales$_{i,t}$	17.1	16.1	1.02	3.75	16.5	16.0	0.5	1.5
Sales Growth$_{i,t}$	0.030	0.028	0.002	0.56	0.038	0.036	0.002	0.24
Log(House Price Index)$_{z,t}$	11.98	12.50	-0.52	-3.32	11.98	12.07	-0.09	-0.87
ΔLog(House Price Index)$_{z,t}$	0.045	0.033	0.012	1.08	0.045	0.044	0.001	0.07

Panel H: Matching Balance, All (Table 5, Column 8)

	Before Matching				After Matching			
	Bounded	Unbounded	Diff	t-stat	Bounded	Unbounded	Diff	t-stat
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Observations	1,099,028	1,427,678			659,107	659,107		
Average Paydex Score$_{i,t}$	70.51	71.39	-0.88	-1.1	70.75	70.75	0.00	0.00
Sales$_{i,t}$	1.19	1.24	-0.048	-0.5	1.37	1.20	0.17	1.82
Employees$_{i,t}$	9.71	9.57	0.15	0.25	10.75	9.59	1.16	1.75
Employees-Sales$_{i,t}$	17.1	16.1	1.02	3.75	16.4	15.8	0.6	2.7
Sales Growth$_{i,t}$	0.030	0.028	0.002	0.56	0.023	0.020	0.003	0.89
Log(GSP)$_{s,t}$	12.54	13.08	-0.54	-1.59	12.6	12.7	-0.13	-0.42
GSP Growth$_{s,t}$	-0.01	0.11	-0.11	-2.21	0.05	0.06	-0.01	-0.85
Log(Population)$_{s,t}$	15.75	16.20	-0.45	-1.35	15.78	15.84	-0.06	-0.2
Population Growth$_{s,t}$	0.012	0.009	0.004	0.80	0.014	0.010	0.004	0.92
Democratic Governor$_{s,t}$	0.43	0.35	0.08	0.41	0.43	0.46	-0.03	-0.12
Democratic House$_{s,t}$	0.33	0.52	-0.19	-0.9	0.32	0.30	0.01	0.08
Democratic Senate$_{s,t}$	0.28	0.51	-0.24	-1.14	0.26	0.35	-0.09	-0.47
Democratic Both$_{s,t}$	0.12	0.16	-0.03	-0.29	0.11	0.12	-0.005	-0.04
Unemployment Rate$_{c,t}$	4.66	4.54	0.12	0.38	4.52	4.50	0.02	0.06
ΔUnemployment Rate$_{c,t}$	-0.52	-0.40	-0.12	-1	-0.50	-0.33	-0.17	-1.35
Log(Labor Force)$_{c,t}$	11.56	12.49	-0.93	-2.89	11.8	12.0	-0.18	-0.7
Agg. Sales Growth$_{z,t}$	0.041	0.035	0.007	1.16	0.040	0.034	0.006	1.03
Log(Personal Income)$_{z,t}$	10.78	10.90	-0.12	-3.89	10.85	10.84	0.01	0.3
ΔLog(Personal Income)$_{z,t}$	0.044	0.040	0.004	0.88	0.048	0.039	0.009	1.65
Log(House Price Index)$_{z,t}$	11.98	12.50	-0.52	-3.32	11.99	12.20	-0.21	-2.27
ΔLog(House Price Index)$_{z,t}$	0.045	0.033	0.012	1.08	0.045	0.040	0.004	0.42

Table IA4: Regression Estimates: Matching on Trends

This table presents the results for regressions estimates where we exactly match Paydex scores on pre-trends. Panel A reports the regression results where we exactly match in 2005 and 2006, the average Paydex score for establishments in the bounded states (treatment group) with the possible set of control establishments within the same NAICS4 industry donor group in the unbounded states (control group). Then, we match establishment-, state-, county-, and ZIP code-level observable characteristics. Here we run regressions for the sample period 2005–2013. In Panel B, we restrict our sample to 2006–2013. Panel C and Panel D report the regression results where we attempt exact matching on Paydex scores in year 2004, 2005, and 2006. All regressions include matched-pair fixed effect and year fixed effects. Standard errors are in brackets and are clustered at the state level. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Panel A: Exact Matching in 2005 and 2006, Sample 2005–2013

Dependent Variable:	Average Paydex Score							
	Establishment-Level	State-Level		County-Level		Zip-Level		All
	(1) Establishment Characteristics	(2) Economic Conditions	(3) Political Conditions	(4) Unemp. Rate	(5) Agg. Sales Growth	(6) Personal Income	(7) House Price	(8) All
Bound$_{s,t-1}$ × $\Delta MW(F)_t$	-0.59*	-0.51***	-0.62**	-0.43**	-0.60*	-0.66**	-0.47**	-0.53***
	[0.31]	[0.17]	[0.27]	[0.19]	[0.32]	[0.32]	[0.21]	[0.18]
Bound$_{s,t-1}$	0.46**	0.23*	0.54***	0.01	0.49**	0.51**	0.41***	0.13
	[0.20]	[0.14]	[0.17]	[0.10]	[0.20]	[0.19]	[0.15]	[0.11]
Matched-Pair Fixed Effects	✓	✓	✓	✓	✓	✓	✓	✓
Year Fixed Effects	✓	✓	✓	✓	✓	✓	✓	✓
Controls	✓	✓	✓	✓	✓	✓	✓	✓
Adjusted-R^2	0.38	0.38	0.38	0.38	0.38	0.38	0.38	0.39
No. of Pairs	634,894	634,999	634,876	628,531	634,946	632,377	481,040	475,770
Observations	9,131,694	9,179,604	9,103,585	9,090,540	9,132,699	8,567,077	6,908,727	6,493,993

Panel B: Exact Matching in 2005 and 2006, Sample 2006–2013

Dependent Variable:	Average Paydex Score							
	Establishment-Level	State-Level		County-Level		Zip-Level		All
	(1) Establishment Characteristics	(2) Economic Conditions	(3) Political Conditions	(4) Unemp. Rate	(5) Agg. Sales Growth	(6) Personal Income	(7) House Price	(8) All
Bound$_{s,t-1}$ × $\Delta MW(F)_t$	-0.66*	-0.57***	-0.64**	-0.46**	-0.67*	-0.73*	-0.43*	-0.50***
	[0.36]	[0.19]	[0.29]	[0.20]	[0.37]	[0.37]	[0.22]	[0.18]
Bound$_{s,t-1}$	0.50**	0.27*	0.54***	0.01	0.53**	0.56**	0.41***	0.10
	[0.23]	[0.15]	[0.18]	[0.12]	[0.23]	[0.23]	[0.15]	[0.11]
Matched-Pair Fixed Effects	✓	✓	✓	✓	✓	✓	✓	✓
Year Fixed Effects	✓	✓	✓	✓	✓	✓	✓	✓
Controls	✓	✓	✓	✓	✓	✓	✓	✓
Adjusted R^2	0.38	0.39	0.38	0.39	0.38	0.39	0.39	0.39
No. of Pairs	634,893	634,998	634,875	628,530	634,945	632,375	481,026	475,757
Observations	8,380,636	8,424,236	8,356,650	8,341,450	8,380,113	7,840,034	6,346,972	5,952,354

Panel C: Exact Matching in 2004, 2005, and 2006, Sample 2004–2013

Dependent Variable:	Average Paydex Score							
	Establishment-Level	State-Level		County-Level		Zip-Level		All
	(1) Establishment Characteristics	(2) Economic Conditions	(3) Political Conditions	(4) Unemp. Rate	(5) Agg. Sales Growth	(6) Personal Income	(7) House Price	(8) All
$\text{Bound}_{s,t-1} \times \Delta MW(F)_t$	-0.31*	-0.33**	-0.38**	-0.24	-0.33*	-0.41*	-0.38**	-0.41**
	[0.19]	[0.15]	[0.18]	[0.15]	[0.19]	[0.21]	[0.18]	[0.16]
$\text{Bound}_{s,t-1}$	0.32***	0.21*	0.41***	-0.01	0.33***	0.38***	0.31**	0.12
	[0.12]	[0.11]	[0.12]	[0.07]	[0.12]	[0.13]	[0.12]	[0.10]
Matched-Pair Fixed Effects	✓	✓	✓	✓	✓	✓	✓	✓
Year Fixed Effects	✓	✓	✓	✓	✓	✓	✓	✓
Controls	✓	✓	✓	✓	✓	✓	✓	✓
Adjusted R^2	0.26	0.27	0.26	0.27	0.27	0.28	0.27	0.28
No. of Pairs	174,616	174,608	174,604	173,564	174,617	173,589	129,973	129,118
Observations	3,169,201	3,175,656	3,163,352	3,152,795	3,167,134	2,689,964	2,346,539	2,013,088

Panel D: Exact Matching in 2004, 2005, and 2006, Sample 2006–2013

Dependent Variable:	Average Paydex Score							
	Establishment-Level	State-Level		County-Level		Zip-Level		All
	(1) Establishment Characteristics	(2) Economic Conditions	(3) Political Conditions	(4) Unemp. Rate	(5) Agg. Sales Growth	(6) Personal Income	(7) House Price	(8) All
$\text{Bound}_{s,t-1} \times \Delta MW(F)_t$	-0.46	-0.44**	-0.50**	-0.32*	-0.47*	-0.50*	-0.38*	-0.40**
	[0.28]	[0.19]	[0.23]	[0.19]	[0.28]	[0.27]	[0.21]	[0.16]
$\text{Bound}_{s,t-1}$	0.41**	0.25*	0.45***	0.00	0.42**	0.44**	0.34**	0.11
	[0.19]	[0.14]	[0.16]	[0.10]	[0.18]	[0.17]	[0.14]	[0.11]
Matched-Pair Fixed Effects	✓	✓	✓	✓	✓	✓	✓	✓
Year Fixed Effects	✓	✓	✓	✓	✓	✓	✓	✓
Controls	✓	✓	✓	✓	✓	✓	✓	✓
Adjusted R^2	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.29
No. of Pairs	174,614	174,606	174,602	173,562	174,615	173,586	129,966	129,110
Observations	2,528,481	2,536,858	2,526,693	2,518,918	2,529,349	2,358,719	1,879,987	1,770,727

Table IA5: Heterogeneity: Labor Cost

This table reports labor heterogeneity for our baseline regression Equation (1). We measure the establishment's labor cost as the number of employees × the average salary divided by sales. We use QCEW data to estimate average compensation at the county-NAICS4 level. We partition our sample into two groups using the median establishment labor cost. We define the labor cost median one year before the federal minimum wage change, and we define $MoreLaborCost$ as an indicator variable equal to 1 if the establishment's labor-cost measure is above the median labor cost, otherwise zero. We define $Less$ as 1-$MoreLaborCost$. For $LessLaborCost$ and $MoreLaborCost$ establishments, we run our baseline model(i.e., Column (6) of Table 2), and report results in Column (1) and Column (2), respectively. In Columns (3) and (4), we conduct this analysis using triple interaction. In Column (3), we include establishment controls, establishment fixed effects, and state × year fixed effects. In Column (4), we further include NAICS4 × year fixed effects. Standard errors are in brackets and are clustered at the state level. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Dependent Variable:	Average Paydex Score			
	(1) Less	(2) More	(3) All	(4) All
Bound$_{s,t-1}$ × $\Delta MW(F)_t$	-0.50***	-0.73**		
	[0.18]	[0.31]		
Bound$_{s,t-1}$	-0.09	-0.07		
	[0.16]	[0.16]		
More Labor Cost × Bound$_{s,t-1}$ × $\Delta MW(F)_t$			-0.21**	-0.17**
			[0.09]	[0.08]
More Labor Cost × Bound$_{s,t-1}$			0.01	0.05
			[0.04]	[0.03]
More Labor Cost × $\Delta MW(F)_t$			0.44***	0.27***
			[0.05]	[0.05]
Establishment Fixed Effects	✓	✓	✓	✓
Year Fixed Effects	✓	✓		
Establishment Controls	✓	✓	✓	✓
State × Year Fixed Effects			✓	✓
NAICS4 × Year Fixed Effects				✓
Adjusted R^2	0.58	0.68	0.62	0.62
No. of Establishments	1,821,320	2,431,749	3,778,189	3,778,182
Observations	12,634,843	12,106,979	25,084,109	25,084,109

Table IA6: Exits After Minimum Wage Increases: Based on Credit Score Groups

This table reports the results from regression Equation (1) estimating the differential effect of the federally mandated minimum wage on the probability of small business exits. We measure *exit* as last year of the establishment in the NETS database. Thus, $Exit(=1)_{t+1}$ is a dummy variable measuring the probability of an exit in year t+1. $SameGroup_{it}$ (80+) is a dummy variable that identifies the establishment–years in which the establishment remains in the "80 and above" group both in year t-1 and year t. $Downgrade_{it}$ (80+ to 70–79) is a dummy variable identifying establishment–years in which the establishment observes a drop in its average Paydex score from 80+ group in year t-1 to "70-79" group in year t. All other downgrade variables are similarly defined. In addition to reported coefficients, in all regressions, we include the dummy for each group and its interaction term with the bound dummy. In Column 6, we include state × year fixed effects. Standard errors are in brackets and are clustered at the state level. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Dependent Variable:	$Exit(=1)_{t+1}$					
	(1)	(2)	(3)	(4)	(5)	(6)
Bound$_{s,t-1}$ × $\Delta MW(F)_t$	-0.011**			-0.010**	-0.009*	-0.010**
× $SameGroup_i$ (80+)	[0.005]			[0.005]	[0.005]	[0.004]
Bound$_{s,t-1}$ × $\Delta MW(F)_t$		0.020***		0.016***	0.017***	0.017***
× $Downgrade_i$ (80+ to 70-79)		[0.003]		[0.002]	[0.002]	[0.002]
Bound$_{s,t-1}$ × $\Delta MW(F)_t$			0.021***		0.019***	0.020***
× $Downgrade_i$ (70-79 to 60-69)			[0.002]		[0.002]	[0.002]
Bound$_{s,t-1}$ × $\Delta MW(F)_t$	-0.007	-0.010**	-0.009**	-0.008*	-0.009**	
	[0.005]	[0.004]	[0.004]	[0.005]	[0.005]	
Bound$_{s,t-1}$	0.009***	0.008***	0.008***	0.009***	0.009***	
	[0.003]	[0.003]	[0.003]	[0.003]	[0.003]	
Interaction terms	✓	✓	✓	✓	✓	✓
Establishment Fixed Effects	✓	✓	✓	✓	✓	✓
Establishment Controls	✓	✓	✓	✓	✓	✓
Year Fixed Effects	✓	✓	✓	✓	✓	
State × Year Fixed Effects						✓
Adjusted R^2	0.18	0.18	0.18	0.18	0.18	0.18
No. of Establishments	3,274,815	3,274,815	3,274,815	3,274,815	3,274,815	3,274,815
Observations	22,316,622	22,316,622	22,316,622	22,316,622	22,316,622	22,316,622