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HOUSE DEMOCRATIC POLICY COMMITTEE

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House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

HOUSE DEMOCRATIC POLICY COMMITTEE HEARING

Topic: Raising the Minimum Wage

Pocono Mountain Public Library – Tobyhanna, PA

May 3, 2017

AGENDA

- 10:00 a.m. Welcome and Opening Remarks
- 10:10 a.m. Panel of Local Business Owners:
- Tarah Probst, Owner of Charcuterie and Mayor of Stroudsburg Borough
 - Lisa Diemer, Owner of Pocono Soap and Kitchen Chemistry
- 10:30 a.m. *Questions from Committee Members*
- 10:45 a.m. Sean Ramaley
Deputy Secretary for Safety and Labor – Management Relations
Pennsylvania Department of Labor & Industry
- 11:05 a.m. *Questions from Committee Members*
- 11:20 a.m. Mark Price, PhD
Labor Economist
Keystone Research Center
- 11:40 a.m. *Questions from Committee Members*
- 11:55 a.m. Closing Remarks

**Written Testimony of Sean Ramaley
Deputy Secretary for Safety and Labor Management Relations
Department of Labor & Industry**

**Testimony Before the House Democratic Policy Committee
Tobyhanna, Pennsylvania
May 3, 2017**

I would like to thank the House Democratic Policy Committee for the opportunity to testify today regarding Pennsylvania's minimum wage. As you know, Governor Wolf's vision for Pennsylvania includes Schools that Teach, Jobs that Pay, and Government that Works. A core component of "Jobs that Pay" is the Governor's proposal to increase Pennsylvania's minimum wage to \$12.00 per hour.

In all, 29 states currently have minimum wages higher than Pennsylvania's. That majority of states with minimum wages higher than Pennsylvania's \$7.25-per-hour rate includes all of our neighboring states (Ohio, New York, New Jersey, Delaware, Maryland, and West Virginia). In addition, thirteen states (Alaska, Arizona, Colorado, Florida, Missouri, Montana, Nevada, New Jersey, Ohio, Oregon, South Dakota, Vermont, and Washington) automatically increased their rates based on the cost of living, or Consumer Price Index. While the majority of states have raised their minimum wage rates, 14 states (including Pennsylvania) have minimum wage rates equivalent to the federal government, 2 states have a formal minimum wage below the federal rate, and 5 states have no statutorily established minimum wage.

Pennsylvania's minimum wage was last raised on July 24, 2009, by the federal Fair Labor Standards Act. The last time the rate was raised statutorily in Pennsylvania was in 2006.

Too often in Harrisburg, we lose sight of the real impact that our actions – or inactions – have on real people. The workers often get forgotten, and so does the true struggle and pain of working one, two, or three low-wage jobs just to try to lift oneself out of poverty. We cannot forget these hard-working Pennsylvanians. Governor Wolf understands their struggle to provide for their families, and that is why he is fighting for better wages for all workers.

Governor Wolf and Secretary Manderino understand that too many hard-working Pennsylvanians...mothers and fathers, grandfathers and grandmothers...are working multiple jobs at low wages and still unable to provide enough for their families to make ends meet. This is unacceptable and we cannot fail them any longer.

No person who works full-time should live in poverty—it harms our families and costs more money over the long-term. We need to do better for Pennsylvania's workers and Pennsylvania's families.

In 2013, the annual income for an individual Pennsylvanian earning minimum wage was \$15,080, or 99.6% of the Federal Poverty Threshold for a two-person household (\$15,542); this represented the first time since that 2006 minimum wage increase when that worker earned less than the poverty threshold.

By contrast, raising the minimum wage to \$12.00 an hour, which would produce an annual income of \$24,960, would ensure a minimum wage earner could keep a family of four above the poverty threshold. (\$24,300).

Raising the minimum wage is not only important to lifting people out of poverty, but vital to rebuilding the middle class. When wages are increased for minimum wage

workers, workers earning between \$7.26 and \$12.00 per hour will also likely see an increase. This increase would benefit nearly 1.3 million additional Pennsylvanians.

When we raise the minimum wage, not only do minimum wage employees see a benefit; so do employers. This committee has previously heard from employers how empowering employees with better wages increases productivity and decreases turnover. Moreover, increasing the purchasing power for low-wage workers means more customers for small and local businesses.

In addition to the benefits to employees and employers, Pennsylvania as a whole will realize a benefit from increasing the minimum wage to \$12.00 per hour: an estimated \$95 million in revenue.

For years, advocates, business owners, and elected officials have called for lawmakers to raise Pennsylvania's minimum wage for low-income workers. But there have been roadblocks. In addition to rhetoric and ideological resistance, efforts to raise the minimum wage are also hampered by troubling realities: wage stagnation and income disparity.

According to the Economic Policy Institute:

Wage stagnation for the vast majority was not created by abstract economic trends. Rather, wages were suppressed by policy choices made on behalf of those with the most income, wealth, and power. In the past few decades, the American economy generated lots of income and wealth that would have allowed substantial living standards gains for every family. The same is true looking forward: Overall income and wealth will continue to grow. The key economic policy question is whether we will adopt policies that enable everyone to participate in a shared prosperity, or whether the growth of income and wealth will continue to accrue excessively and disproportionately to the best-off 1 percent.

The harsh realities of wage stagnation and income disparity will continue to be a challenge for raising the minimum wage in Pennsylvania, and throughout the nation. Will we accept the challenge to do better, or will we continue with the status quo? It is time for us to address those challenges head on; to do the right thing for all working Pennsylvanians and raise the minimum wage, as all of our neighbors, and the majority of our fellow states, have already done.

In closing, again I would like to thank Chairman Sturla, Representative Madden, and the House Democratic Policy Committee for the opportunity to testify today. Governor Wolf, Secretary Manderino, and I look forward to working with you to help the people of Pennsylvania, and to make Pennsylvania a state that supports its workers with jobs that pay.

TESTIMONY OF MARK PRICE
House Democratic Policy Committee
Raising the Minimum Wage
Wednesday, May 3rd, 2017
Pocono Mountain Public Library
5500 Municipal Drive, Tobyhanna, PA

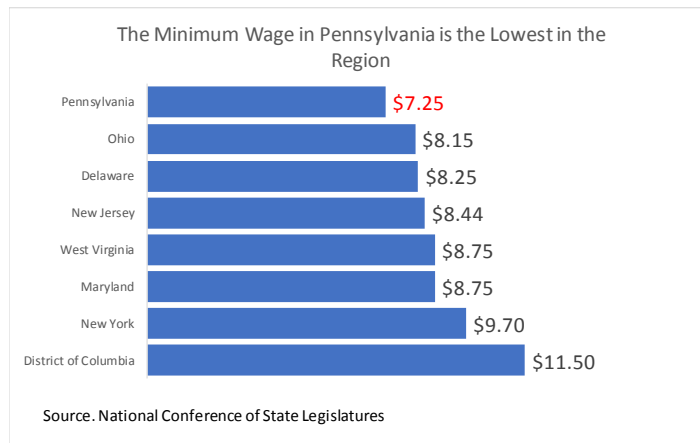
My name is Mark Price and I hold a Ph. D. in economics from the University of Utah. I am a labor economist at the Keystone Research Center (KRC), a non-partisan economic think tank based in Harrisburg. I want to thank the Rep. Maureen Madden and the other members of the committee for the opportunity to testify on the benefits of a minimum wage increase for Pennsylvania workers.

When a significant number of jobs in Pennsylvania don't pay enough for our neighbors to afford the basics – things like food, car repairs and eyeglasses – the local economy slows down. For many in our communities wages are so low that they are forced, even while working, to rely on the local food bank to help make ends meet. Policies to raise the wage and benefits floor can help restore spending on the basics and, in the process, boost local economies throughout the commonwealth.

We estimate that an increase in the minimum wage to \$15 per hour would impact just over two million Pennsylvania workers. Here in Monroe County a \$15-dollar minimum raise the wages for just under 39,000 workers.

As illustrated in the attached handouts, the majority of the workers in this region and across the state that would get a raise as a result of a statewide minimum wage increase are adults, working full-time, earning close to half of their family's income.

Putting the minimum wage in Pennsylvania on a path to reach \$15 by the early part of the next decade is a welcome change from the recent trends which have left Pennsylvania with the lowest minimum wage among its immediate neighbors and across the entire Northeast.



[The pages that follow are two handouts the first focused on Monroe County and the second Pennsylvania]

Giving Monroe County's Economy a Boost: The Impact of Raising the Pennsylvania Minimum Wage

When a significant number of jobs in Monroe County don't pay enough for our neighbors to afford the basics – things like food, car repairs and eyeglasses – the local economy slows down. For many people in our community wages are so low that they are forced, even while working, to rely on the local food bank to help make ends meet. Policies that raise the wage and benefits floor can help restore spending on the basics and, in the process, boost the local economy.

An increase in the minimum wage to \$15 per hour would boost the wages of 38,818, or 45.6%, of the county's resident workforce.

As illustrated in Table 1 (see reverse), the majority of workers in this region that would get a raise as a result of a statewide minimum wage increase are adults (92.9%) working full-time (64.3%). On average, the workers here that would benefit from a minimum wage increase earn 45.0% of their family's income.

Increasing the minimum wage to \$15 per hour would result in a meaningful boost to family incomes in the region and help grow Monroe County's economy.

Increasing the Minimum Wage to \$15 Per Hour Would Benefit 38,818 workers or 45.6% of the resident workforce

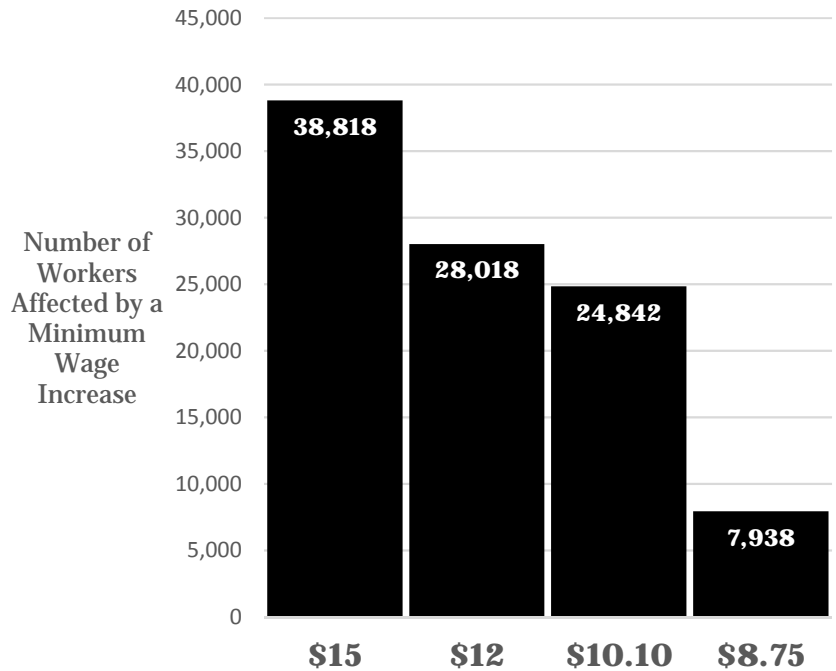
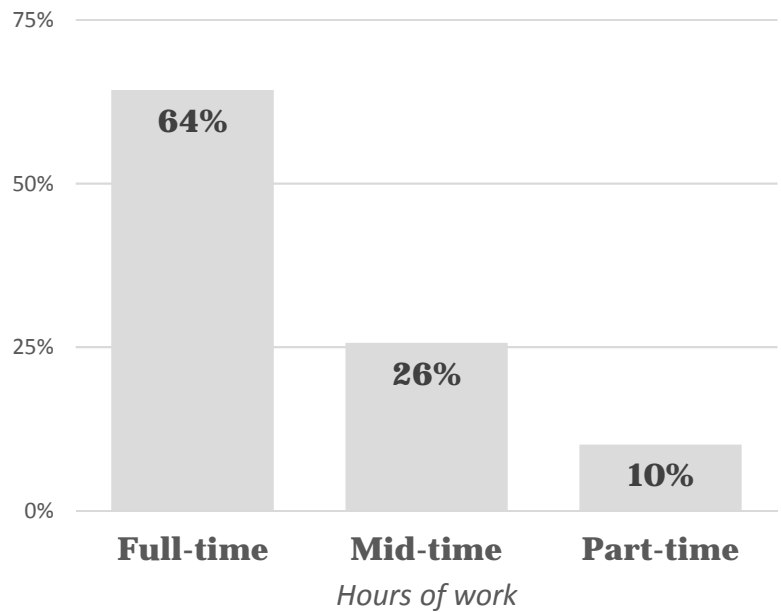


Table 1.

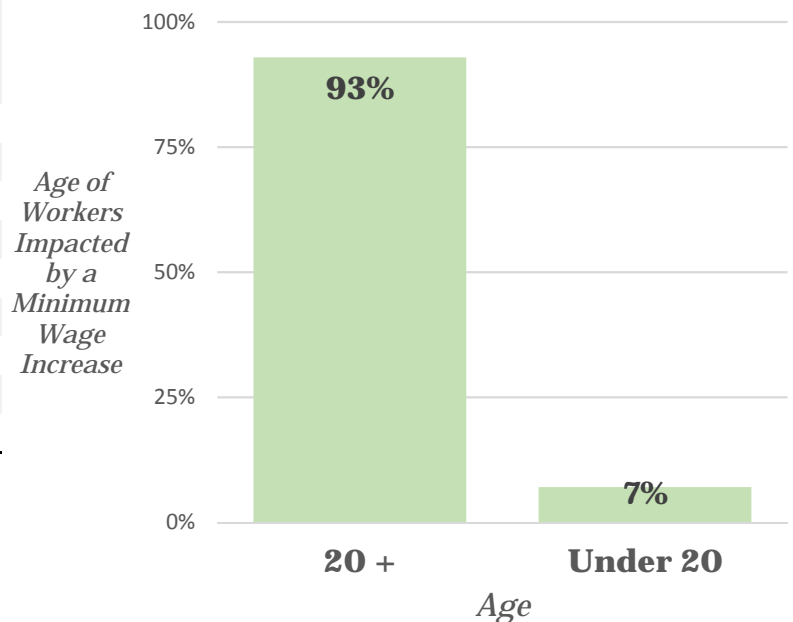
The demographic characteristics of workers in Monroe County that would see their hourly wage rise as a result of an increase in the minimum wage to \$15 per hour

Category	Percent of affected workers
Sex	
Female	59.3%
Male	40.7%
Age	
20 +	92.9%
Under 20	7.1%
Race/ethnicity	
White	79.0%
Black	8.0%
Hispanic	10.7%
Asian	2.3%
Family status	
Married parent	23.9%
Single parent	9.9%
Married, no kids	19.2%
Unmarried, no kids	47.0%
Family income	
Less than \$40,000	41.4%
\$40,000 to \$74,999	30.9%
\$75,000 or more	27.7%
Average Share of Family Income Earned by Affected Workers	
	45.0%
Work hours	
Part-time (< 20h)	10.1%
Mid-time (20-34)	25.6%
Full-time (35+)	64.3%
Education	
Less than high school	10.5%
High school	41.4%
Some college	33.8%
Bachelor's degree or higher	14.3%

More Than Two-Thirds of the Workers in Monroe County That Would Benefit From a Minimum Wage Increase to \$15 Work Full-time



A \$15 Per Hour Minimum Wage Would Raise the Wages of Mostly Adults in Monroe County



Source. Keystone Research Center analysis based on Current Population Survey, Local Area Unemployment Statistics and American Community Survey data

Table 2.

Characteristics of Pennsylvania workers who would be affected by increasing the minimum wage to \$8.75, \$10.10, \$12 and \$15 per hour

Category	\$8.75 by 2017\$		\$10.10 by 2016\$		\$12 by 2020†		\$15 Now‡	
	Total affected	Percent-age of the total affected	Total affected	Percent-age of the total affected	Total affected	Percent-age of the total affected	Directly Affected€	Percent-age of the total affected
Total	430,000	100%	1,265,000	100%	1,481,000	100%	2,085,000	100%
Share of total workforce	7.8%		22.9%		25.7%		39.5%	
Sex								
Female	257,000	60%	742,000	59%	880,000	59%	1,213,000	58%
Male	173,000	40%	524,000	41%	602,000	41%	872,000	42%
Age								
20 +	404,000	94%	1,100,000	87%	1,302,000	88%	1,910,000	92%
Under 20	26,000	6%	165,000	13%	179,000	12%	175,000	8%
Age Detailed								
16 to 24	140,000	33%	440,000	35%	498,000	34%	554,000	27%
25 to 39	115,000	27%	355,000	28%	416,000	28%	628,000	30%
40 to 54	81,000	19%	246,000	19%	298,000	20%	492,000	24%
55+	94,000	22%	224,000	18%	268,000	18%	412,000	20%
Race/ethnicity								
White	305,000	71%	929,000	73%	1,095,000	74%	1,578,000	76%
Black	59,000	14%	157,000	12%	181,000	12%	241,000	12%
Hispanic	36,000	8%	115,000	9%	129,000	9%	176,000	8%
Asian	30,000	7%	64,000	5%	76,000	5%	90,000	4%
Family status								
Married parent	58,000	14%	167,000	13%	200,000	14%	340,000	16%
Single parent	41,000	10%	129,000	10%	156,000	11%	199,000	10%
Married, no kids	87,000	20%	244,000	19%	297,000	20%	487,000	23%
Unmarried, no kids	244,000	57%	725,000	57%	828,000	56%	1,059,000	51%
Family income								
less than \$20,000	78,000	18%	210,000	17%	246,000	17%	281,000	13%
\$20,000 - \$39,999	110,000	25%	300,000	24%	344,000	23%	541,000	26%
\$40,000 - \$59,999	105,000	24%	262,000	21%	316,000	21%	450,000	22%
\$60,000 - \$74,999	38,000	9%	138,000	11%	162,000	11%	256,000	12%
\$75,000 - \$99,999	45,000	11%	153,000	12%	180,000	12%	240,000	12%
\$100,000 - \$149.9	29,000	7%	123,000	10%	139,000	9%	198,000	10%
\$150,000 or more	26,000	6%	79,000	6%	95,000	6%	118,000	6%
Industry								
Construction	7,000	2%	24,000	2%	NA	NA	60,000	3%
Manufacturing	32,000	8%	98,000	8%	NA	NA	210,000	10%
Retail	110,000	26%	266,000	21%	NA	NA	384,000	18%
Wholesale	13,000	3%	35,000	3%	NA	NA	59,000	3%
Transport and utilities	17,000	4%	47,000	4%	NA	NA	96,000	5%
Information	9,000	2%	15,000	1%	NA	NA	26,000	1%
Financial activities	11,000	3%	45,000	4%	NA	NA	98,000	5%
Professional and business services	19,000	5%	92,000	7%	NA	NA	157,000	8%
Education and health services	72,000	17%	295,000	23%	NA	NA	531,000	25%
Leisure and hospitality	100,000	23%	232,000	18%	NA	NA	287,000	14%
Other	40,000	9%	116,000	9%	NA	NA	175,000	8%
Occupation								
Management	12,000	3%	41,000	3%	NA	NA	108,000	5%
Professional	29,000	7%	121,000	10%	NA	NA	231,000	11%
Service	169,000	39%	467,000	37%	NA	NA	637,000	31%
Sales	94,000	22%	206,000	16%	NA	NA	299,000	14%
Office, administrative support	36,000	8%	161,000	13%	NA	NA	338,000	16%
Construction and extraction	3,000	1%	17,000	1%	NA	NA	42,000	2%
Installation, maintenance & repair	3,000	1%	20,000	2%	NA	NA	40,000	2%
Transportation	45,000	11%	133,000	11%	NA	NA	220,000	11%
Other	39,000	9%	99,000	8%	NA	NA	169,000	8%
Work hours								
Part time (< 20h)	82,000	19%	242,000	19%	268,000	18%	259,000	12%
Mid time (20-34)	183,000	43%	387,000	31%	447,000	30%	511,000	24%
Full time (35+)	165,000	38%	637,000	50%	765,000	52%	1,315,000	63%
Education								
Less than high school	47,000	11%	208,000	16%	231,000	16%	275,000	13%
High School	193,000	45%	521,000	41%	615,000	42%	878,000	42%
Some college	134,000	31%	364,000	29%	422,000	28%	610,000	29%
Bachelor's or higher	56,000	13%	172,000	14%	211,000	14%	323,000	15%

Note. The counts of affected workers are not strictly comparable as each of the minimum wage increases reflects different assumptions about the period of implementation and therefore projected employment growth. The increase to \$8.75 implemented over 3 years, \$10.10 over 2, \$12 over 5 years and the full increase to \$15 projected onto the employment in 2014.

§ David Cooper and Mark Price, "Falling Short: The Impact of Raising the Minimum Wage in PA to \$8.75 vs. \$10.10" February 2015, Keystone Research Center, available at <http://keystoneresearch.org/fallingshort>

† David Cooper, Lawrence Mishel, and John Schmitt, "We Can Afford A \$12.00 Federal Minimum Wage in 2020", April 2015, Economic Policy Institute, available at <http://goo.gl/PpftD1>

€ The increase to \$15 represents only directly affected workers whereas the estimates of total affected workers for the other three minimum wage increases are a combination of directly affected and indirectly affected workers. Indirectly affected workers are those workers that earn just above the new higher minimum wage that would likely see their wages rise following a minimum wage increase.

¥ Keystone Research Center analysis of the Current Population Survey (CPS) Outgoing Rotation Group microdata