



Pennsylvania Senate Democratic Policy Committee Hearing on Raising the Minimum Wage in PA

Testimony presented by: Kadida Kenner, Director of Campaigns, PA Budget and Policy Center (PBPC)

January 18, 2021

Chairwoman Katie Muth, Senators Art Haywood, Tina Tartaglione and John Kane, my name is Kadida Kenner and I am the director of campaigns for the Pennsylvania Budget and Policy Center. Thank you for the opportunity to testify today in support of raising the minimum wage in Pennsylvania.

Launched formally in 2007, the Pennsylvania Budget and Policy Center (PBPC) is a nonpartisan, statewide policy research project of the Keystone Research Center that provides independent, credible analysis on state tax, budget, and related policy matters with attention to the impact of policy proposals on working individuals and families.

PBPC's vision is that all Pennsylvania taxpayers will enjoy a system of taxation that is fair and progressive and that raises sufficient revenue to provide quality public services and economic prosperity.

PBPC provides information and analysis on short-term budget, policy, and revenue proposals as well as long-term trends and challenges.

PBPC is part of a national network of similar organizations that exist in more than half the states as part of the State Priorities Partnership coordinated by the Washington, D.C.-based Center on Budget and Policy Priorities.

PBPC supports raising the Pennsylvania's minimum wage to \$15/hour by 2027, and eliminating the preemption on municipal wage ordinances, guarding against wage theft, and increasing monetary penalties for violations, ensuring One Fair Wage for tipped and gig workers, and accounting for changes in the cost of living once the minimum wage reaches \$15 per hour.

Today, I will be presenting the impact raising the minimum wage will have on Pennsylvanians and who would benefit from an increase to \$15/hr. The data we currently have estimates the number of Pennsylvanians whose wages will go up if we increase the minimum wage to \$15 by 2025. The numbers would be roughly the same if we increase to \$17 by 2027. The 2025 numbers might be a bit lower because wages would have risen in two more years, but they would be a bit higher because the population will be greater.

We will have updated data for 2027 projections in the next week but expect that it would be very similar to our projections of 2025.

Additionally, I will speak to who in Pennsylvania will be affected directly and indirectly by an increase to \$15. We estimate that approximately two million people will have higher wages when the minimum wage reaches \$15 in Pennsylvania. Most workers in the state who would get a raise because of a statewide wage increase are adults (89%) working full-time (55%), and women (61%).

Lastly, raising the minimum wage is not a hand-out to low-wage workers. It is part of an effort to change the rules of our economy so that working people do better reversing the trends of the last 40 years in which a greater share of our

income and wealth has gone to the very rich. I will address the most common misleading information and incorrect talking points, quickly, to dispel any misconceptions naysayers may have about increasing the wage in Pennsylvania. I will reference a blog post authored by PBPC director, Marc Stier during my testimony.

Lastly, a separate document titled, “A \$15 Minimum Wage is Good for Pennsylvania’s Economy and Families” is submitted as part of my testimony.

Thank you for the opportunity to testify.

Fact vs. Myth on the Minimum Wage

Authored by Marc Stier, Director of PA Budget and Policy Center | 09/26/2019

https://krc-pbpc.org/research_publication/fact-vs-myth-on-the-minimum-wage/

Raising the minimum wage is not a hand-out to low-wage workers. It's part of an effort to change the rules of our economy so that working people do better, reversing the trends of the last 40 years in which a greater share of our income and wealth has gone to the very rich. Raising the minimum wage will help benefit all working people and help expand the middle class.

But, in our advocacy to raise the minimum wage over the past few years, we've heard a number of misleading, incorrect talking points over and over in response to our efforts. We wanted to address the most common of those quickly and concisely:

“The minimum wage was never meant to be a living wage. It's primarily for young people starting out.” FALSE

The minimum wage was established to ensure that jobs pay enough to support families. For many years it was set at about half the wage paid to a typical (median) worker. But both the national minimum wage and Pennsylvania's have fallen so low that they pay only 30% of a typical worker's hourly earnings. Today, almost 20% of the PA workforce makes under \$12 an hour—that's well over a million workers. That's too many jobs to all be training jobs held by teenagers. Of the PA workers who would benefit from a \$12 per hour minimum wage, 90% are adults, 72% are white, 60% are women, 40% have some college education and a majority work full time. All of these workers are critical to Pennsylvania businesses that provide the goods and services we need. If we want them to live decent lives, we have to raise the minimum wage back to about half of a typical worker's wage—around \$12 today and close to \$15 by 2025.

“Raising the minimum wage just increases the price of goods across the board.” FALSE

An increase in the minimum wage may lead to a small increase in prices but it will be far less than the increase in wages for three reasons: (1) Labor is only part of the cost of producing goods and services. (2) A higher wage reduces turnover and training costs for businesses which saves them money. (3) A higher wage improves worker morale and productivity, which also saves them money. A [recent study in California](#) found that a 25% minimum wage increase raised restaurant prices by only 1.45%—in a state in which tipped workers (waitresses, servers, etc.) get the same minimum wage as other workers. In New York City, the minimum wage is now \$13.50 per hour—but you can still buy [a slice of pizza for \\$1](#).

“Raising the minimum wage will hurt people earning \$12, \$15, \$18 an hour right now.” FALSE

When the minimum wage goes up, the wages of workers making more than the new minimum wage go up, too. Businesses don't want to lose experienced workers. If the minimum wage is raised to \$12 according to the General Assembly's own [Independent Fiscal Office \(IFO\)](#), 1.1 million Pennsylvanians who are making less than the new minimum wage will get an increase in their wages. And nearly another million (827,000) Pennsylvanians making \$12 or more now will get higher wages.

“Raising the minimum wage will destroy small businesses.” FALSE

Minimum wage workers work for big and small businesses so a higher minimum wage in no way disadvantages small business—it establishes a level playing field. A higher minimum wage can benefit small businesses by reducing managerial headaches—reducing turnover and training costs—and increasing worker productivity. And as the chair of the executive committee of the U.S. Chamber recently pointed out, when workers are paid more, they can spend more, which helps small businesses.

“Raising the minimum wage will lead to job loss.” FALSE

Given that a higher minimum wage doesn't hurt businesses or lead to much higher prices, it's no surprise that research shows a wage increase has little or no effect on employment. A new study (see also here) of more than 750 counties found that increasing the minimum wage to \$15 an hour by 2024 would likely boost incomes but not lead to significant job losses. And in our low unemployment economy anyone who does lose a job would likely get another job—at higher pay—quickly. Other studies and research analyzing data going back to 1979 have found little or no impact of a higher minimum wage on jobs. KRC also found that, even though every state around PA has raised its minimum wage, not only are wages growing faster for our neighbors' food service industry workers, but employment is growing faster as well.