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HOUSE OF REPRESENTATIVES
COMMONWEALTH *of* PENNSYLVANIA

House Democratic Policy Committee Hearing

Raise the Wage

Monday, May 5, 2025 | 9:00 a.m.

Representative Roni Green

OPENING REMARKS

9:00 a.m. Rep. Roni Green, D-Philadelphia

PANEL ONE

9:05 a.m. Kelly Ayer, Shop Steward
PA Joint Board of Worker's United, SEIU

Andrea Grove, Owner
Elementary Coffee Co.

Claire Kovach, Senior Research Analyst
Keystone Research Center

Q & A with Legislators

Testimony For the Pennsylvania House Democratic Policy Committee Hearing:

Raise the Wage

Monday May 5th, 9:00 AM, 523 Irvis

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

Contact: kovach@keystoneresearch.org

Good morning,

My name is Claire Kovach and 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 hold a Ph.D. in sociology from Penn State University.

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

We at the Keystone Research Center argue that raising the minimum wage to \$15 per hour for Pennsylvania workers is crucial to improving the lives of working people and families in Pennsylvania. Although there are a wide range of reasons why a \$15 per hour minimum wage is so critical, I will focus my comments on providing some numbers on these three topics:

1) How many Pennsylvania workers would see their wages go up with a \$15 minimum wage, and how much more income these workers would see

2) Who are the workers who would benefit

3) Preemption and its role in the future for the Pennsylvania minimum wage

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 already have a \$15 per hour wage or higher. The buying power of the minimum wage has plummeted in the 16 years since it was last increased in Pennsylvania. 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. Twenty states have tied their minimum wage to inflation so that workers aren't left behind, and so that their legislatures don't have to revisit the topic year after year. And 67 localities across the country have adopted minimum wages above their state minimum, a local wage control power that Pennsylvania localities lack. In 2025, a \$7.25 minimum wage is officially a "poverty wage," as full-time year-round earnings at that wage are below the poverty threshold of \$15,650 (established by the Department of Health and Human Services guidelines).

1. *Using data and estimates from the Economic Policy Institute and the US Census Bureau, Keystone Research Center estimates that a minimum wage of \$15 per hour by January 1, 2026, would raise the wages of nearly 866,000 non-tipped Pennsylvania workers, over 15% of Pennsylvania's workforce.¹ Our estimates categorize affected workers into two groups: those who would directly benefit from the \$15 minimum wage (these are the workers currently earning under \$15), and those who would indirectly benefit (or those earning just above \$15 now, but would see a small wage*

¹ 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. Raising the tipped minimum wage would increase wages for up to 115,900 additional Pennsylvania workers.

increase if the minimum wage was increased to \$15 per hour, as employers adjust their pay scales). We estimate that more than 460,000 Pennsylvania workers would directly benefit, and an additional 405,600 Pennsylvania workers would benefit indirectly. Across all those who would benefit, we estimate that the average worker would see more than a \$2,000 yearly raise. Nearly all of this money will be spent directly back into the economy on basics, boosting consumer spending power in our communities.

2. *Who would benefit: this minimum wage increase would disproportionately benefit Pennsylvania women and people of color. Of the nearly 866,000 Pennsylvania workers we estimate would benefit from this increase, 61% are women and 34% are people of color.*

One common myth is that a minimum wage increase would primarily benefit teenagers working for pocket money. This is not supported by the data. Fewer than 20% of those who would be affected are teenagers. In fact, more than half of those who would benefit (53.5%) are 25 years or older, and over 15% are 55 years or older. Among the people who benefit, more than one in five (20.6%) are parents with young children in their household. Workers in the retail industry make up the largest share of those who would benefit, closely followed by workers in healthcare and social assistance.

3. *Preemption and its role in the future for the Pennsylvania minimum wage.*

There have been discussions about whether to eliminate state preemption on the minimum wage in Pennsylvania—allowing localities to set their own minimum wages above the state minimum. 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 with no children in Pennsylvania is \$22.91 per hour. This wage would keep that worker off anti-poverty programs but wouldn't cover any purchase of prepared foods, eating outside the home, and does not allow a single dollar for savings or entertainment.² Almost \$23 per hour for a single adult with no children is a “bare bones” family budget for the average Pennsylvanian. This living wage estimate varies by sub-state area, with a low of \$19.15 per hour in Northumberland county, and a high of \$25.62 in Pike county.

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 level, while allowing areas with different economies to stay at the state minimum.

The latest report by the Pennsylvania Minimum Wage Advisory Board estimates that only 47,200 Pennsylvania workers earned at or below the minimum wage in Pennsylvania in 2024, the lowest number in the report's series.³ The research I presented here today shows that many more Pennsylvania workers would benefit from a \$15 per hour minimum wage, which is still below the living wage for the state. A \$15 per-hour minimum wage now is crucial for the well-being of working Pennsylvania families. Thank you.

² Massachusetts Institute of Technology, Living Wage Calculator User's Guide/Technical Notes, https://livingwage.mit.edu/resources/living_wage_technical_documentation.pdf.

³ *Analysis of the Pennsylvania Minimum Wage*, March 2025, page 3, <https://www.pa.gov/content/dam/copapwp-pagov/en/dli/documents/cwia/products/minimum-wage-reports/minimum-wage-report-2024.pdf>.