

**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.



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**KEYSTONE RESEARCH CENTER**  
AND  
**PA BUDGET AND POLICY CENTER**



“

**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 1<sup>ST</sup> 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

## SHOULD BE A MINIMUM WAGE

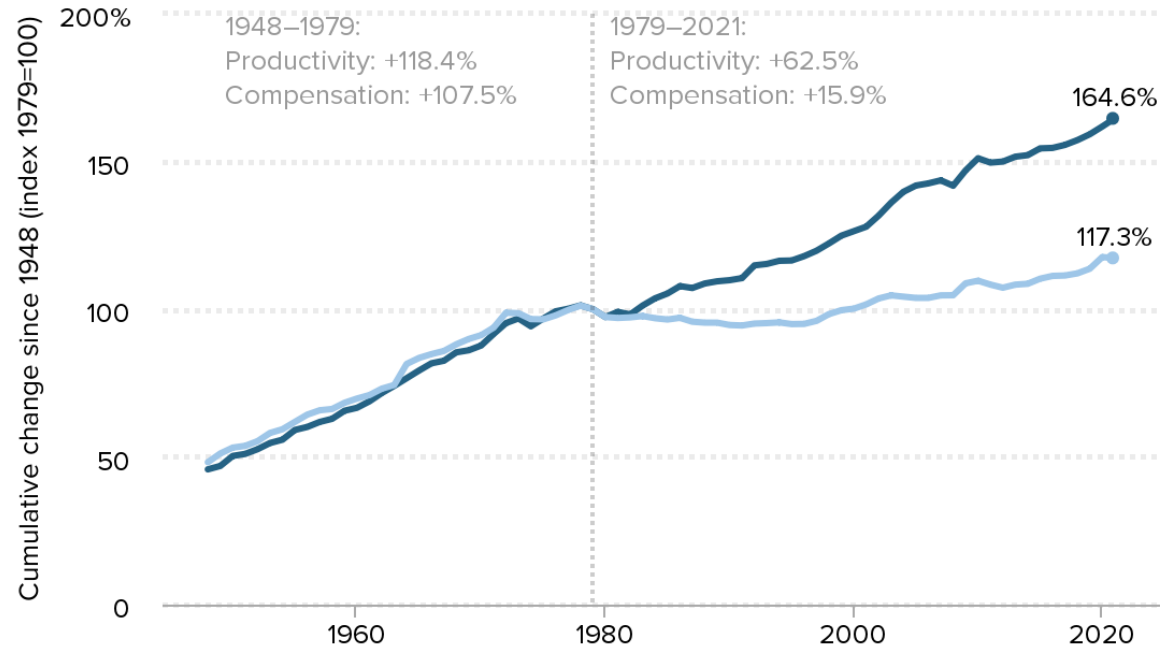


- The market is imperfect and can be manipulated through other means like work culture
- The workers who benefit from minimum wage policies have lower savings rates and spend that money in the market
- Boosts tax revenue and encourages consumer spending
- Cost of labor is offset by increased spending
- People don't have perfect information

# PRODUCTIVITY AND PAY

The gap between productivity and a typical worker's compensation has increased dramatically since 1979

Productivity growth and hourly compensation growth, 1948–2021



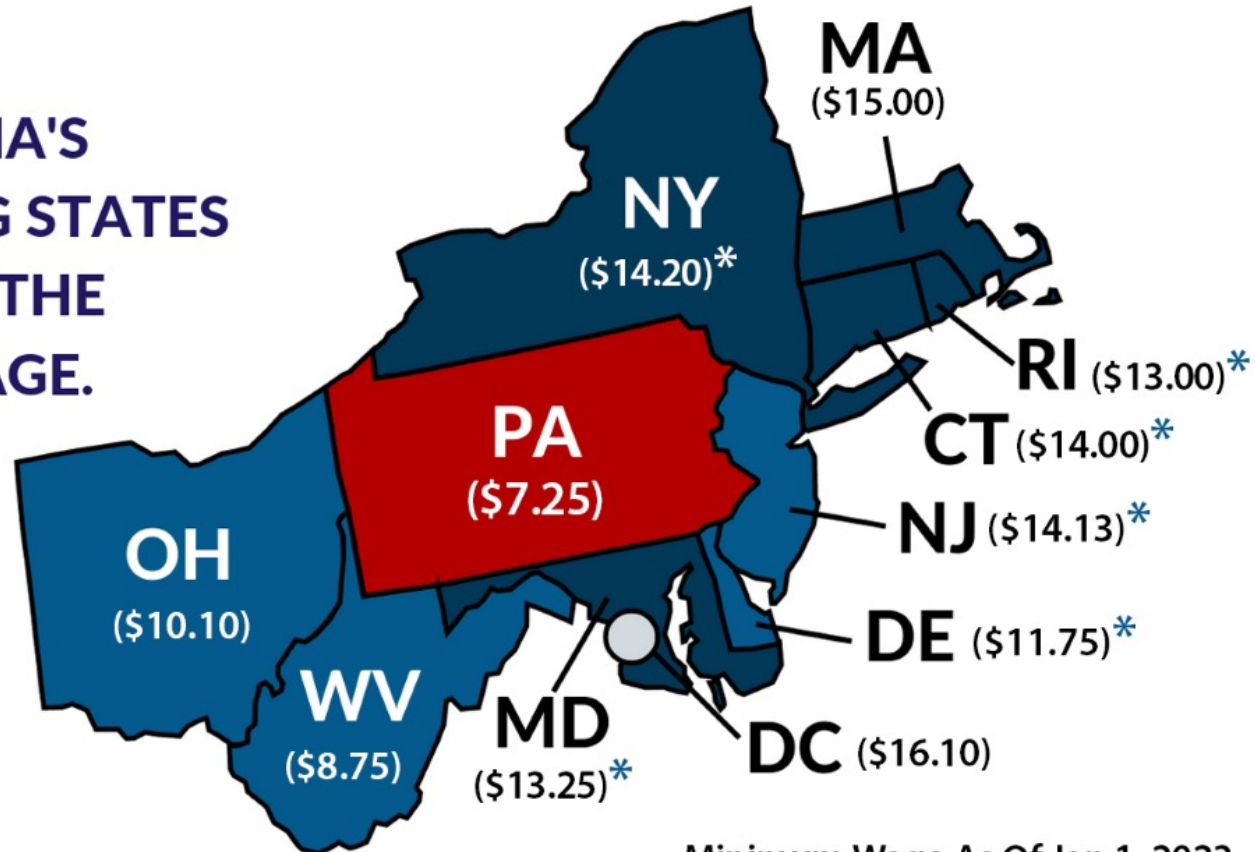
**Notes:** Data are for compensation (wages and benefits) of production/nonsupervisory workers in the private sector and net productivity of the total economy. “Net productivity” is the growth of output of goods and services less depreciation per hour worked.

**Source:** EPI analysis of unpublished Total Economy Productivity data from Bureau of Labor Statistics (BLS) Labor Productivity and Costs program, wage data from the BLS Current Employment Statistics, BLS Employment Cost Trends, BLS Consumer Price Index, and Bureau of Economic Analysis National Income and Product Accounts.

# MINIMUM WAGE TODAY

Minimum Wage	
Federal	\$7.25
Pennsylvania	\$7.25

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



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



**ONLY TEENS  
BENEFIT**



**DON'T NEED  
THE MONEY**



**PRICES WILL  
SKYROCKET**



**HURT  
BUSINESSES**



**\$15 IS TOO  
MUCH**

# 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**

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## **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



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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

Pennsylvania isn't a trailblazer in this policy space

Reduces turnover & training costs, improves morale & productivity

# COMMON MYTHS



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## ~~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



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## ~~\$15 IS TOO MUCH~~

PA average living wage: \$16.41



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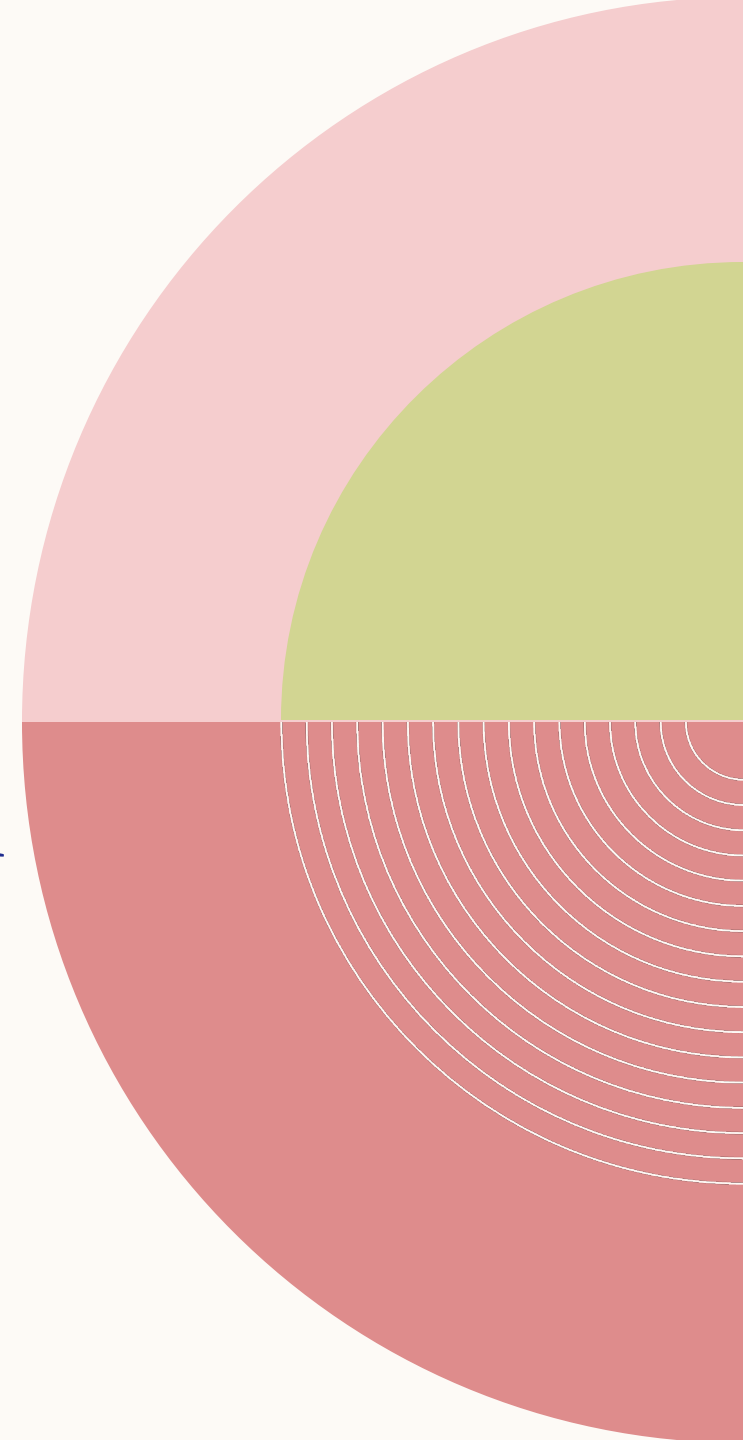
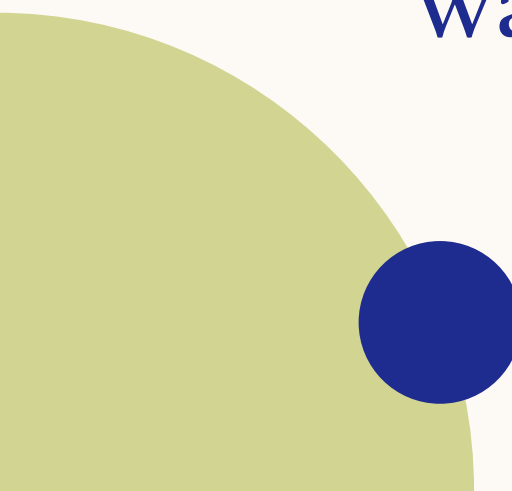
# LIVING WAGE

	1 ADULT				2 ADULTS (1 WORKING)				2 ADULTS (BOTH WORKING)			
	0 Children	1 Child	2 Children	3 Children	0 Children	1 Child	2 Children	3 Children	0 Children	1 Child	2 Children	3 Children
Living Wage	\$16.41	\$34.45	\$44.42	\$58.10	\$26.40	\$32.83	\$37.62	\$41.63	\$13.20	\$19.23	\$24.44	\$29.25
Poverty Wage	\$6.53	\$8.80	\$11.07	\$13.34	\$8.80	\$11.07	\$13.34	\$15.61	\$4.40	\$5.54	\$6.67	\$7.81
Minimum Wage	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25	\$7.25

<https://livingwage.mit.edu/states/42>

# 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

Tipped Minimum Wage	
Federal	\$2.13
Pennsylvania	\$2.83

## People with Disabilities

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

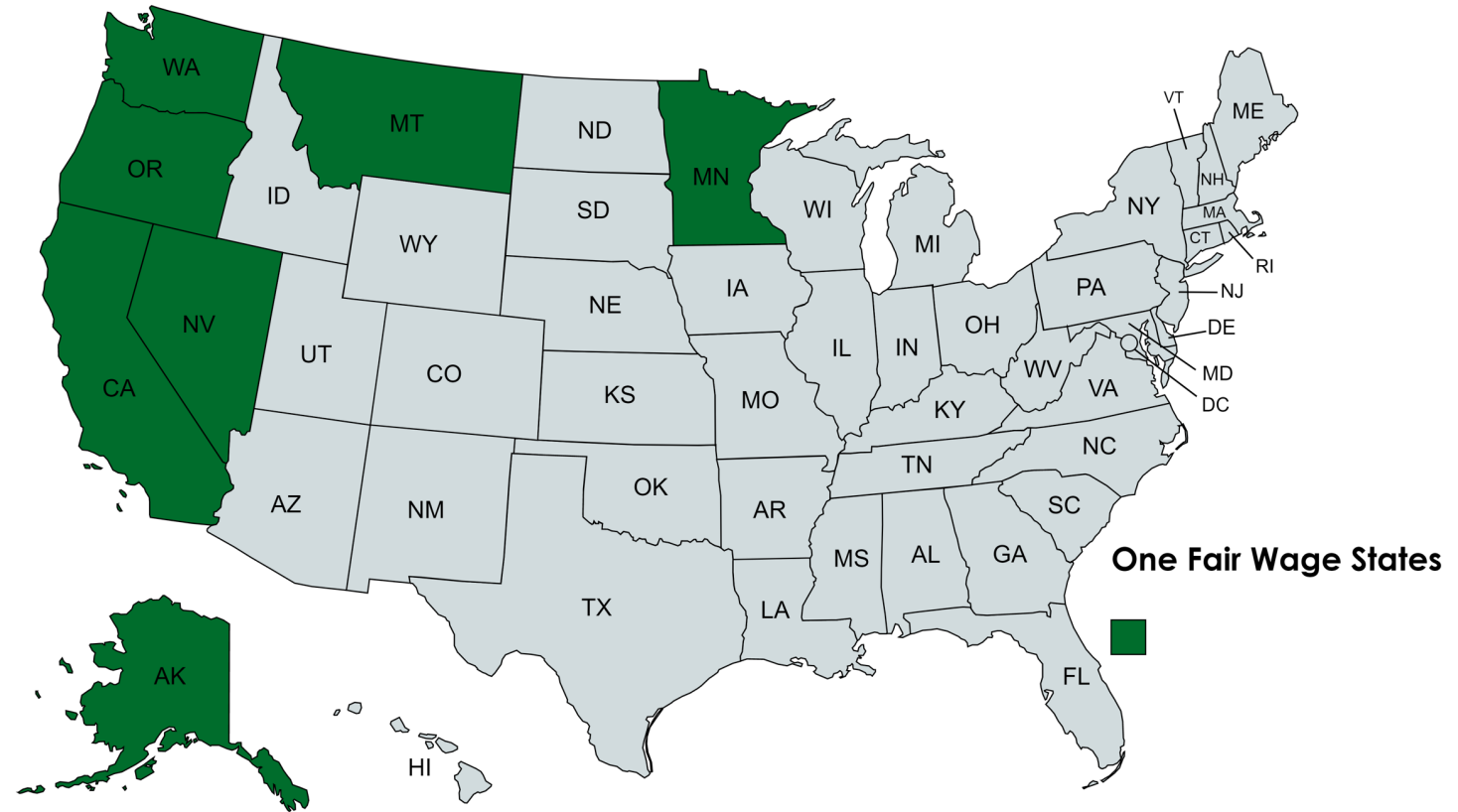
**Casey Announces \$177 Million to Phase Out Subminimum Wage for People with Disabilities in 14 States; \$13 Million for Pennsylvania**

# TIPPED WORKERS IN OTHER STATES

NEW YORK	NEW JERSEY	WEST VIRGINIA	PENNSYLVANIA	ONE FAIR WAGE STATES
\$9.45	\$5.26	\$2.63	\$2.83	
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	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



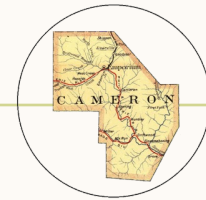
## CENTRE COUNTY

	0 Children
Living Wage	\$18.25



## ERIE COUNTY

	0 Children
Living Wage	\$15.29



## CAMERON COUNTY

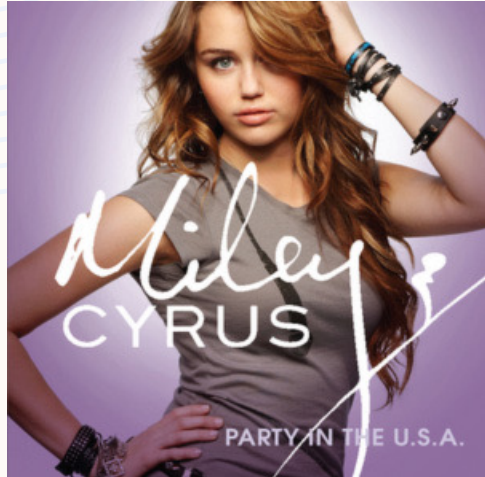
	0 Children
Living Wage	\$14.74

# COUNTY DIFFERENCES: THEN AND NOW

## MIT Living Wage for 1 Adult

County	Year: 2021	Year: 2023	Percent Change	Dollar Change
Clearfield	\$12.06	\$14.63	21%	\$2.57
Philadelphia	\$14.47	\$17.53	21%	\$3.06

# 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.

Mar 30, 2023

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

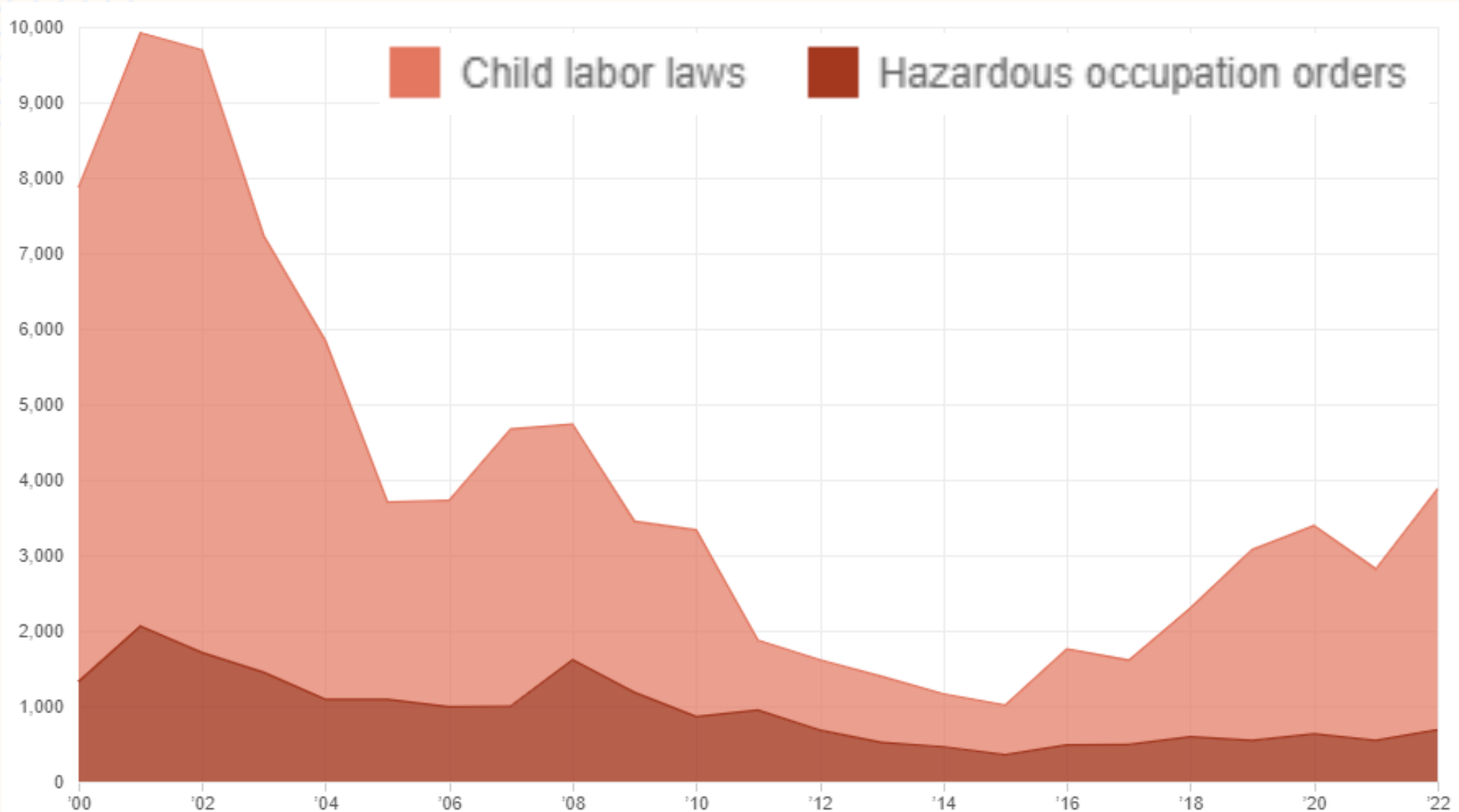
## Pennsylvania McDonald's franchisee accused of child labor violations involving 101 teens

Dec. 6, 2022

## Labor finds child work violations at three Pennsylvania Dunkin' locations

09/06/22 6:23 PM

# Number of minors per fiscal year who were employed in violation of...

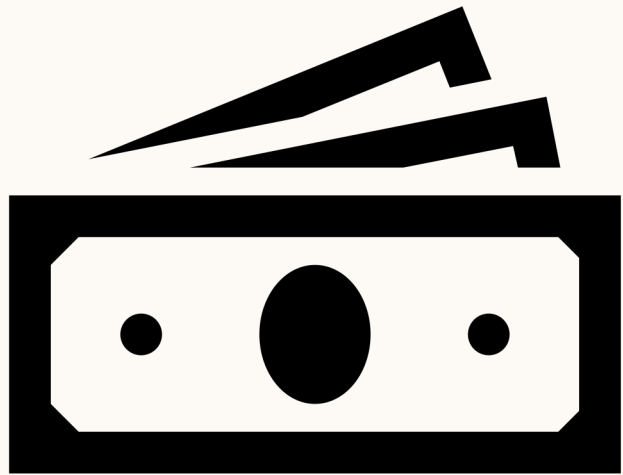


<https://www.npr.org/2023/02/26/1157368469/child-labor-violations-increase-states-loosen-rules>

Source: U.S. Department of Labor, Wage and Hour Division

Credit: Kaitlyn Radde/NPR

# 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.



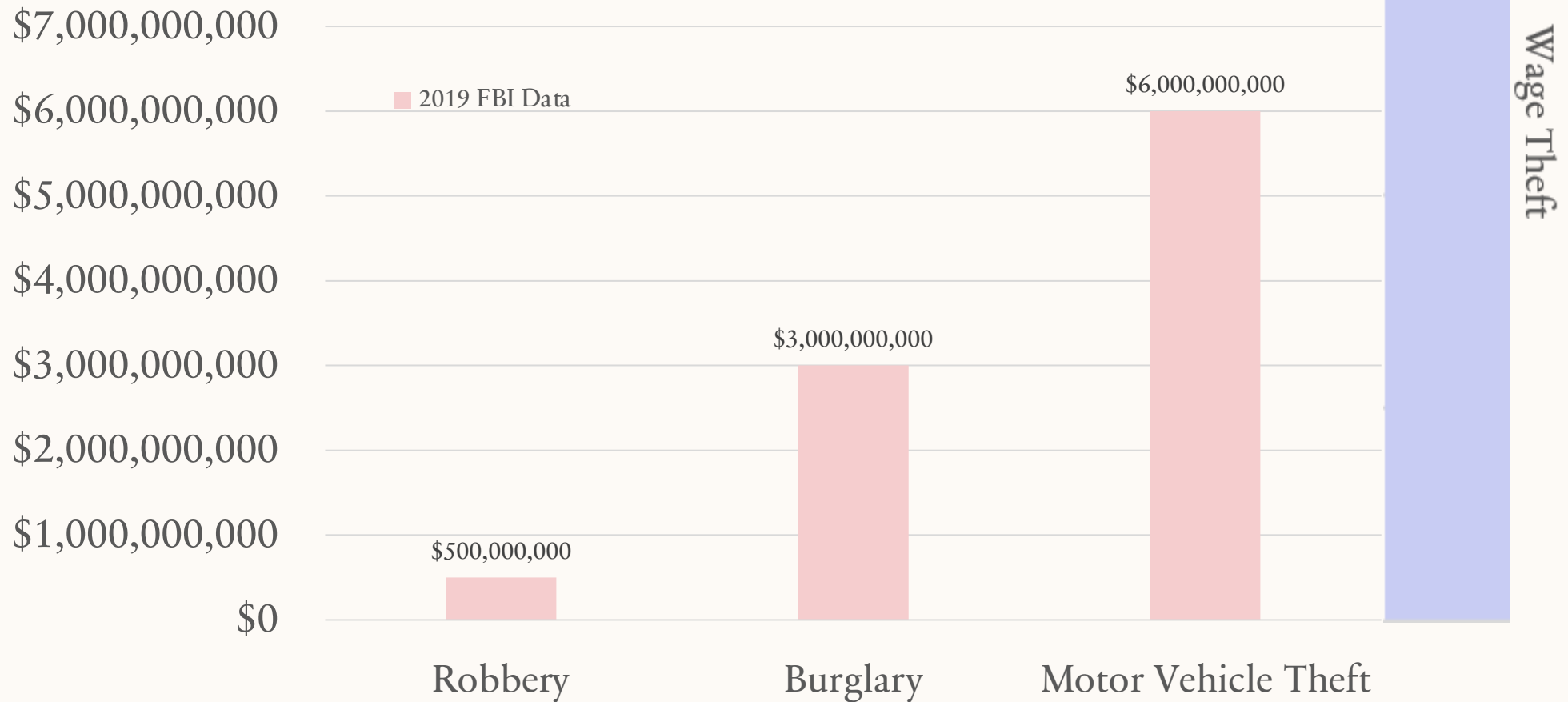
You've had your tips stolen.



You don't receive meal or rest breaks.

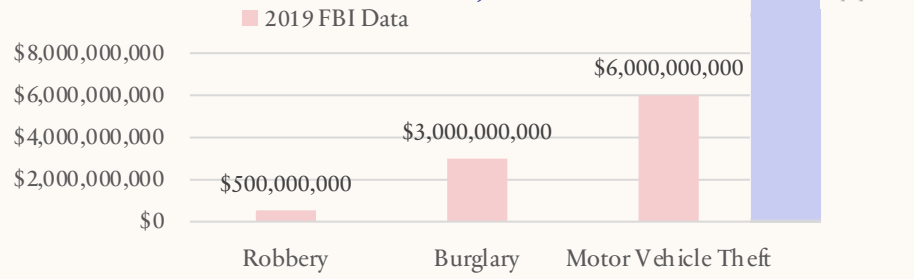


# US Theft Estimates, 2019





### US Theft Estimates, 2019

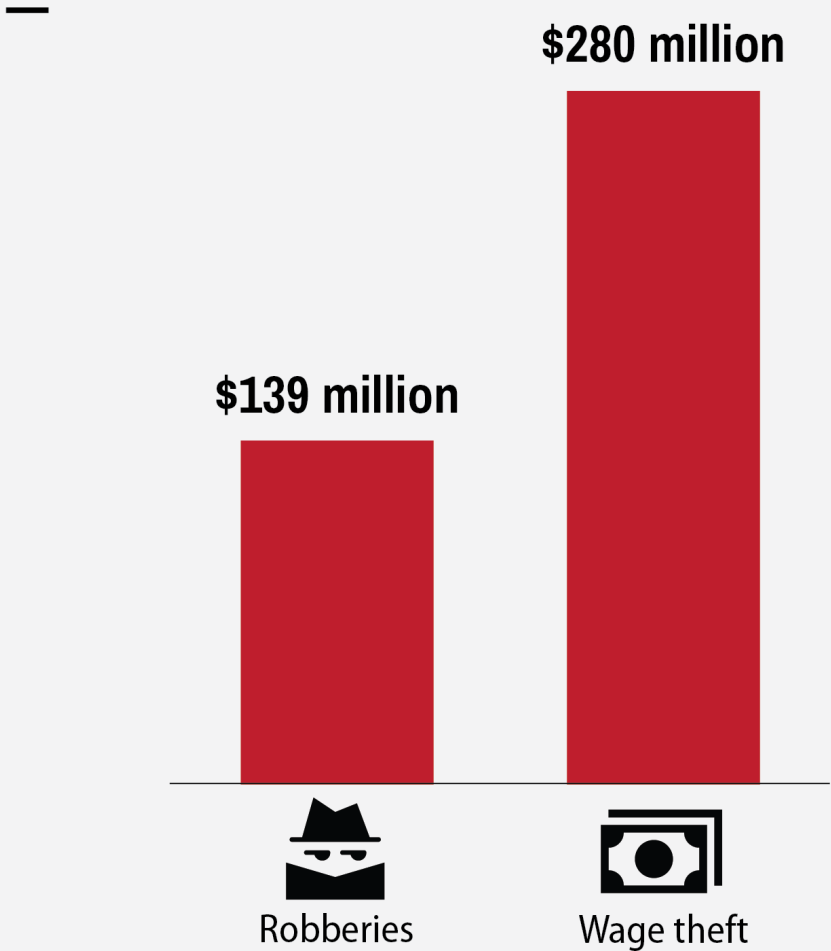


# US Theft Estimates, 2019



# 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

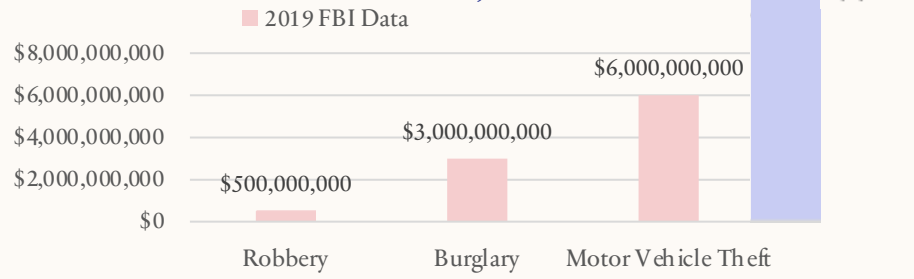


\*Value of back wages illegally withheld by employers recovered by U.S. Department of Labor in 2012

Source: U.S. Department of Labor FY 2014 Budget in Brief, Wage and Hour Division; U.S. Department of Justice, Uniform Crime Reports, Crime in the United States: Table 23, 2012.



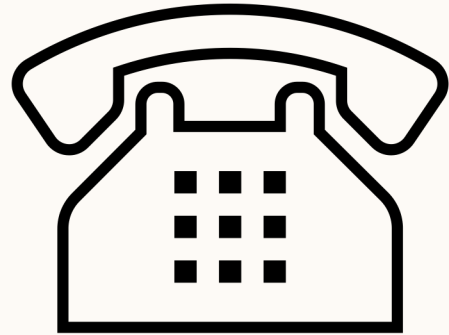
### US Theft Estimates, 2019



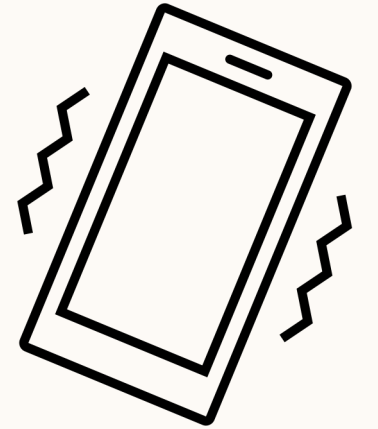


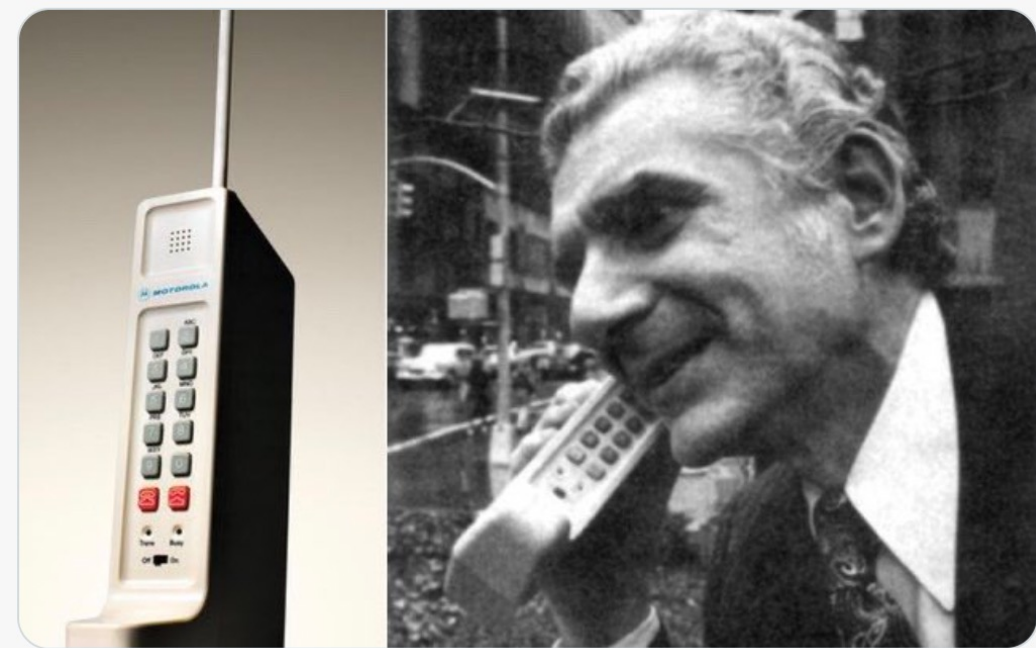
# **VICTIMS OF WAGE THEFT**

- 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

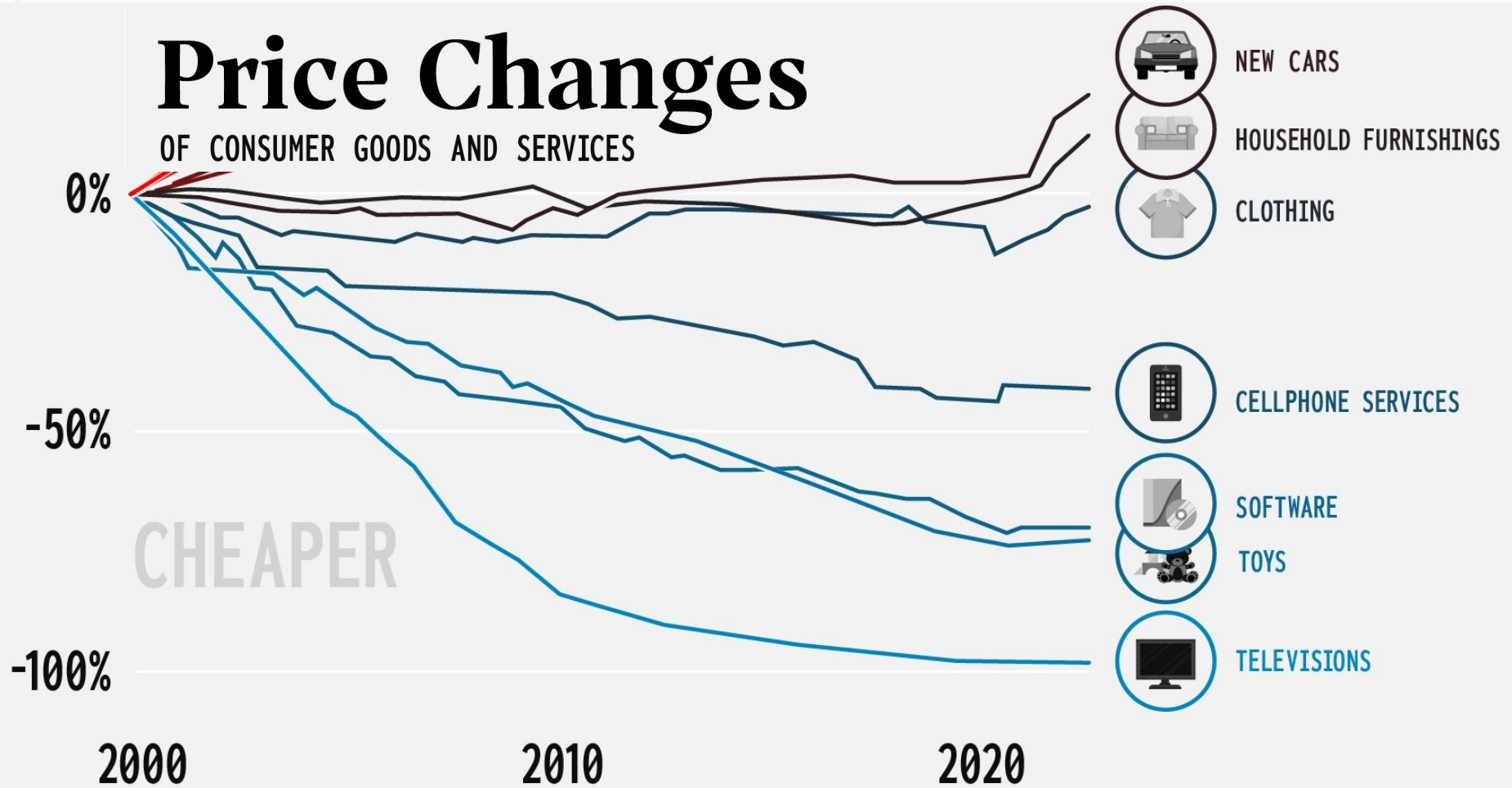


Martin Cooper, 94 years old



# 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 wildly 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.

Change since January 2000

+200%

MORE EXPENSIVE

+150%

+100%

+50%

0%

-50%

CHEAPER

-100%

2000

2010

2020



HOSPITAL SERVICES



COLLEGE TUITION AND FEES



COLLEGE TEXTBOOKS



MEDICAL CARE SERVICES



CHILDCARE



FOOD AND BEVERAGE



HOUSING



NEW CARS



HOUSEHOLD FURNISHINGS



CLOTHING



CELLPHONE SERVICES



SOFTWARE



TOYS



TELEVISIONS



HOSPITAL SERVICES



COLLEGE TUITION AND FEES



COLLEGE TEXTBOOKS



MEDICAL CARE SERVICES



CHILDCARE



FOOD AND BEVERAGE



HOUSING

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

# PEAK VALUE & LAST INCREASE

**1968** Peak value of minimum wage

**\$12.12/hr** (\$25,210/yr)

**2009** Last minimum wage increase

**\$9.99** (\$20,779)

**2022** Today

**\$7.25** (\$15,080)

**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**

*class of*

  
**2023**



# ANSWERING THE CALL



**KEYSTONE RESEARCH CENTER**  
AND  
**PA BUDGET AND POLICY CENTER**

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

**THANK YOU**

