THE INCOMES AND OUTCOMES OF LOW WAGE WORK:
THE MINIMUM WAGE AND BEYOND
INTRODUCTION

The minimum wage has stalled at $7.25 per hour in Pennsylvania (and federally) since 2009. In this workshop, we'll discuss Governor Shapiro's minimum wage proposal and what a $15 minimum wage would mean for Pennsylvania workers. We'll explore common minimum wage myths, messaging, trends from surrounding states that already raised their minimum wage, and we'll discuss issues that impact low-wage workers the most.
Claire Kovach, Ph.D, Senior Research Analyst
Vivienne Sinagra, Deputy Campaign Director
Maisum Murtaza, Research Associate
It seems to me to be equally plain that no business which depends for existence on paying less than living wages to its workers has any right to continue in this country. By "business" I mean the whole of commerce as well as the whole of industry; by workers I mean all workers, the white collar class as well as the men in overalls; and by living wages I mean more than a bare subsistence level – I mean the wages of decent living.

– President Franklin D. Roosevelt
WORLD’S 1ST MINIMUM WAGE LAW

New Zealand

1894
SHOULDN’T BE A MINIMUM WAGE?

• Market should set the wage
• If the job doesn’t pay a living wage, people won’t do it
• Minimum wage is an arbitrary price that prices workers out of the market
• Pricing out workers tends to hurt the very workers the policy is meant to help
• Increasing costs for labor will increase costs of goods
• This ends with low-skilled workers in unemployment lines

SHOULDN’T BE A MINIMUM WAGE

• The market is imperfect and can be manipulated through other means like work culture
• The workers who benefit from minimum wage policies have lower savings rates and spend that money in the market
• Boosts tax revenue and encourages consumer spending
• Cost of labor is offset by increased spending
• People don’t have perfect information
The gap between productivity and a typical worker’s compensation has increased dramatically since 1979

Productivity growth and hourly compensation growth, 1948–2021

Notes: Data are for compensation (wages and benefits) of production/nonsupervisory workers in the private sector and net productivity of the total economy. “Net productivity” is the growth of output of goods and services less depreciation per hour worked.

### Minimum Wage Today

<table>
<thead>
<tr>
<th></th>
<th>Minimum Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Federal</strong></td>
<td>$7.25</td>
</tr>
<tr>
<td><strong>Pennsylvania</strong></td>
<td>$7.25</td>
</tr>
</tbody>
</table>

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**ALL OF PENNSYLVANIA'S NEIGHBORING STATES HAVE RAISED THE MINIMUM WAGE.**

![Map showing minimum wages](image)

- **PA** ($7.25)
- **NY** ($14.20)*
- **RI** ($13.00)*
- **CT** ($14.00)*
- **NJ** ($14.13)*
- **MD** ($13.25)*
- **DE** ($11.75)*
- **DC** ($16.10)

Minimum Wage As Of Jan 1, 2023

* ON THE PATH TO $15/HR BY 2025
THE PROPOSAL

“Effective January 1, 2024, an increase in the minimum wage from $7.25 per hour to $15.00 per hour is proposed.”

C1-9. GOVERNOR'S EXECUTIVE BUDGET 2023-2024
ACTIVITY

Take 5 minutes to discuss and write down some responses you’ve heard to calls for a higher minimum wage.
# COMMON MYTHS

<table>
<thead>
<tr>
<th>Myth</th>
<th>Image</th>
</tr>
</thead>
<tbody>
<tr>
<td>Only teens benefit</td>
<td><img src="only-teens-benefit.png" alt="Image" /></td>
</tr>
<tr>
<td>Don’t need the money</td>
<td><img src="don-t-need-the-money.png" alt="Image" /></td>
</tr>
<tr>
<td>Prices will skyrocket</td>
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<tr>
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<tr>
<td>$15 is too much</td>
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</table>
COMMON MYTHS

ONLY TEENS BENEFIT

Only 14% of those who benefit from this proposal are teenagers.

PA teenage workforce 236,000

Nearly 1.6 million Pennsylvania workers benefit from the proposal
COMMON MYTHS

**ONLY TEENS BENEFIT**
Only 14% of those who benefit from this proposal are teenagers.

**DON’T NEED THE MONEY**
Average share of family income earned by affected workers: 36%

**Over 86% of these workers who benefit aren’t teens**

**Nearly 30% of workers who benefit have a child under 18**

**Essential workers**
**COMMON MYTHS**

**ONLY TEENS BENEFIT**

Only 14% of those who benefit from this proposal are teenagers.

**DON’T NEED THE MONEY**

Average share of family income earned by affected workers: 36%

**PRICES WILL SKYROCKET**

Labor isn’t the only thing that factors into the cost of an item

**Pennsylvania isn’t a trailblazer in this policy space**

**Reduces turnover & training costs, improves morale & productivity**
COMMON MYTHS

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Only 14% of those who benefit from this proposal are teenagers.

**DON’T NEED THE MONEY**

Average share of family income earned by affected workers: 36%

**PRICES WILL SKYROCKET**

Labor isn’t the only thing that factors into the cost of an item

**HURT BUSINESSES**

Businesses depend on customers who make enough to buy what they are selling

Surveys, benefits, customers
COMMON MYTHS

**ONLY TEENS BENEFIT**
Only 14% of those who benefit from this proposal are teenagers.

**DON’T NEED THE MONEY**
Average share of family income earned by affected workers: 36%

**PRICES WILL SKYROCKET**
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**HURT BUSINESSES**
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**$15 IS TOO MUCH**
PA average living wage: $16.41
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<td>$15 Is Too Much</td>
<td>PA average living wage: $16.41</td>
</tr>
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</table>
# Living Wage

Glasmeier, Amy K. Living Wage Calculator. 2023. Massachusetts Institute of Technology. livingwage.mit.edu

## Living Wage

<table>
<thead>
<tr>
<th>Living Wage</th>
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<th>2 Children</th>
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## Poverty Wage

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## Minimum Wage

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WHO BENEFITS?

From a $15 per hour minimum wage by January 1, 2024
IF PA RAISED THE MINIMUM WAGE TO $15/hr:

1,569,096 PA workers would benefit

Of those workers:
- over 61% are women.
- only 14% are teens
- 31% are people of color.
- 29% are parents.
- over 50% work full-time.

*estimates for a $15 minimum wage by January 1st, 2024, by the Keystone Research Center
IF PA RAISED THE MINIMUM WAGE TO $15/hr:

Over a million PA workers would see an increase in their wages

an average increase of $4,350 per worker, per year.

This increase in wage income will be spent directly back into the economy – supporting our local businesses, and strengthening the current economic expansion.

*estimates for a $15 minimum wage by January 1st, 2024, by the Keystone Research Center
WHAT'S NEW IN MESSAGING?

Not much! We've been calling for $15/hr for years!

Do you know when organizations started popularly calling for $15/hr as a living wage?
HAPPY ANNIVERSARY

We knew the minimum wage was far too low OVER TEN YEARS AGO.

The Fight For $15 movement “celebrated” its 10-year anniversary in 2022.
MESSAGING

WE NEED $15/HR ASAP
$15/hr is the bare minimum, and delaying it any longer will further harm working class Americans

MAJORITY AREN’T TEENAGERS
86% of workers who benefit from a $15 minimum wage are adults

MAJORITY ARE WOMEN
61% of workers who benefit from a $15 minimum wage are women

DISPROPORTIONATELY PEOPLE OF COLOR
21% of PA workers are POC but 31% of workers who benefit from a $15 minimum wage are

LET LOCALITIES SET THEIR OWN WAGES
After $15 statewide, give local governments the power to address the needs of their own communities
WHAT NOT TO DO: MICHIGAN EDITION

It's essential that we not only raise the wage to $15/hr, but also to do so as soon as possible. What we don't want is less than $15, and we certainly do not want it (or less) nearly a decade down the road.

**Michigan**

- $10.33, effective January 1, 2024
- $10.56, effective January 1, 2025
- $10.80, effective January 1, 2026
- $11.04, effective January 1, 2027
- $11.29, effective January 1, 2028
- $11.54, effective January 1, 2029
- $11.79, effective January 1, 2030
- $12.05, effective January 1, 2031
SUBMINIMUM WAGE

Tipped workers

<table>
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<tr>
<th>Tipped Minimum Wage</th>
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<tbody>
<tr>
<td>Federal</td>
<td>$2.13</td>
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<tr>
<td>Pennsylvania</td>
<td>$2.83</td>
</tr>
</tbody>
</table>

People with Disabilities

- 14 States, including Pennsylvania
- Average wage of a person with a disability working under current certificate: $3.34 per hour

Casey Announces $177 Million to Phase Out Subminimum Wage for People with Disabilities in 14 States; $13 Million for Pennsylvania

### TIPPED WORKERS IN OTHER STATES

<table>
<thead>
<tr>
<th>State</th>
<th>Tipped Minimum Wage</th>
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</thead>
<tbody>
<tr>
<td>New York</td>
<td>$9.45</td>
</tr>
<tr>
<td>New Jersey</td>
<td>$5.26</td>
</tr>
<tr>
<td>West Virginia</td>
<td>$2.63</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>$2.83</td>
</tr>
</tbody>
</table>

- Tipped minimum wage is set to $8.35 or two-thirds of the regular minimum wage, (whichever is greater) or the prevailing minimum wage of a given geography.
- From January 1, 2024 onward, the New Jersey tipped minimum wage is set at $9.87 less than the regular minimum wage.
- West Virginia’s tipped minimum wage is set at 30% of the regular minimum wage.
- Flat minimum wage for Washington, Oregon, Nevada, California, Montana, Minnesota, Alaska.
ONE FAIR WAGE STATES

- Washington
- Oregon
- Nevada
- California
- Montana
- Minnesota
- Alaska
PREEMPTION

• Preemption is a legal doctrine that allows a higher level of government to limit or even eliminate the power of a lower level of government to regulate a specific issue.
• On the matter of the minimum wage in PA, it is used to stop localities from setting their own.
• Places like Philadelphia, Pittsburgh, York, and Lancaster
COUNTY DIFFERENCES IN LIVING WAGE

CENTRE COUNTY

<table>
<thead>
<tr>
<th>0 Children</th>
<th>Living Wage</th>
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<tr>
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<td>$18.25</td>
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ERIE COUNTY

<table>
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<td>$15.29</td>
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CAMERON COUNTY

<table>
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<tr>
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<th>Living Wage</th>
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<tbody>
<tr>
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<td>$14.74</td>
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## COUNTY DIFFERENCES: THEN AND NOW

### MIT Living Wage for 1 Adult

<table>
<thead>
<tr>
<th>County</th>
<th>Year: 2021</th>
<th>Year: 2023</th>
<th>Percent Change</th>
<th>Dollar Change</th>
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<tbody>
<tr>
<td>Clearfield</td>
<td>$12.06</td>
<td>$14.63</td>
<td>21%</td>
<td>$2.57</td>
</tr>
<tr>
<td>Philadelphia</td>
<td>$14.47</td>
<td>$17.53</td>
<td>21%</td>
<td>$3.06</td>
</tr>
</tbody>
</table>
BLAST TO THE PAST: 2009 EDITION
INDEXING?

Ohio: Annual increases based on the August-to-August percentage change in the CPI-W, U.S. city average, rounded to the nearest 5 cents.

New Jersey: Annual increases based on the August-to-August percentage change in the CPI-W, U.S. city average.

Virginia: Annual increases based on the calendar-year increase in the CPI-U, U.S. city average.

New York: Indexed schedule set by the Director of the Division of Budget in consultation with the Department of Labor.
OTHER LOW WAGE LABOR ISSUES
YOUTH EMPLOYMENT

SLIGHT UPTICK

TODAY'S BIG QUESTION

Should child labor laws be loosened?

THE WEEK
APRIL 8, 2023

CHILD LABOR LAWS
YOUTH EMPLOYMENT: BENEFITS AND DRAWBACKS

• Labor increase
• Work experience

• Child labor laws
• Child labor law violations
Plastics Manufacturer Fined Over Child Labor Violations

The company also failed to properly pay overtime to dozens of workers.

Federal officials began investigating WL Plastics after a 17-year-old worker at a Pennsylvania plant suffered a minor injury.

Pennsylvania McDonald's franchisee accused of child labor violations involving 101 teens

Labor finds child work violations at three Pennsylvania Dunkin’ locations
Number of minors per fiscal year who were employed in violation of...

WAGE THEFT
If you steal from a store, you go to jail.

But employers who cheat their workers of wages get away with it.

You May Be a Victim of Wage Theft If:

- You work piece rate or off the books.
- You’re forced to clock out early & keep working.
- You’ve had your tips stolen.
- You don’t receive meal or rest breaks.

https://www.labor.ucla.edu/wage-theft/
US Theft Estimates, 2019

- **Robbery**: $500,000,000
- **Burglary**: $3,000,000,000
- **Motor Vehicle Theft**: $6,000,000,000

*2019 FBI Data*
US Theft Estimates, 2019

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2019 FBI Data
Widespread wage theft needs a stronger government response

Value of wage theft* compared with value of combined street, bank, gas station, and convenience store robberies, 2012

*Value of back wages illegally withheld by employers recovered by U.S. Department of Labor in 2012

US Theft Estimates, 2019

- Robbery
- Burglary
- Motor Vehicle Theft

2019 FBI Data
VICTIMS OF WAGE THEFT

• The most common victims are low-wage workers – most often in service industry job, women, immigrants, and people of color.
A Call
Cell phone co-inventor Martin Cooper, with the first cell phone, circa 1973


Martin Cooper, 94 years old
Price Changes of Consumer Goods and Services

Source: Bureau of Labor Statistics
Original design and concept by Mark J. Perry, Senior Fellow Emeritus, AEI
Price Changes
OF CONSUMER GOODS AND SERVICES

Broadly speaking, price levels have increased by 74% since 2000. That said, the actual numbers vary widely depending on the type of good or service. Many consumer goods like toys and TVs have gotten cheaper, while critical categories like healthcare and education have skyrocketed.

- MORE EXPENSIVE
  - HOSPITAL SERVICES
  - COLLEGE TUITION AND FEES
  - COLLEGE TEXTBOOKS
  - MEDICAL CARE SERVICES
  - CHILDCARE
  - FOOD AND BEVERAGE
  - HOUSING

- CHEAPER
  - NEW CARS
  - HOUSEHOLD FURNISHINGS
  - CLOTHING
  - CELLPHONE SERVICES
  - SOFTWARE
  - TOYS
  - TELEVISIONS

Source: Bureau of Labor Statistics
Original design and concept by Mark J. Perry, Senior Fellow Emeritus, ADI

visualcapitalist.com
# PEAK VALUE & LAST INCREASE

<table>
<thead>
<tr>
<th>Year</th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1968</td>
<td>Peak value of minimum wage</td>
<td>$12.12/hr ($25,210/yr)</td>
</tr>
<tr>
<td>2009</td>
<td>Last minimum wage increase</td>
<td>$9.99 ($20,779)</td>
</tr>
<tr>
<td>2022</td>
<td>Today</td>
<td>$7.25 ($15,080)</td>
</tr>
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**Note:** All values in June 2022 dollars, adjusted using the CPI-U in 2022 chained to the CPI-U-RS (1978–2021) and CPI-U-X1 (1967–1977) and CPI-U (1966 and before).

**Source:** Fair Labor Standards Act and amendments.

Economic Policy Institute
ANSWERING THE CALL
THE INCOMES AND OUTCOMES
OF LOW WAGE WORK:
THE MINIMUM WAGE AND BEYOND

THANK YOU