

Issue: PA - Economy

## Talking Points: Minimum Wage in Pennsylvania

The minimum wage for Pennsylvania is \$7.25 per hour, which is the same as the federal level. This puts many full-time minimum wage workers below the federal poverty line. Since January 2015, each state neighboring Pennsylvania has had a higher minimum wage than Pennsylvania.

### The Case for a Higher Minimum Wage

The wages of the vast majority of workers in the U.S. have decreased in terms of buying power since the 1970s when measured in constant 2018 dollars. Yet worker productivity has steadily increased over the same time period. The minimum wage would be more than \$20 per hour had it kept pace with the increase in worker productivity. Additionally, business profits have increased as a portion of the nation's income while employee pay has decreased; this trend started during the 1990s.

Some legislators and economists claim that an increase in minimum wages will reduce job growth; this has been debunked by many studies. The methodology flaws in the work of these economists include extrapolating trends in foreign labor markets to the U.S. and failing to account for regional economic differences when comparing states with different minimum wages.

More sophisticated studies use methods that control for factors that are unrelated to the minimum wage. One approach is to study adjacent counties with different minimum wages. These comparisons have found that employment rates are essentially the same despite the difference in minimum wage. Reasons for comparable employment rates include increased productivity and decreased turnover.

### The Minimum Wage Leaves Workers in Poverty

Earning only the federal minimum wage leaves many working families in poverty. Data from the U.S. Census Bureau shows that 12.2% of Pennsylvanians live in poverty. Raising the minimum wage to \$15 per hour by 2024 would benefit 2,004,000—which is about 34%—of all working Pennsylvanians.

### Governments Subsidize Businesses

Because of very low wages, many workers rely on public assistance for basic needs such as food. In 2019, 14% of Pennsylvanians received benefits from the Supplemental Nutrition Assistance Program, once called Food Stamps. Of those recipients, 45% were in a family in which at least one member worked. A 2016 study found that if the federal minimum wage had been raised to \$12 an hour by 2020, national public spending on assistance would have dropped by about \$17 billion a year.

### Republicans Repeatedly Block Legislation to Raise the Minimum Wage

In Pennsylvania, the distribution of power between the state legislature and local governments essentially leaves all law-making power with the state government, not with local jurisdictions. In practical terms, this means it is very hard for localities in Pennsylvania to raise local minimum wages, as has been done in other cities across the nation.

Pennsylvania Democrats have been fighting to increase the minimum wage for years. However, legislation sponsored by Democrats languishes in Republican-controlled committees.