

WOMEN IN PENNSYLVANIA NEED ONE FAIR MINIMUM WAGE

RAISE THE WAGE PA | PA CAMPAIGN FOR WOMEN'S HEALTH | WOMEN'S LAW PROJECT | NATIONAL WOMEN'S LAW CENTER

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Pennsylvania's minimum wage of \$7.25 per hour leaves thousands of minimum wage workers—a group made up of mostly women—struggling to support themselves and their families.¹ **Raise the Wage PA, Pennsylvania Campaign for Women's Health, Women's Law Project, and the National Women's Law Center** support increasing Pennsylvania's minimum wage to at least \$15 per hour, along with a cost of living adjustment so that the minimum wages keeps pace with inflation, and oppose the separate minimum cash wage for tipped workers—which is currently just \$2.83 per hour. Our goal is to provide the same minimum wage to tipped and non-tipped workers alike. **Establishing one fair minimum wage is a key step toward equal pay for Pennsylvania women and economic security for their families.**

People working for tips and in other low-wage jobs in Pennsylvania need a raise.

- A woman working full time at Pennsylvania's minimum wage earns just \$14,500 annually—thousands of dollars below the poverty line for a mother supporting one or more children.²
- Pennsylvania is in the minority of states nationwide—and one of only two in the Northeast—with a minimum wage of \$7.25 per hour, the lowest level permitted under federal

law. In the six states that border Pennsylvania plus the District of Columbia, the minimum wage increased by an average of 24 percent between December 2013 and July 2017.³ It is scheduled to reach \$15 per hour in the coming years in both New York and D.C.⁴

- Pennsylvania's \$2.83 hourly minimum cash wage for tipped workers is unchanged since 1998 and just 70 cents higher than the federal floor of \$2.13 per hour. Although employers are obligated to make up the difference when tips fall short of the full minimum wage, this requirement is difficult to enforce and many employers fail to comply.⁵ People working in tipped jobs often must struggle to make ends meet on unpredictable tips with virtually no dependable income from a paycheck.
- Nearly three-quarters of Pennsylvania's tipped workers are women—and many cannot afford to meet basic needs for themselves and their families. Among women⁶ tipped workers in Pennsylvania, close to one in five (19 percent) live in poverty—higher than the poverty rate for men tipped workers (14 percent) and more than double the rate for working women overall (8 percent).⁷ Female restaurant servers and bartenders in Pennsylvania have especially low incomes: nearly one in four (24 percent) live in poverty, compared to 15 percent of male servers and bartenders.⁸

ENDORISING ORGANIZATIONS:



- Relying on variable tips at the whim of customers rather than wages for the bulk of their income can also make women highly vulnerable to sexual harassment on the job. A study from Restaurant Opportunities Centers United found that women tipped workers in states with a \$2.13 tipped minimum wage are far more likely to experience sexual harassment than their counterparts in states where employers are required to pay the regular minimum wage before tips.⁹

Raising the minimum wage to \$15 by 2024 would boost wages for more than one million working women in Pennsylvania, helping them provide for themselves and their families.

- The Keystone Research Center and Economic Policy Institute estimate that if the minimum wage rises to \$15 per hour by 2024, nearly 2.2 million Pennsylvania workers will get a raise—by about \$4,000 a year, on average.¹⁰ Of the total affected workers, close to 1.3 million (59 percent) are women.¹¹
- Of the workers who would get a raise, more than half a million are parents, including about 204,000 single parents¹² —representing half of all working parents in Pennsylvania who are supporting children on their own.¹³ Two-thirds of working single parents in Pennsylvania are women.¹⁴

A \$15 minimum wage in Pennsylvania would especially lift incomes for working people of color and could help close the gender wage gap.

- While the majority of working people who would benefit from a \$15 minimum wage in Pennsylvania are white, people of color would benefit disproportionately: about half (51 percent) of Black workers, and 57 percent of Latino workers, will get a raise if Pennsylvania’s minimum wage goes up to \$15 by 2024, compared to about one-third (34 percent) of white workers—and working people of color will experience larger income gains, on average.¹⁵
- By concentrating income gains among women and workers of color, raising the minimum wage

could help close the persistent wage gap that women—especially women of color—face in Pennsylvania.¹⁶ Women working full time, year round in Pennsylvania make nearly 21 percent less than their male counterparts. Some women of color experience wider wage gaps: Black women typically make 68 cents, and Latinas just 57 cents for every dollar white, non-Hispanic men make.¹⁷

- States with higher minimum wages in fact tend to have smaller wage gaps: women working full time in states with a minimum wage of at least \$8.25 per hour face a wage gap that is 41 percent smaller than the wage gap in states like Pennsylvania that follow the federal minimum wage of \$7.25 per hour.¹⁸
- In the “one fair wage” states where employers are already required to pay their tipped workers the regular minimum wage before tips, the overall wage gap for women working full time, year round is 19 percent smaller—and the gender wage gap for women in tipped jobs is 33 percent smaller—than in states with a \$2.13 tipped minimum cash wage.¹⁹

Who Are Pennsylvania’s Low-Wage Workers?

- **Women.** Women represent just under half (48 percent) of Pennsylvania’s workforce, but they are nearly six in ten (59 percent) of workers who would benefit from a \$15 minimum wage. **Nearly 1.3 million women in Pennsylvania—about 44 percent of all working women in the state—will get a raise if the minimum wage rises to \$15 per hour by 2024.**²⁰
- **Adults.** Nearly 90 percent of working people who would benefit from raising Pennsylvania’s minimum wage to \$15 per hour are adults. **More than two in three workers who will get a raise if the minimum wage goes up to \$15 by 2024 are at least 25 years old, and two in five are age 40 or older.**²¹
- **Parents.** Of the workers who would benefit from raising Pennsylvania’s minimum wage to \$15 per hour, about one-quarter have children. **Nearly two in five children in Pennsylvania live with at least one parent who will get a raise if the minimum wage reaches \$15 by 2024.**²²

Adopting one fair minimum wage for all working people would reduce poverty and strengthen Pennsylvania's economy.

- Raising Pennsylvania's minimum wage to \$15 per hour would boost annual full-time earnings for a minimum wage worker to \$30,000 by 2024, enough to lift a family of four above the poverty line.²³
- The poverty rate for women tipped workers is 27 percent lower in "one fair wage" states where tipped workers can count on receiving at least the regular minimum wage before tips than in states with a \$2.13 tipped minimum cash wage.²⁴ And these gains have not come at the expense of business; the states with one minimum wage for all workers have experienced higher restaurant sales per capita and greater growth in restaurant industry jobs than the states with lower minimum wages for tipped workers.²⁵ A recent study comparing restaurant industry performance in bordering counties in

New York (where the tipped minimum wage rose from \$5 to \$7.50 per hour in 2015) and Pennsylvania (where the tipped minimum wage has not risen in 20 years) found that, in the year following the tipped wage hike, counties on the New York side of the border saw restaurant workers' take-home pay go up an average of 7.4 percent and employment go up 1.3 percent, while Pennsylvania border counties saw an average pay increase of only 2.2 percent and a *decline* in employment by 0.2 percent.²⁶

- Raising the minimum wage can be expected to benefit communities and the broader economy as workers spend their higher earnings at local businesses.²⁷ Higher wages can also benefit employers by reducing turnover and increasing worker effort.²⁸ And evidence from cities like San Jose, San Francisco, and Seattle that have begun to phase in a \$15 minimum wage indicates that employment has in fact grown along with workers' paychecks.²⁹

1. Women represent nearly 6 in 10 minimum wage workers in Pennsylvania. NWLC, Women and the Minimum Wage, State by State, <https://nwlc.org/resources/women-and-minimum-wage-state-state/> (last visited Dec. 8, 2017). Figures are annual averages for 2016. "Minimum wage workers" refers to workers making the minimum wage or less.
2. U.S. Census Bureau, Poverty Thresholds for 2017, <https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-poverty-thresholds.html> (last visited Feb. 20, 2018). The poverty line in 2017 for a parent with one child was \$16,895; for a parent and two children, it was \$19,749. Throughout this analysis NWLC calculations regarding full-time earnings assume 40 hours per week, 50 weeks per year.
3. Mark Price & Stephen Herzenberg, Keystone Research Ctr., The State of Working Pennsylvania, at 14 (Aug. 2017), https://www.keystoneresearch.org/sites/default/files/KRC_SWP%202017_Final.pdf.
4. See Econ. Policy Inst. (EPI), Minimum Wage Tracker, <https://www.epi.org/minimum-wage-tracker/> (last visited Jan. 12, 2018).
5. See generally, e.g., Restaurant Opportunities Ctr. United (ROC United) & Nat'l Employment Law Project (NELP), The Case for Eliminating the Tipped Minimum Wage in Washington, D.C. (May 2016), <http://nelp.org/content/uploads/Report-Case-Eliminating-Tipped-Minimum-Wage-Washington-DC.pdf> and ROC United, Tipped Over: Employer Liability in a Two-Tiered Wage State (June 2016), http://rocunited.org/wp2015b/wp-content/uploads/2016/06/EmployerLiability_Report-2.pdf. See also Sylvia A. Allegretto & David Cooper, EPI & Ctr. on Wage & Employment Dynamics, Univ. of Ca., Berkeley, Twenty-Three Years and Still Waiting for Change, at 17-18 (2014), <http://s2.epi.org/files/2014/EPI-CWED-BP379.pdf>.
6. NWLC calculations based on American Community Survey (ACS) 2011-2015 five-year averages using Steven Ruggles et al., Integrated Public Use Microdata Series: Version 7.0 [dataset], Minneapolis: University of Minnesota (2017) [hereinafter NWLC calculations based on ACS 2011-2015]. Figures are for employed workers. NWLC defines tipped workers as all workers in a set of predominantly tipped occupations identified in Allegretto & Cooper, *supra* note 8, at 20, 23.
7. The poverty rate for working men overall in Pennsylvania is lower still (5 percent). NWLC calculations based on ACS 2011-2015, *supra* note 6.
8. *Id.*
9. ROC United & Forward Together, et al., The Glass Floor: Sexual Harassment in the Restaurant Industry, at 14-16 (Oct. 2014), http://rocunited.org/wp-content/uploads/2014/10/REPORT_The-Glass-Floor-Sexual-Harassment-in-the-Restaurant-Industry2.pdf.

10. Unpublished estimates from Keystone Research Ctr. & EPI (2017) (on file with author).
11. Price & Herzenberg, *supra* note 3, at Table 9.
12. *Id.*
13. Unpublished estimates from Keystone Research Ctr. & EPI, *supra* note 10.
14. NWLC calculations based on ACS 2011-2015, *supra* note 6.
15. On average, by 2024, annual earnings for affected Black workers will increase by an estimated \$4,807, and annual earnings for affected Latino workers will increase by \$4,779 (compared to \$3,915 for affected white workers). Unpublished estimates from Keystone Research Ctr. & EPI, *supra* note 10.
16. A higher minimum wage generally would narrow the wage distribution, effectively narrowing the wage gap. Nicole M. Fortin & Thomas Lemieux, *Institutional Changes and Rising Inequality: Is There a Linkage?*, Journal of Economic Perspectives, Spring 1997, 75-96, at 78, available at <http://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.11.2.75>. See also Francine D. Blau & Lawrence M. Kahn, *Swimming Upstream*, Journal of Labor Economics, Jan. 1997, 1-42, at 28, available at https://www.jstor.org/stable/2535313?seq=1#page_scan_tab_contents.
17. See NWLC, *The Wage Gap, State by State*, <http://nwlc.org/resources/wage-gap-state-state/> (last visited Dec. 8, 2017).
18. Jasmine Tucker & Julie Vogtman, NWLC, *Higher State Minimum Wages Promote Equal Pay for Women* (Apr. 2017), <https://nwlc.org/wp-content/uploads/2017/04/2017-Higher-State-Minimum-Wages-Promote-Equal-Pay-for-Women.pdf>.
19. NWLC & ROC United, *Raise the Wage: Women Fare Better in States with Equal Treatment for Tipped Workers* (Oct. 2016), <https://nwlc.org/wp-content/uploads/2016/10/Tipped-Wage-10.17.pdf>.
20. Price & Herzenberg, *supra* note 3, at 19 (Table 9).
21. *Id.*
22. *Id.*
23. See U.S. Census Bureau, *supra* note 2. Thirty thousand dollars is above both the 2017 poverty line for a family of four with two children (\$24,858) as well as the estimated poverty line for 2024, which NWLC calculates to be less than \$30,000 based on the Congressional Budget Office's predictions regarding the CPI-U (the inflation measure used to increase the Census Bureau's poverty thresholds annually) for 2018 through 2024.
24. NWLC & ROC United, *supra* note 19.
25. See ROC United, *The Impact of Raising the Subminimum Wage on Restaurant Sales & Employment* (March 2014), available at http://rocunited.org/wp-content/uploads/2014/03/ROC-United_FactSheet-on-TMW.pdf.
26. Michael Paalberg & Teofilo Reyes, *Paying Tipped Workers Better Wouldn't Lead to Fewer Restaurant Jobs*, Wash. Post (Jan. 16, 2018), https://www.washingtonpost.com/news/posteverything/wp/2018/01/16/paying-tipped-workers-better-wouldnt-lead-to-fewer-restaurant-jobs/?tid=ss_tw-bottom&utm_term=.4a37acbc35a1.
27. See, e.g., NELP, *A \$15 Minimum Wage in St. Paul: Broad Benefits for Workers, Small Businesses and the City's Economy* (Sept. 2017), <http://www.nelp.org/content/uploads/broad-benefits-of-15-st-paul.pdf>; Michael Reich et al., Ctr. on Wage & Employment Dynamics, Univ. of Ca., Berkeley, *Effects of a \$15 Minimum Wage in California and Fresno* (Jan. 2017), <http://irle.berkeley.edu/files/2017/Effects-of-a-15-Minimum-Wage-in-California-and-Fresno.pdf>; T. William Lester et al., Ctr. for Amer. Progress, *Raising the Minimum Wage Would Help, Not Hurt, Our Economy* (Dec. 2013), <https://www.americanprogressaction.org/issues/labor/news/2013/12/03/80222/raising-the-minimum-wage-would-help-not-hurt-our-economy/>; John Schmitt, Ctr. for Econ. & Policy Research, *Why Does the Minimum Wage Have No Discernible Effect on Employment?* (Feb. 2013), <https://cepr.net/documents/publications/min-wage-2013-02.pdf> (reviewing research demonstrating that minimum wage increases historically do not cause job loss, even during period of recession).
28. See, e.g., Justin Wolfers & Jan Zilinsky, Peterson Inst. for Int'l Economics, *Higher Wages for Low-Income Workers Lead to Higher Productivity* (Jan. 2015), <https://piie.com/blogs/realtime-economic-issues-watch/higher-wages-low-income-workers-lead-higher-productivity>.
29. See NELP & Fiscal Policy Inst., *Myth vs. Fact on a \$15 Minimum Wage for New York*, at 6 (Feb. 2016), available at <http://nelp.org/content/uploads/NELP-FPI-Myth-vs-Fact-15-Minimum-Wage-New-York.pdf>; Michael Reich et al., Ctr. on Wage & Employment Dynamics, Univ. of Ca., Berkeley, *Seattle's Minimum Wage Experience 2015-16* (June 2017), <http://irle.berkeley.edu/files/2017/Seattles-Minimum-Wage-Experiences-2015-16.pdf>, and Ben Zipperer & John Schmitt, EPI, *The "High Road" Seattle Labor Market and the Effects of the Minimum Wage Increase: Data Limitations and Methodological Problems Bias New Analysis of Seattle's Minimum Wage Increase* (June 2017), <http://www.epi.org/publication/the-high-road-seattle-labor-market-and-the-effects-of-the-minimum-wage-increase-data-limitations-and-methodological-problems-bias-new-analysis-of-seattles-minimum-wage-incr/> (critiquing methodology used in Washington study attributing adverse employment effects to Seattle's minimum wage increase).