



## JUST THE FACTS:

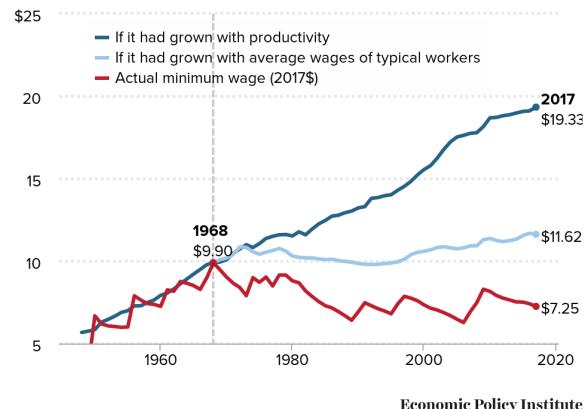
### Raising the Minimum Wage

#### The Value of Today's Minimum Wage

The U.S. last raised the minimum wage in 2009, to \$7.25/hr. Even then, it simply wasn't worth what it once was. For the past 50 years, its value has failed to rise along with the economy's growth or even along with the average wages of typical workers. If the minimum wage had at least kept pace with increasing costs of living, it should have reached \$11.76 by 2018.<sup>1</sup>

At its peak value in 1968, the earnings of one full-time worker at minimum wage was enough to support a family of three above the poverty level. By 2014, that same family fell \$4,000 below the federal poverty line.

The value of the federal minimum wage in 2017 if it had kept up with a growing economy



In 2019, more than 100 leading economists signed a letter supporting raising the minimum wage to \$15 by 2024.<sup>2</sup> They understand that raising the minimum wage:

#### ...Will Decrease Hunger, Poverty, and Save Taxpayers Money

A single person with a full-time minimum wage job still qualifies for, and relies on, food stamps. By last count, **U.S. taxpayers are spending \$153 billion a year in public assistance for low-wage working families.**<sup>3</sup> It's estimated that raising the minimum wage to \$15/hr by 2023 would **free 1.2 million households from hunger.**<sup>4</sup> It would give minimum wage workers a \$5,100 annual wage increase on average – a raise of 31.3%.<sup>5</sup> This would move a full-time minimum wage worker in a family of four above the poverty line for the first time in history, making it possible for these families to earn \$31,200 a year versus the poverty threshold of roughly \$25,000.<sup>6</sup>

#### ...Will Alleviate Income Inequality

As of 2016, **nearly half of Americans worked in low-wage jobs** earning less than \$15/hr.<sup>7</sup> Corporations are making record profits<sup>8</sup>, but are using most of it (nearly 60%) on stock "buybacks" to increase the wealth of corporate executives.<sup>9</sup>

#### ...Will Boost the Economy

A minimum wage of \$15/hr. would **result in \$144 billion in additional wages for nearly 42 million low-wage workers**, helping their families and their communities.<sup>10</sup> Low-wage workers typically spend any increase in income, stimulating consumer demand, business activity, and job growth.<sup>11</sup>

#### ...Will Not Result in Job Loss

Study after study show that there is no discernible reduction in employment or slowing of job growth when the minimum wage has increased.<sup>12</sup> For example, one study found **minimum wage increases had no effect on employment levels in over 250 pairs of neighboring U.S. counties over 25 years.**<sup>13</sup>

## ...Will Increase Economic Opportunity:

Today, families have less social mobility than 30 to 40 years ago. **Children born to low-wage workers are more likely to be consigned to lifetimes of poverty and low-wage work themselves.** If parents are working long hours in several low-wage jobs to meet basic needs, there is little to no time left over to invest in education or training for skill development. A boost in the minimum wage will give people the opportunity to meet basic needs and invest in opportunities for advancement.

## Who Would Benefit in Pennsylvania?

In Pennsylvania, a minimum wage raise to \$15/hr by 2024 would positively affect more than two million workers.<sup>14</sup> The Pennsylvanians who would see wage increases do not fit some of the stereotypes of minimum-wage workers:<sup>15</sup>

- Nearly 90% are at least 20 years old.
- Although workers of all races and ethnicities would benefit from the increase, non-Hispanic white workers comprise the largest share (about 68%). (**In the U.S., low-wage jobs are disproportionately held by women, people of color, and immigrants.**)
- Roughly 42% have a high school diploma, 22% have some college education, 10% have an associate's degree, and 14% have a bachelor's degree or higher.
- More than half (57%) work full-time.
- Roughly 1 in 4 children (27%) live in households that would be affected.

## Tipped Workers:

Tipped workers, have not had a raise since 1991. Their wage is now \$2.83 in Pennsylvania – less than 1/3 of the minimum wage. Federal tipped minimum wage is 2.13.<sup>16</sup>

Workers living off of tips are twice as likely to live in poverty as other low-income workers.<sup>17</sup> Nearly 1 in 5 (18.5%) waiters, waitresses, and bartenders are in poverty. Yet in the states where they are paid the regular minimum wage before tips (equal treatment states), the poverty rate for waitstaff and bartenders is only 11%. Importantly, the poverty rates for non-tipped workers are very similar regardless of states' tipped minimum wage level.<sup>18</sup>

A living minimum wage for all workers will enable tipped workers and their families to have more economic security.

**Pennsylvania should join the 29 states that have raised their minimum wage above \$7.25.**

## Sources

<sup>1</sup> Jacobson, Louis. "[Is the minimum wage worth less now than 50 years ago?](#)" Politifact: May 22, 2018.

<sup>2</sup> "[Economists in support of a federal minimum wage of \\$15 by 2024](#)," Economic Policy Institute: Feb. 9, 2019.

<sup>3</sup> Ken Jacobs, Ian Eve Perry, and Jenifer MacGillvary. "[Low Wages Cost U.S. Taxpayers \\$152.8 Billion Each Year in Public Support for Working Families](#)," UC Berkeley Labor Center: Apr. 13, 2015.

<sup>4,6,11</sup> Rodgers III, William M. and Amanda Novello. "[Making the Economic Case for a \\$15 Minimum Wage](#)," The Century Foundation: Jan. 28, 2019.

<sup>5,10</sup> Cooper, David. "[Raising the minimum wage to \\$15 by 2024 would lift wages for 41 million American workers](#)," Economic Policy Institute: Apr. 29, 2017

<sup>7</sup> "[Nearly Half of America's Workers Struggle in Low-Wage Jobs with Scant Benefits](#)," Oxfam: Jun 22, 2016.

<sup>8</sup> "[Corporate Profits After Tax \(without IVA and CCAdj\)](#) -- FRED Economic Data, Federal Reserve Bank of St. Louis: Mar. 28, 2019.

<sup>9</sup> Irene Tung And Katy Milani "[Curbing Stock Buybacks: A Crucial Step to Raising Worker Pay and Reducing Inequality](#)," National Employment Law Project and Roosevelt Institute: July 2018

<sup>12</sup> Schmitt, John. "[Why Does the Minimum Wage Have No Discernible Effect on Employment?](#)," Center for Economic and Policy Research: 2013.

<sup>13</sup> Arindrajit Dube, T. William Lester, and Michael Reich, "[Minimum Wage Effects Across State Borders: Estimates Using Contiguous Counties](#)," *The Review of Economics and Statistics*, 92(4): 945–964 (November 2010).

<sup>14</sup> Cooper, "Raising the minimum wage..."

<sup>15</sup> "[State tables on \\$15 minimum wage impact](#)," Economic Policy Institute: Apr. 26, 2017.

<sup>16</sup> "[Consolidated Minimum Wage Table](#)," U.S. Department of Labor, Wage and Hour Division: Jan. 1, 2019.

<sup>17</sup> Elise Gould and David Cooper. "[Seven facts about tipped workers and the tipped minimum wage](#)," Economic Policy Institute: May 31, 2018.