

BRIEFING PAPER

Where Pennsylvania Low-Wage Workers Live

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In recent debates about a proposed increase in the state's minimum wage from \$5.15 to \$7.15 per hour, some observers have claimed that only a few workers currently earn the minimum wage. The implication of such assertions is that the proposed increase will neither benefit many workers nor make much difference in the lives of Pennsylvania families, and so raising the minimum wage need not be a priority for the Commonwealth.

This revised Briefing Paper addresses the debate about the need for raising the minimum wage by estimating the number of low-wage workers in each of Pennsylvania's 67 counties who would benefit from a minimum wage hike to \$7.15 in January 2007 (for details on the methodology used to derive these estimates, see the Technical Appendix).¹

For the sake of analysis, workers who would gain are divided into two groups:

- 1) those *directly* benefiting, who are projected to earn between \$5.15 and \$7.14 per hour at the time of implementation; and
- 2) those *indirectly* benefiting, who are projected to earn between \$7.15 and \$8.14 per hour. This second group benefits indirectly because its employers seek to pay somewhat above the minimum wage to attract and retain higher quality workers. Once the minimum wage increases, just-above minimum wage employers will likely also increase wages so that they still pay somewhat above the new minimum.

KRC's estimates of the number of workers by county who would benefit *directly* from a minimum wage increase to \$7.15 are very similar to those published by the Pennsylvania Department of Labor and Industry (see <http://www.governor.state.pa.us/governor/cwp/view.asp?Q=444965&A=3>). The Department has not estimated the number of workers by county who would benefit indirectly.

In Pennsylvania as a whole, our analysis indicates that an estimated total of 754,000 workers would benefit from a minimum wage increase to \$7.15 per hour, including 427,000 workers who would benefit directly and 327,000 who would benefit indirectly.

In the context of the Pennsylvania labor market 754,000 workers can hardly be considered "a few" workers. According to the Bureau of Labor Statistics, the number is larger than the number of Pennsylvanians employed in October 2005 in all of manufacturing (675,600), and in professional and business services (651,800), and about the same as the number employed in government (756,200).

The numbers of workers by county who would benefit from an increase in the minimum wage are shown in Tables 1 (page 3), Table 2 (page 4) and Table 3 (page 5). The data in the tables make clear that

- The state's most populous counties, which also have the most jobs, have the largest number of low-wage workers who would benefit from a minimum wage increase.

Allegheny County has more than 45,000 workers who would benefit directly and another roughly 33,000 who would benefit indirectly.

Philadelphia County also has over 40,000 workers who would benefit directly and another 33,000 who would benefit indirectly.

- The counties in which the largest share of workers would benefit are low-wage rural counties.

In 10 counties — Armstrong, Fayette, Huntingdon, Jefferson, Juniata, Perry, Pike, Somerset, Sullivan, and Susquehanna — 15 percent or more workers would directly benefit from the proposed minimum wage increase (Table 1 on page 3).

In 35 counties spanning Pennsylvania's rural region, one in five or more workers would benefit directly or indirectly from a minimum wage increase.

- The counties in which the smallest share of workers would benefit are high-wage suburban counties. In Bucks, Chester and Montgomery Counties in the suburbs of Philadelphia, for example, fewer than one in 10 workers would benefit directly or indirectly (Table 3).

In conclusion, while many wages have risen substantially above the current minimum wage during the eight years since it was last increased, the minimum wage remains a powerful instrument for making work pay closer to a family-sustaining wage. An increase in the minimum wage to \$7.15 per hour would matter to a great many of Pennsylvania's hard working low-wage workers.

Table 1. Number and Share of Pennsylvania Workers, by County, Who Would Benefit Directly from a Minimum Wage Increase to \$7.15 per Hour

County	Number	Share of Total Employment 2007 (%)	County	Number	Share of Total Employment 2007 (%)
Pennsylvania	427,000	8%	Juniata	1,034	15%
Adams	3,526	11%	Lackawanna	8,911	9%
Allegheny	45,565	6%	Lancaster	16,134	7%
Armstrong	3,528	19%	Lawrence	4,119	13%
Beaver	7,895	14%	Lebanon	4,619	10%
Bedford	2,110	13%	Lehigh	11,120	6%
Berks	11,758	7%	Luzerne	12,332	9%
Blair	6,062	10%	Lycoming	6,228	12%
Bradford	2,575	11%	Mckean	1,978	11%
Bucks	13,996	5%	Mercer	4,957	10%
Butler	7,503	10%	Mifflin	2,106	13%
Cambria	7,640	13%	Monroe	4,892	9%
Cameron	257	9%	Montgomery	15,162	3%
Carbon	2,095	12%	Montour	789	6%
Centre	7,446	11%	Northampton	8,878	10%
Chester	10,438	5%	Northumberland	4,088	14%
Clarion	1,990	13%	Perry	1,324	16%
Clearfield	4,266	13%	Philadelphia	40,901	6%
Clinton	1,717	13%	Pike	1,659	15%
Columbia	2,478	10%	Potter	778	12%
Crawford	3,519	11%	Schuylkill	5,443	11%
Cumberland	6,486	5%	Snyder	1,701	10%
Dauphin	8,701	5%	Somerset	4,006	15%
Delaware	13,401	6%	Sullivan	269	16%
Elk	1,512	9%	Susquehanna	1,513	17%
Erie	13,715	11%	Tioga	1,698	13%
Fayette	7,890	19%	Union	1,885	11%
Forest	236	13%	Venango	2,743	13%
Franklin	4,994	9%	Warren	1,708	11%
Fulton	602	12%	Washington	8,329	11%
Greene	1,670	14%	Wayne	1,710	11%
Huntingdon	1,924	15%	Westmoreland	15,231	11%
Indiana	4,367	14%	Wyoming	1,173	13%
Jefferson	2,350	15%	York	13,370	8%

Source: Keystone Research Center analysis of the Census and the Current Population Survey.

Table 2. Number and Share of Pennsylvania Workers, by County, Who Would Benefit Indirectly from a Minimum Wage Increase to \$7.15 per Hour					
County	Number	Share of Total Employment 2007 (%)	County	Number	Share of Total Employment 2007 (%)
Pennsylvania	327,000	6%	Juniata	756	11%
Adams	3,101	9%	Lackawanna	7,424	7%
Allegheny	33,034	5%	Lancaster	11,970	5%
Armstrong	2,520	13%	Lawrence	3,209	10%
Beaver	6,150	11%	Lebanon	3,812	8%
Bedford	1,776	11%	Lehigh	8,513	5%
Berks	9,283	6%	Luzerne	10,622	7%
Blair	4,561	7%	Lycoming	4,531	8%
Bradford	1,906	8%	Mckean	1,514	9%
Bucks	10,705	4%	Mercer	3,861	8%
Butler	5,235	7%	Mifflin	1,541	10%
Cambria	5,285	9%	Monroe	3,691	7%
Cameron	197	7%	Montgomery	13,549	3%
Carbon	1,604	10%	Montour	604	5%
Centre	4,967	8%	Northampton	7,551	8%
Chester	7,216	3%	Northumberland	3,130	10%
Clarion	1,779	12%	Perry	1,124	14%
Clearfield	3,131	9%	Philadelphia	32,014	5%
Clinton	1,257	10%	Pike	1,359	12%
Columbia	2,134	8%	Potter	596	9%
Crawford	3,378	11%	Schuylkill	4,424	9%
Cumberland	5,507	4%	Snyder	1,244	7%
Dauphin	5,698	3%	Somerset	2,771	10%
Delaware	11,019	5%	Sullivan	199	12%
Elk	1,157	7%	Susquehanna	1,239	14%
Erie	8,816	7%	Tioga	1,256	9%
Fayette	5,233	12%	Union	1,380	8%
Forest	211	12%	Venango	2,452	12%
Franklin	4,393	8%	Warren	1,639	11%
Fulton	507	10%	Washington	5,622	7%
Greene	1,127	9%	Wayne	1,400	9%
Huntingdon	1,620	12%	Westmoreland	10,943	8%
Indiana	3,119	10%	Wyoming	977	10%
Jefferson	1,725	11%	York	10,736	6%

Source: Keystone Research Center analysis of the Census and the Current Population Survey.

Table 3. Number and Share of Pennsylvania Workers, by County, Who Would Benefit Directly or Indirectly from a Minimum Wage Increase to \$7.15 per Hour

County	Number	Share of Total Employment 2007 (%)	County	Number	Share of Total Employment 2007 (%)
Pennsylvania	754,000	14%	Juniata	1,790	25%
Adams	6,627	20%	Lackawanna	16,335	16%
Allegheny	78,599	11%	Lancaster	28,105	12%
Armstrong	6,048	32%	Lawrence	7,328	23%
Beaver	14,046	25%	Lebanon	8,431	18%
Bedford	3,886	24%	Lehigh	19,633	11%
Berks	21,041	13%	Luzerne	22,954	16%
Blair	10,623	17%	Lycoming	10,759	20%
Bradford	4,481	19%	Mckean	3,492	20%
Bucks	24,701	9%	Mercer	8,818	18%
Butler	12,739	17%	Mifflin	3,647	23%
Cambria	12,925	22%	Monroe	8,583	16%
Cameron	454	17%	Montgomery	28,711	6%
Carbon	3,699	22%	Montour	1,392	11%
Centre	12,412	19%	Northampton	16,429	18%
Chester	17,654	8%	Northumberland	7,218	24%
Clarion	3,769	25%	Perry	2,447	30%
Clearfield	7,397	22%	Philadelphia	72,915	11%
Clinton	2,974	23%	Pike	3,018	27%
Columbia	4,613	18%	Potter	1,374	21%
Crawford	6,897	22%	Schuylkill	9,867	20%
Cumberland	11,993	9%	Snyder	2,945	17%
Dauphin	14,399	8%	Somerset	6,778	25%
Delaware	24,420	11%	Sullivan	468	27%
Elk	2,669	17%	Susquehanna	2,753	31%
Erie	22,531	17%	Tioga	2,954	22%
Fayette	13,123	31%	Union	3,265	19%
Forest	447	25%	Venango	5,195	24%
Franklin	9,387	18%	Warren	3,348	22%
Fulton	1,109	21%	Washington	13,952	18%
Greene	2,797	23%	Wayne	3,110	21%
Huntingdon	3,544	27%	Westmoreland	26,174	19%
Indiana	7,486	23%	Wyoming	2,151	23%
Jefferson	4,075	26%	York	24,106	14%

Source: Keystone Research Center analysis of the Census and the Current Population Survey.

Technical Appendix

Estimating the number of affected workers statewide. In estimating the number of workers statewide who would benefit from a minimum wage increase, this briefing paper adopts the revised methodology described in Stephen Herzenberg and Mark Price, *New Estimates Confirm that Three-quarters of a Million Pennsylvania Workers Would See Higher Pay with a \$7.15 Per Hour Minimum Wage* (Keystone Research Center, 2006). This methodology uses wage data for 2004 and 2005 from the Current Population Survey (CPS).

Allocating affected workers to each county. To allocate to each county 2004 statewide figures for the estimated number of workers affected by a minimum wage increase, estimates of each county's share of low-wage workers statewide were developed from the 2000 Census.² To estimate county shares of directly affected workers – those now earning \$5.15 to \$7.14 – we used county shares of those earning between \$5.00 and \$6.00 per hour in the 2000 Census. This allows for increases in nominal wages since 2000. To estimate county shares of those indirectly affected by a minimum wage increase (and now earning \$7.15 to \$8.14) we used county shares of all workers statewide earning between \$6.01 and \$7.00 in 2000. The shares of directly and indirectly affected workers by county are not highly sensitive to the precise 2000 Census wage range used to estimate these shares.

This methodology relies on county shares of low-wage workers remaining relatively stable since 2000. Since labor market trends and job growth have not had pronounced regional variation within Pennsylvania since 2000, the assumption of stable shares of low-wage workers seems reasonable.

With the assistance of the Keystone Research Center, the Pennsylvania Department of Labor and Industry (PDL&I) used a similar methodology to estimate the number of workers in each county who would benefit directly from a minimum wage increase to \$7.15. For the PDL&I estimates, see <http://www.governor.state.pa.us/governor/cwp/view.asp?Q=444965&A=3>.

Estimating the shares of workers in each county who would benefit directly and indirectly from a minimum wage increase. To estimate these shares requires January 2007 employment by county. We project county employment to 2007 by taking county employment in 2004 (from the Current Employment Statistics data base maintained by the Bureau of Labor Statistics) and then inflating this number by 1 percent for 2005 and 2006 and 0.5 percent for the period to January 2007. While Pennsylvania job growth was very slow from 2001 to 2005 (0.2 percent over the entire January 2001 to November 2005 period), job growth was 1.1 percent from November 2004 to November 2005.

Endnotes

1. Readers interested in analysis of workers who would benefit from a minimum wage increase by age, race, gender, occupation, and household income, can find it in *The State of Working Pennsylvania 2005*, online at www.stateofworkingpa.com. This analysis shows that beneficiaries are more than 70 percent adults and, in addition, that lower-income families gain a disproportionate share of the benefits.

2. Some smaller Pennsylvania counties (those with a population less than 100,000) could not be identified in the Census separately from neighboring counties. For these counties, low-wage employment shares were calculated first for the larger group of counties and then allocated to each individual county based on its 2000 population share.

The Keystone Research Center

The Keystone Research Center (KRC) was founded in 1996 to broaden public discussion on strategies to achieve a more prosperous and equitable Pennsylvania economy. Since its creation, KRC has become a leading source of independent analysis of Pennsylvania's economy and public policy.

The Keystone Research Center is located at 412 North Third Street, Harrisburg, Pennsylvania, 17101. Most of KRC's original research is available from the KRC Web site at **www.keystoneresearch.org**. The Keystone Research Center welcomes questions or other inquiries about its work at 717-255-7181, or toll free at 888-618-2055.