



WHO BENEFITS?

The Demographic Impact of a Higher Minimum Wage in Pennsylvania
July 2025



Keystone Research Center



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Context

Pennsylvania lawmakers received a raise this year, but the state’s minimum wage stayed the same. Elected officials, including lawmakers, executives, and judges received a 3.4 percent raise in January thanks to a law they passed in 1995 that delivers an automatic raise that matches federal consumer inflation. Meanwhile, lawmakers have kept Pennsylvania’s minimum wage at \$7.25 per hour for sixteen years. Pennsylvania’s low minimum wage holds down the earnings of nearly a million workers in the Commonwealth—even if they earn more than \$15 per hour.¹

In June 2025, Pennsylvania’s Democratic-led House of Representatives passed House Bill 1549, which aims to raise the minimum wage in three tiers across the commonwealth, generally based on a county’s population and cost of living.² This bill proposes raising the minimum wage to \$15 per hour for workers in Philadelphia by 2026 and in some counties, but not all, by 2028. Workers in some counties would only reach a \$12 per hour minimum wage by 2028. This tiered approach represents a creative first step to addressing Pennsylvania’s inadequately low minimum wage.

The minimum wage is an essential labor standard. The United States first established a federal minimum wage to ensure a fair wage for the lowest paid workers in this country. The declining value of the minimum wage contributes to growing income inequality and widens pay disparities by gender and race. As part of our ongoing effort to illustrate the impact of a higher minimum wage, we use data and estimates from the U.S. Census Bureau and the Economic Policy Institute to model who would benefit from a minimum wage increase. In this report, we outline the demographic characteristics of Pennsylvania workers who would benefit from a minimum wage of \$15 per hour in the next year.

Summary Estimates

We estimate that 865,600 Pennsylvania workers would see their wages rise if lawmakers raised the minimum wage for all non-tipped hourly workers to \$15 per hour. A minimum wage increase to \$15 per hour would directly affect nearly half a million Pennsylvania workers (460,000) and indirectly affect 405,600 workers. Directly affected workers are those who would be earning less than \$15 per hour when the wage change went into effect, while indirectly affected workers are those who earn slightly more than \$15 per hour but are projected to see a slight wage increase as employers adjust pay scales upward in response to a \$15 minimum wage. With a \$15 minimum wage, over 15 percent of

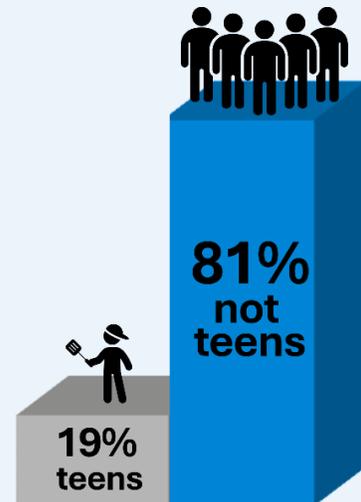
¹ The “Ripple Effect” of a Minimum Wage Increase on American Workers, Brookings, 2014: <https://www.brookings.edu/articles/the-ripple-effect-of-a-minimum-wage-increase-on-american-workers>
² House Bill 1549, 2025-2026 Regular Session: <https://www.palegis.us/legislation/bills/2025/hb1549>

Pennsylvania's non-tipped workforce would see their wages rise. The average affected worker would see a significant economic stimulus: an annual \$2,000 raise for full-time, year-round work.

Age

Mainstream narratives frequently and inaccurately portray low-wage workers as predominantly entry-level workers or teenagers working part-time or seasonally for pocket money. In reality, most workers who would benefit from a \$15 per hour minimum wage are not teenagers. Many have significant work experience, are raising children, and work in high-demand jobs. If lawmakers raised Pennsylvania's minimum wage to \$15 per hour statewide, 81 percent of the workers who would see their earnings rise are over the age of 20. Put another way, nearly 700,000 Pennsylvania workers, 8 out of 10 workers who would benefit from a \$15 per hour minimum wage, would not be teens. Of those who workers who would benefit, nearly 240,000 are age 40 or older.

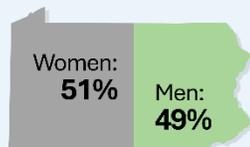
A \$15 minimum wage benefits far more Pennsylvania adults than teenagers.



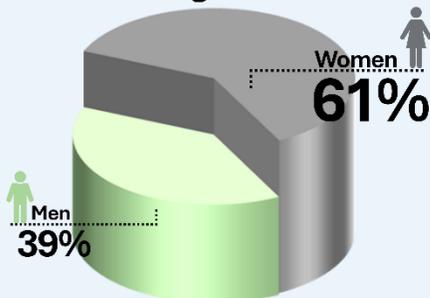
Gender Disparity

Women hold a disproportionate share of jobs that will see a wage increase if lawmakers

Women are 51% of PA residents,



but they're 61% of the workers who benefit from a higher minimum wage.



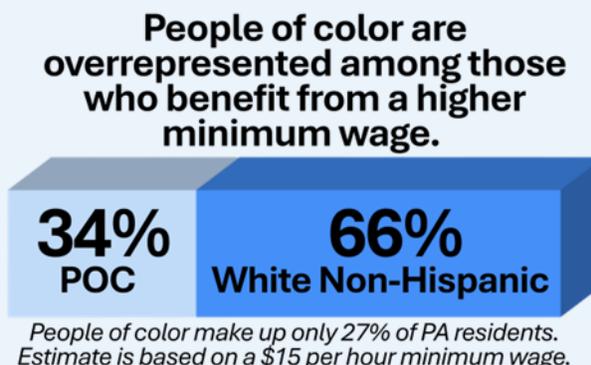
raise the minimum wage, especially in service and care sector occupations. These jobs often pay low wages, even though many such as childcare and home health care are in high demand. Pennsylvania's Department of Labor and Industry has listed many of these jobs and others on one or both high priority occupation and in demand occupation lists.³ Labor force analysts report that these jobs are already in critical need of workers and project that demand will increase in the coming years. Women make up 51 percent of Pennsylvania's population, but

³ PA High Priority Occupations: <https://www.pa.gov/agencies/dli/resources/statistic-materials/products/high-priority-occupations.html> and In-Demand Occupation List: <https://www.pa.gov/agencies/dli/resources/statistic-materials/products/pa-idol.html>

61 percent of Pennsylvania workers who would benefit from a \$15 per hour minimum wage.

Race and Ethnicity

White non-Hispanic workers make up 66 percent of those who would benefit from a higher minimum wage, but workers of color are disproportionately impacted. Racial and ethnic minority workers hold low-wage jobs at higher rates relative to their share of Pennsylvania's population. Although they represent just 27 percent of the state's population, they make up 34 percent of those who would benefit from a \$15 per hour minimum wage. Among workers of color who would benefit, 135,000 are Black non-Hispanic and 111,000 are Hispanic—the two largest minority groups affected.



Parents

More than 178,000 Pennsylvania workers who would benefit from a \$15 minimum wage are parents of children under 18, including 102,000 single parents. Childcare is one of several major expenses that have outpaced general inflation. While the U.S. Department of Health

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and Human Services defines “affordable” childcare as costing no more than 7 percent of a family’s income, families often pay double that. U.S. Department of Labor data show a Pennsylvania statewide average annual cost of \$10,710 for center-based childcare in 2024.⁴ With a median household income of \$73,824 per year,

many Pennsylvania families are paying 14.5 percent of their income on childcare.⁵ A \$15 per hour minimum wage would help ease the burden on working parents without creating a benefits cliff for families who receive state and federal support. Pennsylvania’s childcare subsidy program, Child Care Works, allows families already receiving the subsidy to continue receiving support even if their family income increases to 300 percent of the

⁴ Average Annual Cost for Child Care, Industry Update. Pennsylvania Independent Fiscal Office and U.S. Department of Labor data, January 2025:

http://www.ifo.state.pa.us/download.cfm?file=Resources/Documents/RB_2025_01_Childcare.pdf

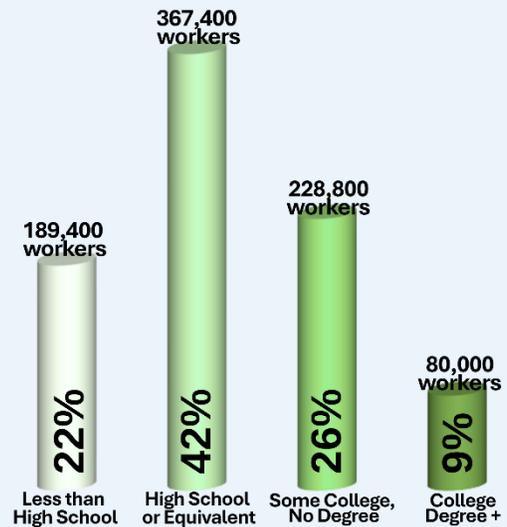
⁵ U.S. Census Bureau Pennsylvania Summary, Median Household Income in 2023 inflation-adjusted dollars: <https://data.census.gov/profile/Pennsylvania?g=040XX00US42>

poverty line— \$63,450 for a family of two and \$79,950 for a family of three.⁶ In the earnings range impacted by a minimum wage increase, a single parent receiving the subsidy would not lose it until their wage for full-time work reached \$30 per hour.

Educational Attainment

Over half of Pennsylvania workers who would benefit from a \$15 per hour minimum wage have a high school diploma or less education. Nearly 229,000 workers (26 percent of those who would benefit) have some college experience but no degree. These workers do not have a credential from higher education but often carry educational debt. On average, Pennsylvania college graduates owe \$36,267 in student loans.⁷ While wages have not kept pace with the cost of education, a \$15 per hour minimum wage offers a practical step toward economic security for workers of all education levels.

Education level of Pennsylvania workers who would benefit from a \$15 per hour minimum wage



Industry

Workers across many different industries would benefit from a \$15 per hour minimum wage. About 25 percent of those who would benefit are employed in retail—a large and

865,600 PA workers would benefit from a \$15 per hour minimum wage. More than 64% of them work in these 4 industries.



Retail Trade:
215,500 workers



Healthcare & Social Assistance:
146,400 workers



Restaurants:
136,300 workers (non-tipped)



Educational Services: 57,900

visible low-wage sector. Another 17 percent work in healthcare and social assistance, including roles like home health aides, nursing assistants, and childcare providers. These occupations are essential to public well-being and

increasingly in demand. Others work in non-tipped food service jobs, hospitality, educational services, manufacturing, and other sectors. Raising the minimum wage would

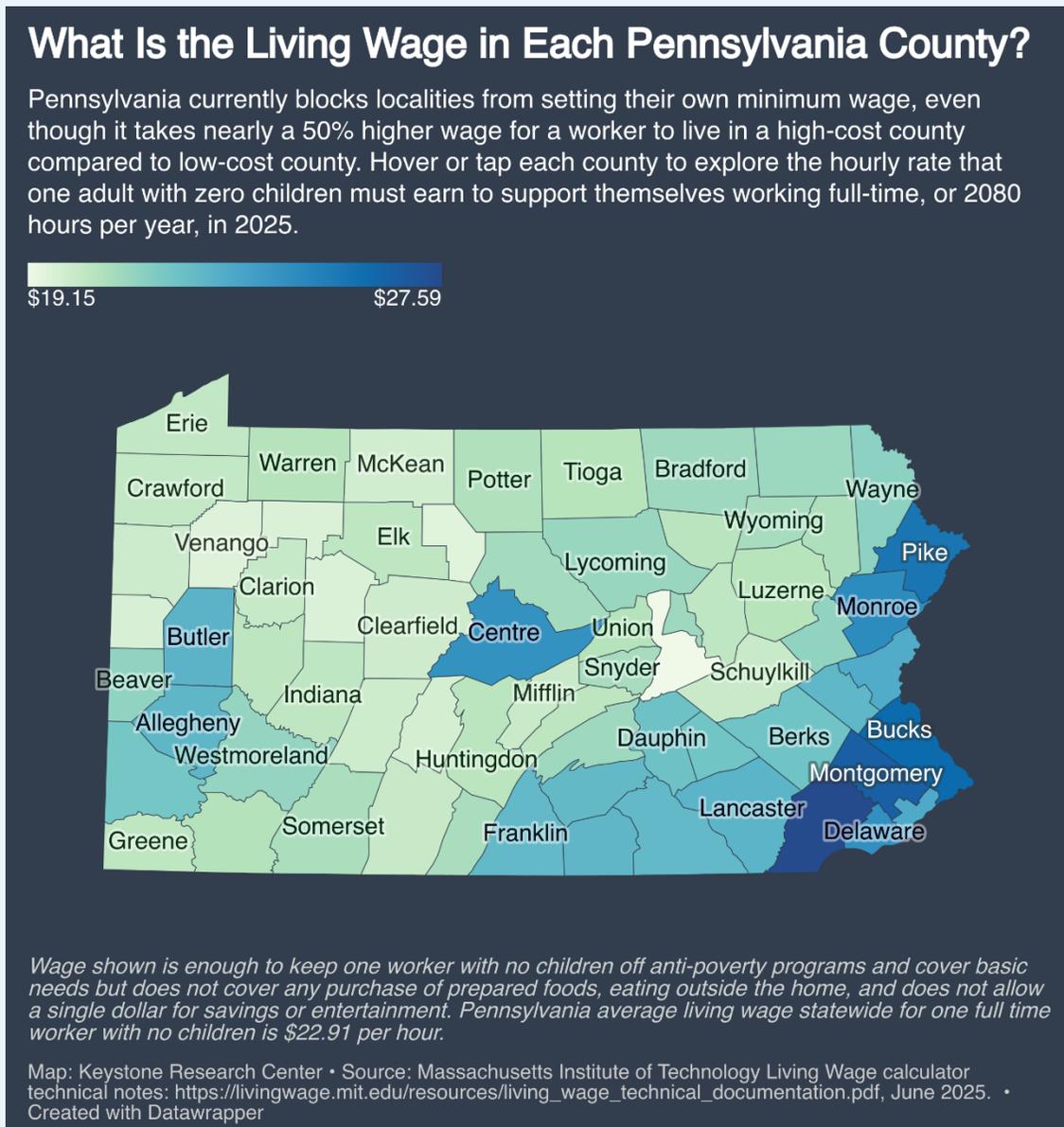
⁶ Health and Human Services Poverty Guidelines for 2025: <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>

⁷ Hanson, Melanie. “Student Loan Debt by State” EducationData.org, October 15, 2024, <https://educationdata.org/student-loan-debt-by-state>

not only provide some economic stability to workers but also help stabilize sectors that face labor shortages and high turnover.

Living Wage

Map 1



Although a \$15 per hour minimum wage makes a meaningful difference for workers trying to make ends meet, it's still below a "living wage". Research and data from the Massachusetts Institute of Technology estimate a state and county-level "living wage", defined as the wage necessary to cover basic costs with no entertainment, no savings, and no food eaten outside the home.⁸ Pennsylvania's average living wage is \$22.91 per hour for

⁸ MIT Living Wage Calculator Methodology: <https://livingwage.mit.edu/pages/methodology>

full-time, year-round work. Map 1 shows the living wage for each Pennsylvania county, with a low of \$19.15 in Northumberland County and a high of \$27.59 in Chester County. However, for the 865,600 Pennsylvania workers who would see their wages rise with a \$15 per hour minimum wage, the estimated \$2,000 annual increase is still substantial. This income is spent right back into the economy to cover essentials like rent, food, transportation, and childcare.

Conclusion

Pennsylvania's minimum wage has remained stuck at \$7.25 per hour since 2009, losing value each year as the cost of living increases. While prices for some goods have fallen, essentials like housing, gas, and education have far outpaced inflation—leaving low-wage workers with shrinking buying power. Raising the minimum wage to \$15 would boost pay for over 865,600 Pennsylvanians. This policy would reduce poverty, narrow racial and gender pay gaps, and inject significant spending into the state economy as low-wage workers spend their earnings on necessities. Tying the minimum wage to inflation would protect workers from falling behind again and provide long-term wage stability while reducing the need for repeated legislative intervention.

Data Notes

Data used for the core of these estimations were provided by the Economic Policy Institute, based on two Census Bureau surveys. They combine the geographic sample size and precision of the American Community Survey's (ACS) five-year (2015-2019) data with the accuracy of employment and wage estimates based on the Current Population Survey (CPS) for 2022 to estimate an hourly wage variable for working Pennsylvanians. Indirectly affected workers are those who earn up to 115 percent of the new minimum wage. In this report, that value is \$17.25. People of color are categorized as all survey respondents who did not identify as non-Hispanic white.

Appendix Table

(following page)

Workers statewide who would benefit from a minimum wage increase to \$15 by 2026

Group	Total affected directly or indirectly	Share affected directly or indirectly	Share of total affected in this group
All workers	865,600	15.4%	100.0%
Gender			
Men	336,100	11.9%	38.8%
Women	529,500	19.0%	61.2%
Teenager flag			
Teenager	166,200	76.4%	19.2%
Age 20 or older	699,400	12.9%	80.8%
Age category			
Age 16 to 24	403,000	54.9%	46.6%
Age 25 to 39	223,400	12.5%	25.8%
Age 40 to 54	106,500	6.2%	12.3%
Age 55 or older	132,800	9.6%	15.3%
Race / ethnicity			
White, non-Hispanic	570,200	12.9%	65.9%
Black, non-Hispanic	135,100	25.2%	15.6%
Hispanic, any race	110,800	30.0%	12.8%
Asian, non-Hispanic	28,400	14.4%	3.3%
Other race/ethnicity	21,200	23.2%	2.4%
Person of color			
Not person of color	570,200	12.9%	65.9%
Person of color	295,400	24.7%	34.1%
Family status			
Married parent	76,700	5.8%	8.9%
Single parent	101,700	21.1%	11.7%
Married, no children	115,100	7.3%	13.3%
Unmarried, no children	572,100	25.5%	66.1%
Usual weekly work hours category			
Part time (<20 hours per week)	170,700	44.8%	19.7%
Mid time (20-34 hours)	341,600	43.0%	39.5%
Full time (35+ hours)	353,300	7.9%	40.8%
Educational attainment			
Less than high school	189,400	48.5%	21.9%
High school	367,400	21.6%	42.4%
Some college, no degree	228,800	22.1%	26.4%
Associates degree	46,200	8.7%	5.3%
Bachelors degree or higher	33,800	1.7%	3.9%
Major Industry			
Agriculture, fishing, forestry, mining	14,700	24.2%	1.7%
Construction	16,000	5.8%	1.8%
Manufacturing	45,500	6.5%	5.3%
Wholesale trade	16,600	10.6%	1.9%
Retail trade	215,500	33.7%	24.9%
Transportation, warehousing, utilities	29,400	9.0%	3.4%
Information	6,600	7.1%	0.8%
Finance, insurance, real estate	14,000	4.0%	1.6%
Professional, science, management services	9,000	2.6%	1.0%
Administrative, support, waste services	44,000	22.2%	5.1%
Educational services	57,900	10.3%	6.7%
Healthcare, social assistance	146,400	15.0%	16.9%
Arts, entertainment, recreational services	32,700	33.1%	3.8%
Accommodation	17,100	37.0%	2.0%
Restaurants	136,300	41.0%	15.7%
Other services	57,500	25.0%	6.6%
Public administration	6,500	2.7%	0.8%

Notes: All results through 2026. Dollar values in \$2024. Tipped workers are excluded. Indirectly affected workers are those who earn up to 115% of the new minimum wage. For this table, that value is \$17.25.

Source: Economic Policy Institute Minimum Wage Simulation Model; 2015-2019 5-year ACS data pinned to 2024 CPS wage distribution. Employment scaled to match 2024 CPS labor force size. For more details see Technical Methodology by Dave Cooper, Zane Mokhiber, and Ben Zipperer.
<https://www.epi.org/publication/minimum-wage-simulation-model-technical-methodology/>