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HOUSE OF REPRESENTATIVES

COMMONWEALTH *of* PENNSYLVANIA

House Democratic Policy Committee Hearing

Raise the Wage

Monday, March 27, 2023 | 12:00 p.m.

Representatives Roni Green, Patty Kim, Chris Rabb

OPENING REMARKS

12:00 p.m.

Rep. Roni Green, D-Philadelphia
Rep. Patty Kim, D-Dauphin
Rep. Chris Rabb, D-Philadelphia

PANEL ONE

12:10 p.m.

Genale Rambler, Home Health Care Worker, Member
SEIU Healthcare Pennsylvania

Q & A with Legislators

PANEL TWO

12:25 p.m.

Andrea Grove-Musselman, Owner
Elementary Coffee

Q & A with Legislators

PANEL THREE

12:40 p.m.

Claire Kovach, Ph.D., Senior Research Analyst
Keystone Research Center

CLOSING REMARKS

12:55 p.m.

Rep. Patty Kim, D-Dauphin
Rep. Roni Green, D-Philadelphia
Rep. Chris Rabb, D-Philadelphia

Hello committee. My name is Genale Rambler. I live in Myerstown Pennsylvania. I have been a homecare worker for 9 years, and a SEIU member for 4 and a half years.

Being a home health care worker is a critical role. I love taking care of people. When I enter a patient's home, I make it a point to give them a reason to smile. There is a benefit to the patient in knowing that I will be coming back day after day and they can count on me. As a home care worker, I am the voice and advocate for their care. Because of the consistency and care that I provide, my patients know that they can share their emotional and physical needs with me and I'll do everything possible to help them.

A patient of mine in the past was a veteran who happened to have Alzheimers. He was given compression socks from the VA to ensure the water retention in his legs didn't expand. However, the socks were not effective. And every time he went back to the VA he was given a new set of compression socks. Due to wear and tear. What I had to do was speak on his behalf to the VA and explain why he is not getting better. The VA had to bring a nurse from out of state to customly make a new type of Velcro sock. This improved his condition.

I have been taking care of my mother who has had dementia for 4 ½ years, which has been as long as I have been an SEIU member. While in the past I have provided care for individuals with dementia, little did I know that I was being trained for the future when my own mother was diagnosed with it. I thought I was prepared for the challenge. But unfortunately, you cannot fully prepare when your parent has dementia. My mother's diagnosis made me physically ill. So ill in fact that I had to be hospitalized. I knew that I did not want my mother to end up in a nursing home. I wanted her to have the one-on-one care that she deserves, and could only be provided by someone who is educated and trained. It was while I was in the hospital that I concluded that I was the one to take of her.

I'd also like to share that my father was recently diagnosed with heart failure and stage 4 chronic kidney disease. I am now taking care of both parents. I must make sure their every need is met. Several times a day, I am required to record that both take the proper dosage of their medication, at the correct time. I also monitor fluid intake/output, schedule and transport them to their many appointments, plan every meal and snack around their dietary needs, grocery shop and cook all meals. I order all medical and household supplies, do laundry, play plumber, electrician, and maintenance person. The list of what I do goes on and on.

I am being compensated at under \$14 an hour to do the work that is required to take care of both parents. This is very hard for my husband and me because we also have a home that we have to pay for and maintain. However, due to the fact that both parents need 24-hour care, my husband and I sleep on a twin-size futon in my parent's spare bedroom. We are living out of bags. We have needed to spend all of our savings on taking care of my parents. We help pay doctor and medical bills as well as pay for their daily needs. We no longer have a rainy-day fund and are living paycheck to paycheck.

Please take note that when I need to secure additional caregivers to help care for my parent, I pay them more than I make an hour!

While taking care of my parents, I deal with major arthritis in my right hip, knee, and ankle. I have severe back pain, from a past work injury, that has never been corrected. I am a gunshot survivor. After being shot, I had severe bouts of PTSD, anxiety, and depression, I still carry the bullet in my right hip. I haven't seen a doctor in over 4 years, because I am afraid of what they will tell me I must do. I can't afford to pay for treatment for myself and I cannot afford to take time away from caring for my parents.

It is long past time for the General Assembly to raise the minimum wage. The Governor has called for the minimum wage to increase to \$15 an hour, and State Rep. Roni Green is calling for an even larger increase to \$18 an hour. The minimum wage has not increased since 2006 -- and since then inflation has increased by 51%. The time for action was yesterday.

The passage of this bill would be beneficial to my family. I haven't had time or extra money to do anything for myself. The minimum wage increase will expand my hourly rate by \$4.42 per hour. That may not seem like a lot to many of you, but when added to the numerous hours I work, that can change my life. I can begin to add extra help to care for my parents, and grant myself time with my husband for a date. My husband and I can spend time at our own home, and slowly re-build our rainy-day fund.

In addition to increasing the minimum wage, the General Assembly should overturn the law that stops local governments from raising wages on their own. Local elected leaders should be empowered to respond to the needs of their community, their businesses, their workers, and the local economy -- and set wages accordingly. If the General Assembly refuses to take action for 17 years, then local leaders should be freed to combat the crisis that workers are facing.

We hear all the time that workers are already making above \$15, and that elected leaders don't need to take action on this issue. This is simply not true. I am a skilled, trained caregiver, and I make less than \$15 an hour. The General Assembly is responsible for ensuring that workers like me and hundreds of thousands of others earn a living wage. All we want to do is to be able to take care of our families without worrying about when the other shoe will drop.

Thank you to the committee for your time. On behalf of workers across PA, please raise the wage today.

When I opened Elementary Coffee Co. in 2014, I was 26 years old, had a college degree in English, and had never made more than \$8 an hour at any job. It was not enough. It was never enough. Thankfully, I learned barista and coffee roasting skills, which then formed Elementary. However, not every job has a similar skill-learning option. In considering what to pay my own employees, the most vital and important piece of any business, but particularly my own, it was essential that their livelihoods would be at the forefront of any financial action plan Elementary devised.

Intentionally keeping a business, any business, human-center, and focused on equitable compensation, is a daily decision. It takes clear budgeting, transparency with customers and workers, communication, listening, risk, and sacrifice. It takes, in short, time and energy: something that feels in limited supply for all of us, but, giving this time and energy to your fellow humans: isn't this where it should be going?

I see my job as the owner of a small business, in service to my employees, the folx who have placed their trust in me to provide for them a safe space to work and a livable wage. If they are struggling, I am struggling. If my business succeeds, they succeed. We rise and fall together. And it is past time to rise. But fighting for an equitable wage in Pennsylvania feels as if the goal is for only some folx to have the opportunity to rise. That there are credentials needed to be worthy to rise, while all others left behind. Meanwhile, all work is necessary. All build towards Pennsylvania's future together. Each piece is important, and each piece deserves a living and equitable wage. Anything less, is devaluing human work and human lives.

Oftentimes when talking about minimum wage, I find, the workers — the human workers — are discussed as if they are an inventory piece: on the same level as cups, lids, and single use products: what is their base-line worth? How do you get the most use from them and then toss them to the side when their value is diminished. This is despicable action. Human worth and labor cannot be quantified like it's a disposable piece. But when minimum wage continues to stay at level that can barely be called a "wage" at all, it reduces the very human lives, intertwined in all businesses as something so diminished. The conscious decision to continue to not raise the minimum wage proves that this state does not care about human lives, it does not care to value them on par with even single use disposable items, who's rising costs are accepted as a natural order of things.

We have the ability to change this. We have the ability to recenter the workers as the only vital piece of any business. Change can start anywhere. I would argue it's already started and led by many businesses small and large, but it can have the greatest lasting impact, if it's recognized by the state, so that workers are valued wherever they work. Valuing workers should be mandatory for all businesses small and large. It should be encouraged and supported by laws of this state.

And as we talk about the future of the economy in a country facing a recession, raising costs, and unaffordable housing, protecting and upholding each other is the only way to rise together. This state should at the very least get on par with other states surrounding Pennsylvania who have successfully raised their on minimum wage, But, in addition, as we look towards uncertain economic future, let's at the very least make sure we are building in protection for the wage of the workers. Once we solidify the assurance of a fair wage, we can then talk about the struggle of the price of disposable cups, milk costs, and electrical spikes. Let's honor the workers. Then together we can work towards tackling the rest of the uncertainty. And this starts, but does not end, with rising the minimum wage.

Testimony For the Pennsylvania House Democratic Policy Committee Hearing: Raise the Wage

March 27th, 12:00 PM to 1:00 PM, Room G-50, Irvis Office Building, Pa. Capitol Complex
Claire Kovach, Ph.D., Senior Research Analyst at the Keystone Research Center
Contact: kovach@keystoneresearch.org

Good afternoon. I am a senior research analyst at the Keystone Research Center, the mission of which is to promote a more prosperous and equitable Pennsylvania. I also hold a Ph.D. in sociology from Penn State University.

I want to thank Representative Bizzarro and the members of the committee for holding a public hearing on the important topic of the need for an increase in the Pennsylvania minimum wage.

We at the Keystone Research Center argue that raising the wage to \$15 per hour for all Pennsylvania workers (including tipped workers) is crucial to improving the lives of working people and working families in Pennsylvania. Other panelists today will cover a wide range of reasons why a \$15-per-hour minimum wage is so critical, so I will focus my comments on providing some numbers on three topics related to the likely impact of a state minimum wage increase and the need to allow localities with higher wages and costs of living to increase their minimum wage above the state minimum wage level. Specifically:

- 1) With a \$15 minimum wage by January 2024, how many Pennsylvania workers would see their wages go up, and how much more income would they see?**
- 2) Who would benefit from this proposed \$15-per-hour minimum wage? What are the demographics of the impacted workers?**
- 3) Preemption and its role in the future for the Pennsylvania minimum wage.**

Background:

The Pennsylvania and U.S. minimum wages have remained at \$7.25 per hour since July of 2009. Meanwhile, every state that borders Pennsylvania has a higher minimum wage, and many in the northeast region and Maryland have reached, or are on paths to reach, \$15 per hour soon. The buying power of the minimum wage has plummeted in the almost 14 years since it was last increased in Pennsylvania and is now worth less in real (inflation-adjusted) terms than at any point since 1956.¹ Thirty states and Washington, DC, have already responded to calls to raise the minimum wage above the national level, helping struggling families pay for groceries, rent, utilities, and other necessities.

1. Keystone Research Center estimates that a minimum wage of \$15 per hour by January 1, 2024, would raise the wages of nearly 1.6 million Pennsylvania workers, or about 26% of Pennsylvania's workforce.² Our estimates categorize affected workers two groups: those who would directly benefit from the \$15 minimum wage, and those who would indirectly benefit. Directly affected workers are those currently making under \$15 per hour. We estimate that more than 980,000 Pennsylvania workers would directly

¹David Cooper, Sebastian Martinez Hickey, and Ben Zipperer, "The value of the federal minimum wage is at its lowest point in 66 years," Economic Policy Institute, July 14, 2022, <https://www.epi.org/blog/the-value-of-the-federal-minimum-wage-is-at-its-lowest-point-in-66-years/>.

² Keystone Research Center minimum wage impact estimates are based on data from the American Community Survey, the Current Population Survey, and the Economic Policy Institute.

benefit. Indirectly affected workers are those who currently earn slightly more than \$15 per hour but, as the minimum wage floor increases, are predicted to see a slight wage increase as employers adjust their pay scales. We estimate that nearly 587,000 Pennsylvania workers would benefit indirectly. Overall, we estimate that 1 in 4 Pennsylvania workers would benefit from a \$15 minimum wage by the beginning of 2024. Across all those who benefit, we estimate that the average worker would see a \$4,300 yearly raise. Because a high share of Pennsylvania’s near-minimum and minimum-wage earners come from families with moderate and low incomes that need to spend almost all the money they earn on basics, most of the increase in wage income from a minimum wage increase would go directly back into the economy. A \$4,300 wage increase for one in four Pennsylvania workers—and a bigger increase for a higher share of workers in lower-wage rural areas—would be a big boost in consumer buying power in our communities, one that strengthens and sustains the current economic expansion.

2. While there is more work needed to address gender- and race-based disparities in pay, this minimum wage increase would disproportionately benefit Pennsylvania women and people of color. Of the nearly 1.6 million Pennsylvania workers we estimate would benefit from this increase, 61% are women and 31% are people of color.

One common myth is that a minimum wage increase would primarily benefit teenagers working for pocket money, but that myth is not supported by the data. Fewer than 14% of those who would be impacted are teenagers. In fact, more than half of those who would benefit are 20 to 39 years old, and 18% are 55 years or older. One of every three workers who benefit have at least one child under 18 in their household.

Nearly 7 out of 10 workers who would benefit work in the big service industries: retail, leisure and hospitality, education, healthcare, and social assistance. These workers are the same ones we’ve called *essential workers* since 2020, and they’ve shouldered a disproportionate burden of the COVID-19 pandemic.

3. There have been discussions and debates around the idea of eliminating state preemption on the minimum wage in Pennsylvania—i.e., allowing municipalities to set their own minimum wages above the state minimum wage. Several states bordering Pennsylvania already have laws that allow this. Even with a \$15-minimum-wage floor statewide, Pennsylvania localities with higher costs-of-living may need to further increase their minimum wage to enable most workers to cover the costs of a basic family budget without public assistance. According to MIT researchers, the average living wage for a full-time worker in Pennsylvania overall is currently \$16.41 for a single worker with no children. This wage would keep that worker off anti-poverty programs but wouldn’t cover any purchase of prepared foods or eating outside the home. The worker would also have zero dollars for entertainment and zero dollars for savings.³ Sixteen dollars and 41 cents for a single adult with no children is a “bare bones” family budget in Pennsylvania.

The Keystone Research Center estimates that 12% of the workers who would benefit from a \$15-per-hour minimum wage by 2024 live in Philadelphia County. The single adult living wage for Philadelphia County is \$17.53 per hour. If the worker has one child, the living wage needed more than doubles to \$36.94 per hour. Removing preemption after setting a strong, statewide \$15 minimum wage would allow areas with higher costs of living to set their own minimum wages to be higher than the state’s, while allowing areas with different economies to stay at the state minimum.

³ Massachusetts Institute of Technology, Living Wage Calculator User’s Guide/Technical Notes, <https://livingwage.mit.edu/resources/Living-Wage-Users-Guide-Technical-Documentation-2023-02-01.pdf>.

As effects from the COVID-19 pandemic continue to ripple their way through the Pennsylvania economy, the labor market has largely rebounded. Pennsylvania’s unemployment rate is 4.3%, close to the lowest it’s been in 30 years.⁴ The latest report by the Pennsylvania Minimum Wage Advisory Board estimates that only 63,600 Pennsylvania workers earned at or below the minimum wage in Pennsylvania in 2022, the lowest number in the report’s series.⁵ That report shows that employment and wages for hourly Pennsylvania workers increased in 2022, expanding primarily in the range of hourly jobs that pay \$15 per hour or more.⁶ But our research presented here today shows that nearly a million Pennsylvania workers earn less than \$15 per hour, which is below the living wage for the state. A \$15 minimum wage now is crucial for the well-being of working Pennsylvania families.

⁴ U.S. Bureau of Labor Statistics, Pennsylvania Economy at a Glance, <https://www.bls.gov/eag/eag.pa.htm>.

⁵ *Analysis of the Pennsylvania Minimum Wage*, March 2023, page 3, <https://www.workstats.dli.pa.gov/Documents/Minimum%20Wage%20Reports/Minimum%20Wage%20Report%202023.pdf>.

⁶ *Analysis of the Pennsylvania Minimum Wage*, March 2023, pages 3, 10: “Their wage distributions shifted away from wage categories below \$15.01 [minimum wage or below, near minimum wage (\$7.26 – \$12.00), and \$12.01 – \$15.00]. The above \$15.00 category was the only one to increase in both volume and percentage. Pennsylvania’s share of above \$15.00-per-hour workers rose by 10.5 percentage points to 69.5 percent, while the nation’s percentage rose 8.7 percentage points to 68.7 percent.”