

A \$15 Minimum Wage Is Good For Northampton County's Economy and Families

When a significant number of jobs in Northampton County don't pay enough for our neighbors to afford the basics – things like food, car repairs and eyeglasses – it hurts the local economy. For many people in our community, wages are so low that they don't even cover rent and the cost of getting around, forcing working people to rely on the local food bank to help make ends meet. Raising the wage floor can help restore spending on the basics and, in the process, boost the local economy.

Today, in the Pennsylvania Legislature, Senate Bill 12 and House Bill 1215 propose raising the minimum wage to \$15 per hour by 2025. An increase in the minimum wage to \$15 per hour would boost the wages of 48,000, or 33.2%, of the county's resident workforce. In total, wages in Northampton County would increase by \$188 million.

The majority of workers in the county who would get a raise as a result of a statewide minimum wage increase are adults (91.2%) working full-time (64.2%). On average, the workers here that would benefit from a minimum wage increase earn 43.5% of their family's income.

Twenty-nine states including ALL of our neighboring states have already raised the minimum wage. In our neighboring states that have raised the minimum wage both wage and job growth has been stronger in industries most affected by a minimum wage increase. Raising the minimum wage is a road tested strategy that works as intended making it easier for workers to afford the basics and in the process boosting consumer spending which is good for the broader economy.

A majority (56%) of people support raising the minimum wage to \$15 while establishing one fair wage for the mostly women that currently earn a tipped minimum wage of \$2.83. Yet it has been more than a decade since the legislature took action to raise the wage. Increasing the minimum wage is long overdue, and raising it to \$15 per hour would provide a meaningful boost in family incomes in the region and help make sure the growth of Pennsylvania's economy is broadly shared.

Who Benefits From A \$15 Minimum Wage?

55% are women

32% are people of color

91% are adults

42% are age 40 and older

36% are parents

64% work full-time

On average the workers affected earn 43% of their family's income

47% have some college or more

On average the teenagers affected earn 17% of their family's income

Modernizing Pennsylvania's Minimum Wage

WE NEED ONE FAIR WAGE

In Pennsylvania, employers of workers that customarily receive tips are only required to pay their tipped workers a base wage of \$2.83 per hour, provided their workers' weekly income from tips plus their base pay at \$2.83 brings their hourly rate to \$7.25. Even after factoring in tips, tipped workers in states like Pennsylvania earn 11% less than tipped workers in states like Minnesota, Montana, Alaska, Hawaii, Washington, Oregon and California where there is one fair wage for all workers.

Some corporate lobbyists also advocate for a lower minimum wage for teens. For many families, employment by a teen in the family is an important means of making ends meet. In Northampton County teens currently earn an average of 17% of their family's income. Denying these families a raise, while giving businesses an incentive to discriminate by age in hiring, is a bad idea.

WE NEED LOCAL CONTROL

The cost of living varies from community to community in Pennsylvania, so it is important when establishing a statewide minimum wage to give local communities the option to establish a higher local minimum wage to better reflect a higher local cost of living.

WE NEED TO STOP WAGE THEFT

One in 10 minimum-wage-eligible workers in Pennsylvania has been the victim of wage theft by their employer. Pennsylvania needs more cops on the beat and larger penalties for employers who willfully violate the law by not paying workers what they are owed.

WE NEED TO ACCOUNT FOR CHANGES IN THE COST OF LIVING

Eighteen states, including New York, New Jersey, Ohio, and the District of Columbia, adjust the minimum wage annually to better reflect changes in the cost of living. Once the minimum wage reaches \$15 per hour, making a small annual adjustment, typically adding about 36 cents depending on rate of growth in median wages, to the minimum wage would stop politicians from using family budgets as a bargaining chip in the political games that dominate decision making in the General Assembly.

Frequently Asked Questions About A Minimum Wage Increase in Northampton County

“Doesn’t raising the minimum wage effect mostly teenagers?”

- In this region¹ 91% of the people impacted by a minimum wage increase to \$15 are age 20 and older; strikingly 42% are over the age of 40.

“Can't we agree teenagers really don't need a \$15 minimum wage?”

- Of those teenagers that would be affected by a minimum wage increase in this region¹, they currently bring home on average 17% of their family’s income. The jobs impacted by the minimum wage are an important source of income for many working families saving for college.

“Doesn’t raising the minimum wage destroy businesses and jobs, hurting those the minimum wage was intended to help?”

- The minimum wage has increased in every state neighboring Pennsylvania and those increases have not impacted overall job growth or job growth in sectors most affected by a minimum wage increase like food services. In fact, even with the lowest minimum wage in the region, job growth overall and in food services have been SLOWER in Pennsylvania than in neighboring states (read more at <https://goo.gl/vQLvmf>).

“Won’t raising the minimum wage hurt small business?”

- Both big and small businesses pay low wages, and none of us would accept a small or larger business polluting our rivers or poisoning our food just to keep profits high. Raising the minimum wage rewards small and large businesses that profit while also paying living wages to their workers. To learn more about good employers that support a higher minimum wage, visit <https://www.businessforafairminimumwage.org/>

“Does the minimum wage really impact families with children?”

- Parents with children account for 36% of the workers impacted by a minimum wage increase to \$15 in this region¹. Just one child adds \$827 in monthly expenses for childcare in Northampton County. That single expense is over two-thirds the monthly income for a worker employed full-time at the current minimum wage of \$7.25.

¹Figures are for workers living in a region that includes all of Carbon, Lehigh, & Northampton County.

“Isn’t the best path to higher wages a college degree?”

- Working full-time at the minimum wage a worker will bring home an income of \$1,257 a month. The monthly total cost of attending a Pennsylvania community college full-time for a low-income student is \$630, a figure which balloons to between \$1,408 and \$1,646 for a State System or state-related university. Private and for-profit colleges are even more expensive. It’s impossible to get skills for better-paying jobs when the jobs available don’t pay enough to afford education and training to acquire more skills. Workers stuck in an economic dead end are vulnerable to exploitation by a rogue’s gallery of payday lenders and for-profit colleges eager to saddle workers with debt packaged as a lifeline. A higher minimum wage is a critical first step to families providing themselves and their children the lifetime of better opportunities that come with a college degree.

“Isn’t the best path to higher wages career and technical training to become a plumber, electrician or other technician?”

- Greater public investment in career and technical education is very much needed in Pennsylvania but there aren't enough good-paying technical and trades jobs for everyone to get one. In fact 33% of workers in Northampton County are in positions that pay low enough to benefit from a minimum wage increase to \$15. Most of these are service jobs (e.g., retail, eating and drinking, caregiving, clerical, or building service jobs). Raising the minimum wage is the only way to help hard-working white, black and brown people in all jobs afford the basics and aspire to a middle class lifestyle.

“I sometimes hear lobbyists for businesses say they prefer an Earned Income Tax Credit to a minimum wage increase, why?”

- The federal Earned Income Tax Credit is available to low-income working families with children and is most effective in lowering poverty and encouraging work when combined with a minimum wage increase. The tax credit is not a substitute for a minimum wage increase. The corporate lobbyists that promote the tax credit as an alternative to a minimum wage increase to date have never actually advanced a proposal to expand the tax credit in Pennsylvania. They seem only to value it as a rhetorical device when justifying their opposition to the minimum wage.

Frequently Asked Questions About A Minimum Wage Increase in Northampton County

“Don’t studies show that minimum wage increases lead to job losses?”

- The weight of evidence currently finds that modest increases in the minimum wage since 1990 have had no observable impact on employment for workers most likely affected by a minimum wage increase (read more at <https://goo.gl/N412aR>). This means that increased labor costs are absorbed through other channels like lower turnover costs, higher prices, and lower profits.

Given the low level of Pennsylvania's current minimum wage (just 30% of the median) the best available evidence indicate the risk of job loss from a minimum wage increase to anywhere from \$10 to \$12 is quite low.

Evaluations of bolder proposals that move the minimum wage to \$15 are so far are mostly positive, however even if we assume these bolder proposals lead to some people working fewer hours in the year, their annual incomes thanks to the higher minimum wage will increase (read more at <http://epi.org/143838>).

“If raising the minimum wage is so good for the economy, why stop at \$15?”

- In 1968, the Pennsylvania minimum wage was half (51%) the value of the median wage (\$1.60 vs. \$3.15) for full-time full-year workers. In 2019, it is estimated the median wage will be \$24.44 – more than three times the minimum wage. Our goal is to return the purchasing power of the minimum wage to just over half of the median wage by 2025.

With the cost of living above the statewide average in Northampton County our statewide wage target of \$15 would provide workers here a monthly income of \$2,600, a figure still short of the income needed to cover a basic monthly budget for a single adult of \$3,234 in the region.

Our goal is not to radically alter the economy, but to get back to rules of the road that guarantee that when the economy grows all workers benefit, not just corporate managers and high-paid ex-politicians-turned-lobbyists.

“Won’t raising the minimum wage just raise prices and leave workers no better off?”

- The cost of a bag of French fries might rise by a few cents as a result of a minimum wage increase (read more at <https://goo.gl/cGFuWV>). But when the minimum wage is increased, the wages of workers affected by an increase grow faster than inflation, meaning workers have more buying power even if they are paying a few more cents for a bag of French fries.

Even in fast food and other low-wage industries, front-line workers’ wages are a small fraction of the costs of goods and services and there are offsetting savings (for example from lower turnover) which hold down price increases.

“Wasn’t the minimum wage intended to be an entry level wage, not a living wage?”

- The minimum wage has always impacted both entry level wages and wages for workers earning a few dollars more than the minimum wage. The problem is low-wage workers earning just a bit more than the minimum wage have very little bargaining power, for instance it has recently come to light that many franchises that employ a lot of low-wage workers have been using no poaching agreements between employers in the same franchise to prevent workers from gaining access to higher wages in new job openings. So the combination of declining bargaining power and a stagnating minimum wage has meant wages for low-wage workers in general not just those at the minimum have grown more slowly than wages for the typical Pennsylvania worker.

In 1968, the minimum wage in Pennsylvania was set at just over half (51%) the value of the median wage (\$1.60 compared to \$3.15) for full-time full-year workers. The minimum wage in 2019 is 30% of the projected median wage (\$7.25 compared to \$24.44) – its lowest point since the last time Pennsylvania raised the minimum wage in 2006.

Workers impacted by minimum wage increases are more productive and better educated today than similar workers in the past. It’s long past time to restore the purchasing power of the minimum wage.

Frequently Asked Questions About A Minimum Wage Increase in Northampton County

"Isn't the cost of living lower here so people don't really need a \$15 minimum wage?"

- The cost of living is actually above the statewide average in Northampton County and our statewide wage target of a \$15 minimum wage would provide workers here a monthly income of just \$2,600, a figure still short of the income needed to cover a basic monthly budget for a single adult of \$3,234 in the region.

Basic Family Budgets In Northampton County

	1 adult, no children	1 adult, 1 child	1 adult, 2 children	2 adults, 2 children
 Housing	\$688	\$1,079	\$1,079	\$1,079
 Food	\$278	\$409	\$599	\$802
 Childcare	\$0	\$827	\$1,575	\$1,575
 Transportation	\$793	\$913	\$1,001	\$1,179
 Healthcare	\$534	\$808	\$1,083	\$1,617
 Other Necessities	\$390	\$601	\$677	\$759
 Taxes	\$552	\$853	\$1,219	\$1,201
Monthly Expenses	\$3,234	\$5,491	\$7,234	\$8,212
Monthly Income @ \$15 per hour	\$2,600	\$2,600	\$2,600	\$5,200

Source: <https://www.epi.org/resources/budget/>