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KRC Finds *The State of Working PA 2015* Is Improving but Still Precarious; State Budget Deadlock, Stagnant Wages & Incomes, Threaten PA's Recovery

HARRISBURG, Pa. – The Keystone Research Center's annual report *The State of Working Pennsylvania* brings some good news this year – job growth is back to normal in the commonwealth – as well as a caution to legislators and policymakers that Pennsylvania needs a sustainable state budget NOW that reinvests in education, communities and jobs and rejects the economy-sapping cuts of the 2011 budget. Pennsylvania also needs policies, starting with an increase in the minimum wage, which will lift incomes and continue job growth.

"Every week the current state budget deadlock continues to increase the risk to Pennsylvania's economy. All public schools and many service providers receive a portion of their operating budget from the state," warned report co-author and KRC labor economist Mark Price, Ph.D. "Without a state budget, schools and service providers must dip into their cash reserves to meet payroll and pay vendors. When those funds run out, furloughs will follow. Those layoffs and the resulting reduction in consumer spending could send Pennsylvania's economy back into neutral."

Slow job growth and a labor market still short of full employment have resulted in stagnant wages and income in Pennsylvania. Real wages for the typical (median wage) Pennsylvania worker are down 2 percent since 2001. That loss in real earnings doubles to 4 percent to 5.1 percent for the bottom 30 percent of workers. And the bottom 70 percent of Pennsylvania workers have seen their wages decline between 2009 and 2014 during the current economic recovery.

Accompanying the plummet of real wages for a majority of workers is the breathtaking growth in the gap between the incomes of most families and the highest earners (CEOs, financial executives and other high earners in the private sector). While market incomes (before taxes and transfers such as unemployment insurance payments) fell 5 percent for the bottom 99 percent of Pennsylvanians since 2001, the top 1 percent saw their market incomes climb 27 percent. The report includes county and metropolitan area data for the number of workers who would be impacted by a minimum wage increase (**http://goo.gl/ORvzvJ**), as well as trends in market incomes for the bottom 99 percent and top 1 percent (*http://goo.gl/HlQc42)* and in job growth since the late 90s (*http://goo.gl/QdJkFS)*.

The report recommends that Pennsylvania follow some specific policies to achieve faster job growth and higher wages, including:

- Raising Pennsylvania's minimum wage to $10.10 per hour, which would affect 1.2 million workers.
- Enacting earned sick leave for all Pennsylvania workers.
- Development of a comprehensive action plan by the Wolf Administration for increasing the number of "jobs that pay," including achievable executive and legislative actions that would lift Pennsylvania wages and incomes 10 percent by 2018.

The report also recommends that policymakers on the Federal Open Market Committee of the Federal Reserve hold off raising interest rates until the national economy is much closer to full employment.

"Our message to policymakers this Labor Day is two-fold. First, do no harm. Enact a sustainable state budget now that reinvests in education and jobs," said report co-author, economist and KRC Executive Director Stephen Herzenberg, Ph.D. "Second, do some good. Enact policies that will lift wages and incomes, starting with an increase in Pennsylvania's minimum wage. There's no time to lose. Pennsylvania's economic recovery is nascent and fragile."

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