

Analysis of the Pennsylvania Minimum Wage

MINIMUM WAGE ADVISORY BOARD

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pennsylvania

DEPARTMENT OF LABOR & INDUSTRY
CENTER FOR WORKFORCE INFORMATION & ANALYSIS

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Preface

The General Assembly of Pennsylvania, in 2006, via Act 2006-112, amended the Minimum Wage Act and raised the state's minimum wage from \$5.15 an hour to \$6.25 on Jan. 1, 2007, and to \$7.15 on July 1, 2007. The minimum wage had last been raised in 1997. Effective July 24, 2009, the federal minimum wage increased from \$6.55 an hour to \$7.25. This change reflected the third and final federal minimum wage increase provided by the amended Fair Labor Standards Act (FLSA). As mandated by Act 2006-112 and FLSA, Pennsylvania's minimum wage also increased to \$7.25, which became effective the same date as the federal minimum wage increase under the FLSA.

The amended Minimum Wage Act directs the Pennsylvania Department of Labor & Industry to produce an annual report by March 1 detailing data on the previous calendar year's demographics and any other relevant characteristics of workers paid the minimum wage or below. This duty is assigned by the Secretary of Labor & Industry to the Center for Workforce Information & Analysis (CWIA).

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Introduction

This report contains statistical information on Pennsylvanians **who earn hourly wages of the minimum wage or less**, analyzes demographic characteristics of such hourly workers, details the industry characteristics of those making at or near the minimum wage, discusses the issues of inflation and poverty in relation to the minimum wage, and considers other states' minimum wage data.

Minimum wage workers are defined in this report as hourly workers earning the minimum wage or below at their main jobs, excluding overtime pay, tips and commissions. A portion of workers reported as making minimum wage or below may have received additional compensation such as tips. Employers are legally obligated to supplement the earnings of tipped employees, as necessary, to ensure that hourly rates are never below the minimum wage.

Pennsylvania last raised its minimum wage on July 24, 2009, from \$7.15 to \$7.25, when the federal minimum wage was increased from \$6.55 to \$7.25. It has remained at that level since then. While the nominal minimum wage has not changed since then, changes in the economy and other factors have impacted the population in question.

The primary data source used for this report is the Current Population Survey (CPS), a nationwide monthly survey of about 60,000 households of which roughly 2,000 are in Pennsylvania conducted by the U.S. Bureau of the Census (Census) for the federal Bureau of Labor Statistics (BLS). The CPS is the primary source of information on the labor force characteristics of the civilian noninstitutional population. Respondents are interviewed to obtain information about the employment status of each member of the household 15 years of age or older. This report focuses on those 16 years of age and older.

Both federal and state law provide for several exemptions and lower thresholds to the minimum wage for certain employers and certain job classifications. Farm workers, some seasonal workers, and newspaper deliverers are exempt from both state and federal minimum wage law while lower minimum wages are allowed for tipped employees and full-time students. Other exemptions that were based on the number of employees employed by the business or the age of the worker have expired. The CPS data lack direct indicators to permit removal of exempt individuals.

The cohort of workers earning above but close to the minimum wage are considered "near minimum wage," a category that has no precise range. A formal analysis of this cohort began with the 2013 report at which time it was defined as \$7.26 to \$9.25. From 2015 to 2017 it was defined as between \$7.26 and \$10.10. Due to interest in a minimum wage of \$12.00, it is defined as \$7.26 to \$12.00 for the 2018 report. As "near minimum wage" is not a standard, one should not compare characteristics of this group to previous reports.

Pennsylvania's minimum wage data and analyses in this report should be used with some caution due to the small size of the CPS sample. It should also be noted that the report utilizes the most current annual data available at the time of publication. Demographic data from the CPS and inflation data from the Consumer Price Index (CPI) are from the calendar year of the report (2018). However, the most recent data on poverty thresholds and the state's average wage are lagged a year (2017), because the data for the most current calendar year will not be released until later this year.

Note: This report has been prepared using available data from the U.S. Bureau of the Census and the federal Bureau of Labor Statistics. While it is a comprehensive analysis of data collected on minimum wage workers in the state and the nation, there are limitations of the data. Details of the reliability of CPS estimates, in general, can be found at, https://www.bls.gov/cps/eetech_methods.pdf, while limitations of subnational (e.g. state) data can be found at, <https://www.bls.gov/gps/notescps.htm>.

While reliable data on minimum wage and price levels go back at least as far as the inception of the Federal Minimum Wage Law (1938), reliable historical demographic data of the minimum wage populations of years prior to 1994 are not readily available, and might not be comparable with the current minimum wage population due to definitional and methodological changes over time. These would include changes in categories of race and ethnicity, industry and occupational classifications, and methods of collecting and weighting samples. Reliable estimates of the current percentage of minimum wage workers in Pennsylvania who are working part time involuntarily (i.e., they would prefer to work full time and only work part time due to no full-time opportunities) are also not currently available.

Although the survey can be used to analyze the minimum wage population, it was not specifically designed to do so; that may lead to both overcounting and undercounting of certain segments of the minimum wage population. For instance, tipped employees, such as servers, may legally be paid a lower cash minimum wage, which is usually referred to as the tipped minimum wage, (\$2.83 per hour in Pennsylvania since 1998) due to the employer being able to offset the cash wage paid with a tip credit; however, employers are legally obligated to supplement their earnings if necessary to ensure that hourly rates are never below the minimum wage. Such employees may inaccurately be included in the category of those earning below the minimum wage although their combined earnings including tips may be at or above the minimum wage. Alternatively, with respect to wage rate data, salaried and other non-hourly workers are excluded from the survey. This may lead to undercounting the number of workers earning at or below the minimum wage.

Further, many characteristics of the minimum wage population that might be desirable to measure are not captured in the survey. For example, the average length of time for which a person earns the minimum wage is not measured. The survey is a federally-taken snapshot in time and does not gather such information. Analysis of such data would require the commissioning and conducting of an additional survey.

Summary

The purpose of the minimum wage is to set a minimum threshold of wages for workers. On July 24, 2009, Pennsylvania raised the minimum wage to \$7.25 as provided by the amended Fair Labor Standards Act (FLSA). This report describes the characteristics of minimum wage earners and the industries that employ them.

Wage Distribution of All Hourly Workers

- In 2018, there were an estimated 96,300 Pennsylvania workers earning minimum wage or less. This is the lowest number of minimum wage workers since 2006 (95,200) and 9.6 percent (10,300) lower than 2017. Workers earning minimum wage or less represented 2.8 percent of all hourly workers and 1.6 percent of all workers.
- Pennsylvania's hourly employment increased by 19,000 (+0.6 percent), while U.S. hourly employment increased by 1,497,000 (+1.9 percent). Pennsylvania's employment increased by 100,800 (1.7 percent), while the nation's employment increased by 2,415,000 (1.6 percent). The proportion of all workers receiving hourly rates decreased slightly in Pennsylvania and increased marginally in the nation from 2017. In 2018, the percentage of the employed earning hourly rates was higher in Pennsylvania (56 percent) than in the U.S. overall (53 percent).
- Using broader income categories of minimum wage or below, near minimum wage (\$7.26 - \$12.00), and above minimum wage, the U.S. and Pennsylvania had similar experiences.
- The median wage in Pennsylvania increased from \$14.64 to \$15.00 while it rose from \$14.50 to \$15.00 in the nation.
- In terms of employment and wages, the labor markets in the U.S. and Pennsylvania both improved as employment increased and wages shifted from lower to higher categories.
- Pennsylvania had a higher percentage of minimum wage workers (2.8 percent) than the nation (2.1 percent). In the highest wage category of above \$15.00, the percentage of wage earners in both Pennsylvania and the U.S. increased from 2017 to 2018. Pennsylvania's share rose by 3.5 percentage points to 48.8 percent which exceeded the nation's percentage and its percentage point increase.

Comparison of Minimum Wage Worker Characteristics to Other Populations

- A majority of Pennsylvania earners at or below the minimum wage in 2018 were from one or more of the following groups:
 - ❑ Female
 - ❑ White
 - ❑ 16-to-24-year-olds
 - ❑ High school graduates or less
 - ❑ Never married
- The proportions of Pennsylvania minimum wage earners who were either female, 16-to-24-year-old, non-high school graduates, or never married were higher than their corresponding proportions in the population. However, the percentages of those demographic groups in the Pennsylvania minimum wage population were most similar to the corresponding percentages of minimum wage earners in the nation as a whole as well as those earning “near minimum wage” in Pennsylvania. While these demographic groups were relatively overrepresented in the Pennsylvania minimum wage population, Whites, who constituted more than seven out of every 10 minimum wage earners in Pennsylvania, were underrepresented when compared to their proportion among the employed and the overall Pennsylvania population.
- Workers having no children (of their own under age 18) made up 84 percent of those earning the minimum wage or less in Pennsylvania.
- Six percent of minimum wage workers in Pennsylvania were married with one or more children and 11 percent were single parents. Almost half of the single parents in the Pennsylvania minimum wage population had two children. The remaining percentage was split fairly evenly between those with one child and those with three children.
- The family income of those who earned the minimum wage or below varied greatly. Over 53 percent of them were in families whose combined income was less than \$50,000 per year and almost 40 percent were in families with less than \$30,000 per year. In contrast, 29 percent had annual family incomes of \$75,000 or more a year and 14 percent had annual family incomes of \$100,000 or more per year.
- Pennsylvania’s workers who earned above the minimum wage were approximately equally likely to be male or female and often were from one or more of the following demographic groups:
 - ❑ White
 - ❑ 25-to-54-year-olds
 - ❑ High school graduates
 - ❑ Married

Industry and Occupational Distributions

- Pennsylvania workers earning at or below the minimum wage were most likely to be employed in the following industries: food services and drinking places, retail trade, and other services. Other services includes services not classified elsewhere such as personal care services, pet care services, and private households employing workers on premises in activities concerned with the operation of the household. Combined, these industries employed 77 percent of all minimum wage earners in 2018 with food services and drinking places by itself accounting for slightly over 50 percent. In 2018, minimum wage workers were present in fewer than 60 percent of the industry groups.
- In 2018, 80 percent of hourly wage workers in Pennsylvania earning the minimum wage or less worked part time. Seventy-five percent of hourly wage workers earning above the minimum wage worked full time.
- The retail trade industry in Pennsylvania employs a large number of hourly wage workers across all wage levels. Consequently, it accounted for a large proportion of both workers earning more than the minimum wage and those earning the minimum wage or less. Retail trade, together with manufacturing and non-hospital health care services, accounted for 38 percent of all workers earning above the minimum wage in 2018.
- In 2018, 50 percent of Pennsylvanians who earned the minimum wage or less worked in food preparation & serving related occupations. Such workers also were likely to be employed in sales & related occupations (14 percent) or office & administrative support (11 percent).
- Food preparation & serving related occupations accounted for only 16 percent of workers earning near minimum wage and seven percent of those earning above the minimum wage.

Recent Historical Comparisons (One and Five Years)

- The number of minimum wage workers fell by 94,500 (49.5 percent) from 2013 to 2018. The absolute decrease in the number of minimum wage workers from 2013 most likely reflects the relative decrease in the minimum wage compared to the average wage in Pennsylvania.
- The relative predominance of food services and drinking places declined over the five-year interval (57.9 percent to 50.0 percent) even as it decreased on an absolute scale by 62,200 workers (56.4 percent).
- Sales and related occupations showed the largest percentage decrease at six percentage points. The share of minimum wage earners in the office & administrative support occupations increased by eight percentage points over the period.

A Historical Perspective on the Minimum Wage in Relation to Inflation and the Poverty Threshold

- In 2006, Pennsylvania's minimum wage was 26 percent of the average wage. The increase in the minimum wage to \$7.25 in 2009 brought the minimum wage up to 34 percent of the average wage. By 2017, Pennsylvania's minimum wage had fallen to 28 percent of the average wage.
- Inflation adversely affects the purchasing power of an unchanging minimum wage. The value of the 2018 minimum wage of \$7.25 is projected to fall to \$7.14 in 2019 and \$7.03 in 2020 after adjusting for estimated inflation.
- In 2017, the annual income for an individual working full time in Pennsylvania making the minimum wage (\$7.25) was \$15,080. This income level did exceed the 2017 Federal Poverty Threshold for a one-person household (\$12,488). However, it fell short of the poverty threshold for a two-person (\$15,877) and a three-person household (\$19,515)

Other States

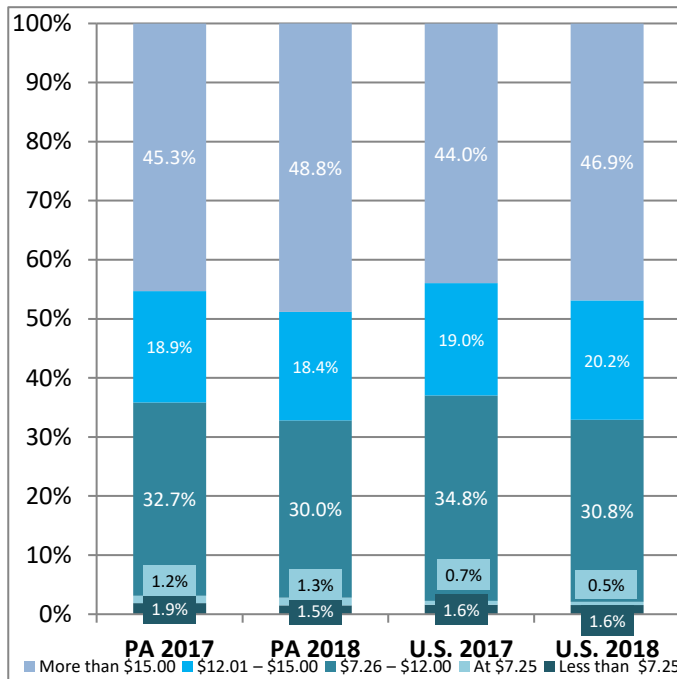
- During 2018, 29 states had higher minimum wage rates than Pennsylvania ranging from \$7.50 to \$11.50 per hour. States' minimum wage rates are discussed on page 34.
- Since the beginning of 2015, all of Pennsylvania's neighboring states have had higher minimum wage rates than Pennsylvania. The 2018 minimum wage rates of Pennsylvania's neighboring states ranged from \$8.30 to \$11.10.
- Alaska, Florida, Michigan, Minnesota, Montana, Nevada, New Jersey, Ohio, South Dakota, and Vermont currently have their minimum wage rates tied to the Consumer Price Index to provide automatic increases that keep pace with inflation. Overall, 21 states raised their minimum wages in 2018 and 21 states have already done so or are projected to do so in 2019.
- The tipped minimum wage in Pennsylvania has been at \$2.83 since 1997. During 2018, 27 states had higher tipped minimum wage rates than Pennsylvania ranging from \$3.26 to \$11.50 per hour.

Conclusion

- In 2018, there were an estimated 96,300 Pennsylvania workers earning minimum wage or less. This is the lowest number of minimum wage workers since 2006 (95,200) and 9.6 percent (10,300) lower than 2017. Workers earning minimum wage or less represented 2.8 percent of all hourly workers and 1.6 percent of all workers.
- In 2018, over one million Pennsylvania workers earned above \$7.25 per hour up to \$12 per hour, and another 631,500 earned up to \$15 per hour.
- Pennsylvania earners at or below the minimum wage tended to be from one or more of the following groups: female, White, 16-to-24-year-olds, high school graduates or less, or never married.
- Pennsylvanians earning from \$7.26 per hour through \$12.00 per hour tended to be from one or more of the following groups: female, White, 25-year-olds and older, high school graduates or more, or never married.
- The number of minimum wage workers fell by 94,500 (49.5 percent) from 2013 to 2018. The absolute decrease in the number of minimum wage workers from 2013 most likely reflects the relative decrease in the minimum wage compared to the average wage in Pennsylvania.
- Workers earning at or below the minimum wage were most likely to be employed in the following industries: food services and drinking places, retail trade, and other services. Part-time workers accounted for eight out of every ten hourly workers earning the minimum wage.
- Inflation adversely affects the purchasing power of an unchanging minimum wage. Adjusting for projected inflation, the value of the 2018 minimum wage of \$7.25 is projected to fall to \$7.03 by 2020, as measured in 2018 dollars.
- In 2018, 29 states had higher minimum wage rates than Pennsylvania ranging from \$7.50 to \$11.50. Since January 1, 2015, all of Pennsylvania's neighboring states have minimum wages exceeding Pennsylvania's rate.
- Ten states have their minimum wage rates tied to the Consumer Price Index and an additional eight states have approved cost of living adjustments to their minimum wages over the next few years.
- The tipped minimum wage in Pennsylvania has been at \$2.83 since 1997. During 2018, 27 states had higher tipped minimum wage rates than Pennsylvania.

WAGE DISTRIBUTION OF ALL HOURLY WORKERS

**Pennsylvania and U.S. Employed Wage & Salary Workers Paid Hourly Rates
2018 Average Compared to 2017 Average (numbers of workers in thousands)**



Total, 16 Years and Over	2017		2018	
	US	PA	US	PA
Total Paid an Hourly Rate	80,500	3,416.0	81,997	3,434.9
Total at or below \$7.25	1,834	106.5	1,722	96.3
Less than \$7.25	1,288	64.0	1,280	51.2
At \$7.25	547	42.5	442	45.1
\$7.26 – \$12.00	27,999	1,117.8	25,277	1,030.7
\$12.01 – \$15.00	15,285	644.6	16,543	631.5
More than \$15.00	35,382	1,547.0	38,455	1,676.5
Median Wage	\$14.50	\$14.64	\$15.00	\$15.00

Source: U.S. Bureau of the Census, Current Population Survey
Both the U.S. minimum wage and the PA minimum wage were \$7.25 during 2017 and 2018.
Totals and differences may not sum due to rounding.

In 2018, there were an estimated 96,300 Pennsylvania workers earning minimum wage or less. This is the lowest number of minimum wage workers since 2006 when it was 95,200 and 10,300 (9.6 percent) lower than the 2017 level. The decrease in 2018 was due primarily to a decrease of 12,800 in those earning below the minimum wage of \$7.25 per hour. The number of those earning exactly the minimum wage increased by 2,600. Workers earning minimum wage or less represented 2.8 percent of all hourly workers and 1.6 percent of all workers.

Pennsylvania's hourly employment increased by 19,000 (+0.6 percent) while U.S. hourly employment increased by 1,497,000 (+1.9 percent). Pennsylvania's employment increased by 100,800 (1.7 percent) while the nation's employment increased by 2,415,000 (1.6 percent). The proportion of all workers receiving hourly rates decreased slightly in Pennsylvania and increased marginally in the nation from 2017. In 2018, the percentage of the employed earning hourly rates was higher in Pennsylvania (56 percent) than in the U.S. overall (53 percent).

Using broader income categories of minimum wage or below, near minimum wage (\$7.26 - \$12.00), and above minimum wage, the U.S. and Pennsylvania had similar experiences. The median wage in Pennsylvania increased from \$14.64 to \$15.00 while it rose from \$14.50 to \$15.00 in the nation. Pennsylvania had a higher percentage of minimum wage workers (2.8 percent) than the nation (2.1 percent). In the highest wage category of above \$15.00, the percentage of wage earners in both Pennsylvania and the U.S. increased from 2017 to 2018. Pennsylvania's share rose by 3.5 percentage points to 48.8 percent which exceeded the nation's percentage and its percentage point increase.

COMPARISON OF MINIMUM WAGE WORKER CHARACTERISTICS TO OTHER POPULATIONS

Pennsylvania and U.S. 2018 Averages Demographic Characteristics of Various Populations (total numbers of workers in thousands, breakdown by characteristic in percent)							
Demographic Characteristics	Minimum Wage or Below		Above Minimum Wage		All Employed	Population 16 and Over	
			Near	Total			
	PA ¹	U.S. ¹	PA	PA	PA	PA	U.S.
TOTAL	96.3	1,722	1,030.7	3,338.7	6,160.6	10,278.2	257,782
Gender							
Male	31.4%	37.2%	41.8%	49.5%	52.7%	48.2%	48.4%
Female	68.6%	62.8%	58.2%	50.5%	47.3%	51.8%	51.6%
Race							
Black, non-Hispanic	11.1%	16.9%	16.5%	11.8%	9.3%	10.0%	12.0%
Hispanic	5.3%	19.0%	9.1%	7.4%	6.1%	6.1%	16.6%
Other, non-Hispanic	12.5%	8.2%	5.9%	6.2%	7.1%	6.5%	8.5%
White, non-Hispanic	71.1%	55.9%	68.5%	74.7%	77.5%	77.4%	63.0%
Age							
16-19	36.7%	21.2%	17.4%	5.8%	3.9%	6.5%	6.5%
20-24	22.7%	26.5%	20.8%	12.0%	8.6%	7.6%	8.2%
25-34	15.3%	20.1%	19.3%	21.5%	21.1%	15.8%	17.3%
35-44	4.7%	12.6%	11.2%	17.5%	20.2%	14.6%	15.7%
45-54	7.4%	9.4%	11.2%	19.3%	20.3%	15.2%	16.0%
55-64	7.3%	6.6%	11.6%	17.7%	18.7%	17.4%	16.3%
65 and over	5.8%	3.6%	8.5%	6.2%	7.2%	22.8%	19.9%
Education							
Less than a high school diploma	35.1%	19.5%	20.9%	9.6%	7.3%	12.8%	13.4%
High school graduates, no college	27.6%	31.3%	38.9%	39.4%	30.1%	33.0%	27.9%
Some college, no degree	16.2%	27.4%	20.2%	15.4%	12.4%	13.0%	17.5%
Associate degree	8.2%	8.0%	7.8%	11.7%	10.1%	8.9%	9.5%
Bachelor's degree or higher	12.9%	13.7%	12.2%	23.9%	40.2%	32.3%	31.6%
Marital Status							
Married Spouse Present	16.5%	20.9%	28.2%	44.8%	53.0%	49.5%	49.5%
Marital Status Other	6.1%	11.8%	14.1%	14.9%	14.1%	18.7%	19.4%
Never Married	77.3%	67.2%	57.6%	40.4%	32.9%	31.8%	31.1%

¹Both the U.S. and PA minimum wages were \$7.25 during 2018.

Totals may not sum due to rounding.

Source: U.S. Bureau of the Census, Current Population Survey

Gender

The gender composition of Pennsylvania's minimum wage workers was most similar to that of other minimum wage workers in the U.S. and to those in Pennsylvania earning the near minimum wage (\$7.26 to \$12.00). The overall population of those 16 years and older in both Pennsylvania and the U.S. was almost evenly divided between males and females as was the total population of those earning above the minimum wage in Pennsylvania. The Pennsylvania population of all employed was also almost evenly divided between males and females. In contrast, females outnumbered males by greater than 2 to 1 (68.6 percent to 31.4 percent) among minimum wage workers in Pennsylvania during 2018.

Race

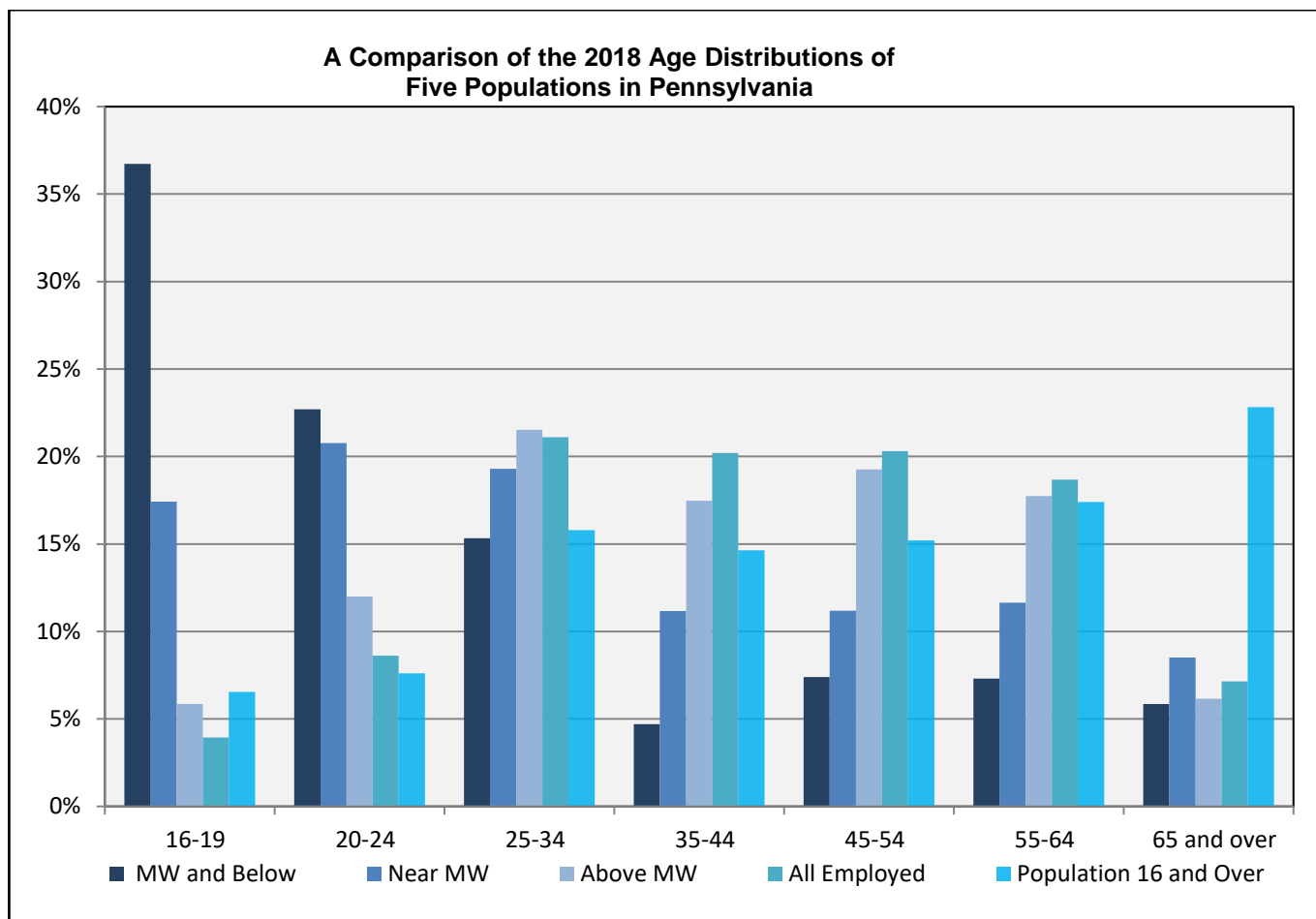
Whites represented a significant majority of Pennsylvania's minimum wage workers. However, they were slightly underrepresented relative to their percentage of all employed and to their percentage in the population of those 16 and over. There was a greater underrepresentation of Whites in the near minimum wage population in Pennsylvania.

Blacks made up the next highest percentage of all those employed and of the population in Pennsylvania. Their proportion of minimum wage workers exceeded their percentage of the employed in Pennsylvania and that of the population 16 and older.

The minimum wage population of Other non-Hispanics in Pennsylvania was even more overrepresented relative to their percentages of employment and of their populations of those 16 years and older. Hispanics, on the other hand were underrepresented.

Nationally among minimum wage workers, Blacks and Hispanics were overrepresented, while Whites were underrepresented relative to their overall populations.

Age



Source: U.S. Bureau of the Census, Current Population Survey

During 2018, Pennsylvania's minimum wage workers tended to be younger than Pennsylvania's or the nation's overall 16 and over population. They also tended to be younger than the Pennsylvania population of all employed or of workers earning above the minimum wage. Of the seven populations depicted in the table on the previous page, the age distribution of Pennsylvania's minimum wage workers was most like minimum wage workers in the U.S. and near minimum wage earners in Pennsylvania while being most different from the Pennsylvania and U.S. overall populations and that of all employed in Pennsylvania.

Over 59 percent of Pennsylvania's minimum wage population was under 25 years of age, while less than 13 percent of all employed were in that age group. Also, 27 percent of Pennsylvania's minimum wage workers were between 25 and 54 years of age while the corresponding percentage for all employed was almost 62 percent.

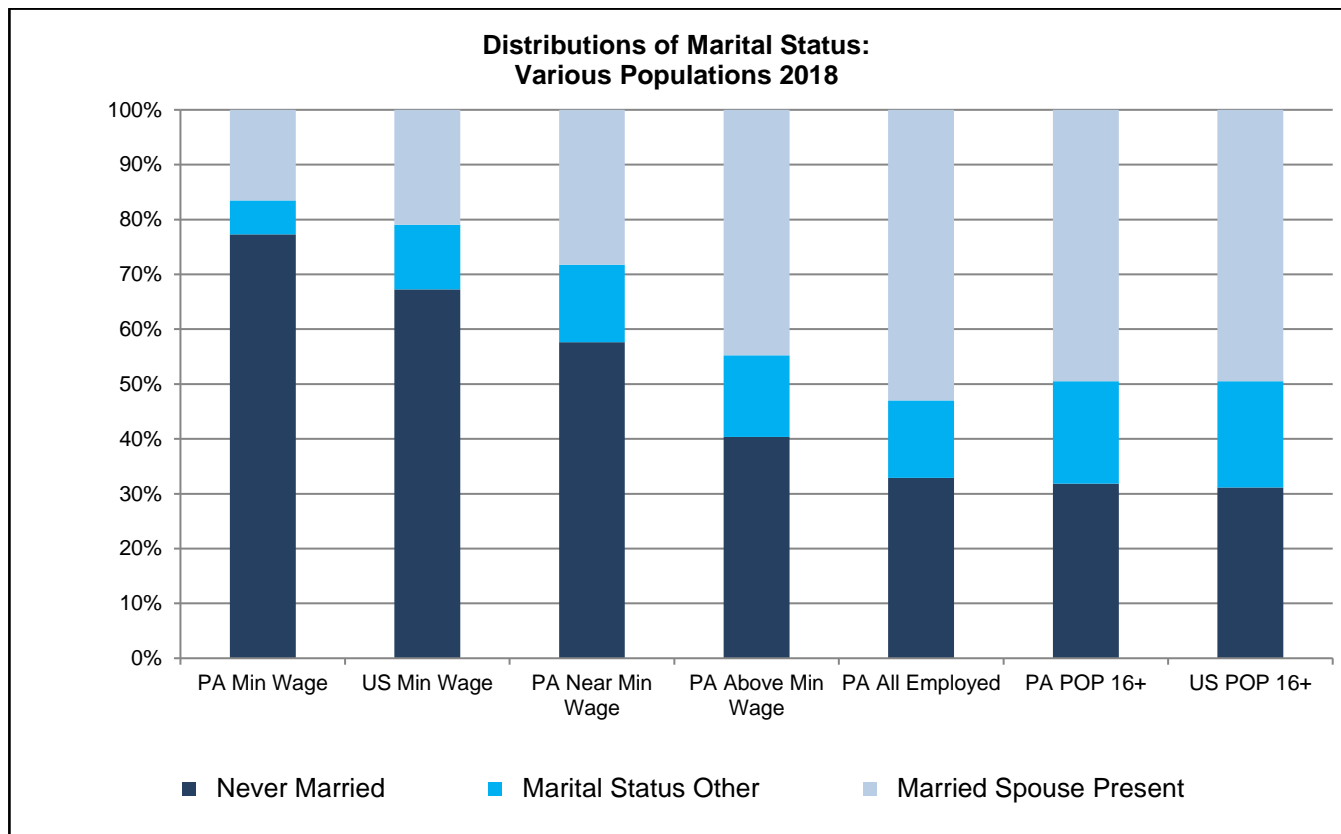
Minimum wage workers who were 55 years old or older constituted only 13 percent of that population while for the all employed population it was almost 26 percent. The 55-64 and 65

and over age groups constituted more than 40 percent of the Pennsylvania population who were at least 16 years old.

Education

In general, minimum wage workers in Pennsylvania tended to be less educated than other employed workers in the state. Those with a high school diploma or less accounted for almost 63 percent of those earning the minimum wage or less in 2018 as compared to about 37 percent for all employed. At the other end of the education spectrum, less than 13 percent of minimum wage workers had at least a bachelor's degree while the percentage for all employed was more than 40 percent.

Marital Status



Source: U.S. Bureau of the Census, Current Population Survey

A sizable majority (77.3 percent) of minimum wage earners had never been married. The remainder was split between those who were married with spouse present at 16.5 percent and those with a marital status of other (divorced, separated, or widowed) at 6.1 percent.

Family Status and Family Income of Wage and Salary Workers Paid Hourly Rates: 2018 Selected Groups in Pennsylvania and the U.S. (numbers of workers in thousands)					
Characteristics	At or Below the Minimum Wage		Above the Minimum Wage		Total Hourly Workers
	PA ¹	U.S. ¹	Near PA	Total PA	
TOTAL	96.3	1,722	1,030.7	3,338.7	81,997
Family Status²					
No Children (Single or Married)	84%	79%	78%	72%	70%
Married Parent	6%	11%	13%	20%	21%
Single Parent	11%	10%	10%	9%	9%
1 child	3%	5%	5%	5%	5%
2 children	5%	4%	3%	2%	3%
3 children	3%	1%	1%	1%	1%
4 or more children	0%	0%	1%	1%	0%
Family Annual Income					
\$9,999 or less	8%	6%	6%	3%	3%
\$10,000 to \$19,999	18%	10%	10%	6%	6%
\$20,000 to \$29,999	14%	12%	11%	8%	9%
\$30,000 to \$39,999	2%	14%	13%	11%	12%
\$40,000 to \$49,999	12%	11%	6%	7%	9%
\$50,000 to \$59,999	6%	8%	11%	10%	10%
\$60,000 To \$74,999	11%	10%	10%	15%	13%
\$75,000 To \$99,999	15%	10%	13%	16%	14%
\$100,000 To \$149,999	9%	11%	10%	15%	14%
\$150,000 and Over	5%	9%	10%	10%	9%

¹ PA and U.S. minimum wages in 2018 were \$7.25.

² Classification of an individual as a parent requires having at least one own child under the age of 18. All references to children also refer to own children under the age of 18. Totals in the table are rounded to the nearest percent and may differ from those in the text and may not sum correctly due to rounding.

Percentages less than one half of one percent were rounded to 0 percent.

Source: U.S. Bureau of the Census, Current Population Survey

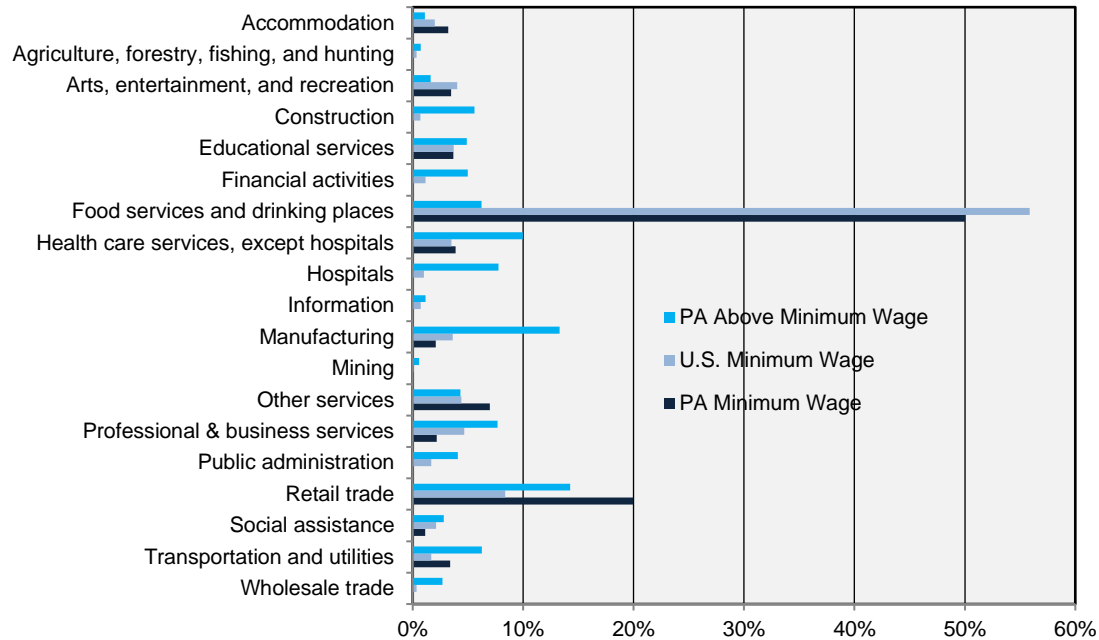
Workers having no children made up 84 percent of those earning the minimum wage or less in Pennsylvania. Married parents constituted a smaller percentage (six percent) than the corresponding U.S. population. The family status of those earning near the minimum wage in Pennsylvania was more like the minimum wage population in the nation than that of the Pennsylvania's minimum wage population. These three populations' family status differed considerably from workers in Pennsylvania earning more than the minimum wage and hourly workers in the U.S. These latter two groups were characterized by a much larger percentage of married parents and smaller percentages of those without children.

In 2018, almost half of the single parents in the Pennsylvania minimum wage population had two children. The remaining percentage was split fairly evenly between those with one child and those with three children.

The family income of those who earned the minimum wage or less in Pennsylvania varied greatly. Over 53 percent of them were in families whose combined income was less than \$50,000 per year and almost 40 percent were in families with less than \$30,000 per year. In contrast, 29 percent had annual family incomes of \$75,000 or more a year and 14 percent had annual family incomes of \$100,000 or more per year. The distribution of near minimum wage workers in Pennsylvania was similar to the U.S. minimum wage population and tended to have higher incomes than the Pennsylvania minimum wage population.

INDUSTRY AND OCCUPATIONAL DISTRIBUTIONS

A Comparison of Industry Distributions in 2018 of Various Populations: Pennsylvania and the United States



Source: U.S. Bureau of the Census, Current Population Survey
PA and U.S. minimum wages in 2018 were both at \$7.25.

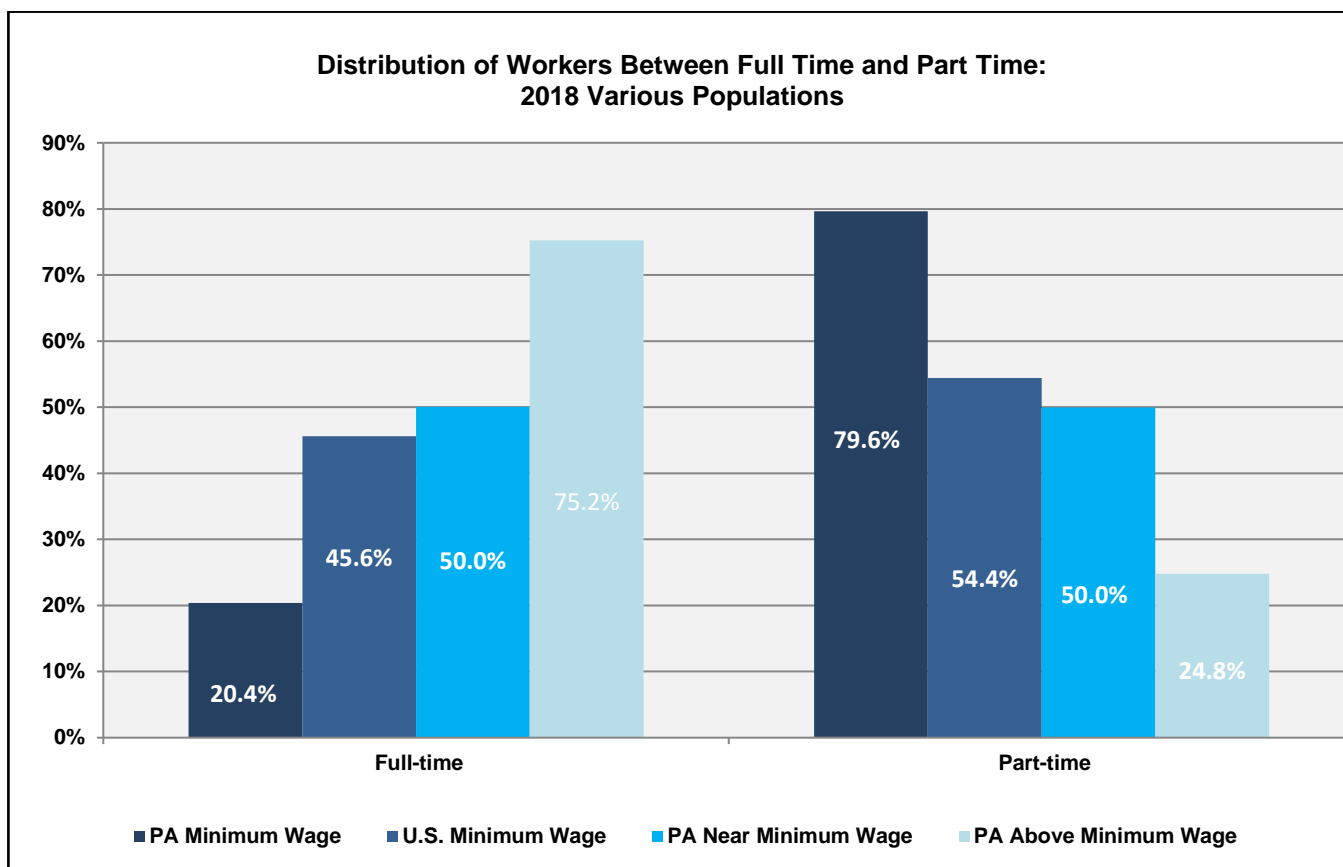
In Pennsylvania, workers earning at or below the minimum wage were most likely to be employed in the following industries: food services and drinking places, retail trade, and other services. Other services includes services not classified elsewhere such as personal care services, pet care services, and private households employing workers on premises in activities concerned with the operation of the household. Combined, these industries employed 77 percent of all minimum wage earners in 2018.

Food services and drinking places accounted for slightly over 50 percent of minimum wage earners. In contrast, this industry accounted for only six percent of those earning above minimum wage. Workers in this industry may earn above the minimum wage when tips are included; however, they are counted as below minimum wage earners since the measured wage excludes tips.

As the number of minimum wage workers has declined, minimum wage workers were represented in fewer industry groups. In 2018, minimum wage workers were present in less than 60 percent of the industry groups.

The retail trade industry in Pennsylvania employs a large number of hourly-paid workers across all wage levels, and therefore, accounted for a large proportion of workers earning more than the minimum wage (14 percent) as well as those earning the minimum wage or less (20 percent). Among workers earning the near minimum wage, the proportion was even higher (25 percent). Retail trade, in combination with manufacturing and non-hospital health care services, accounted for 38 percent of all those earning above the minimum wage in 2018.

More detailed information on these industry distributions as well as that of the near minimum wage population can be found in the Appendix on page 40.

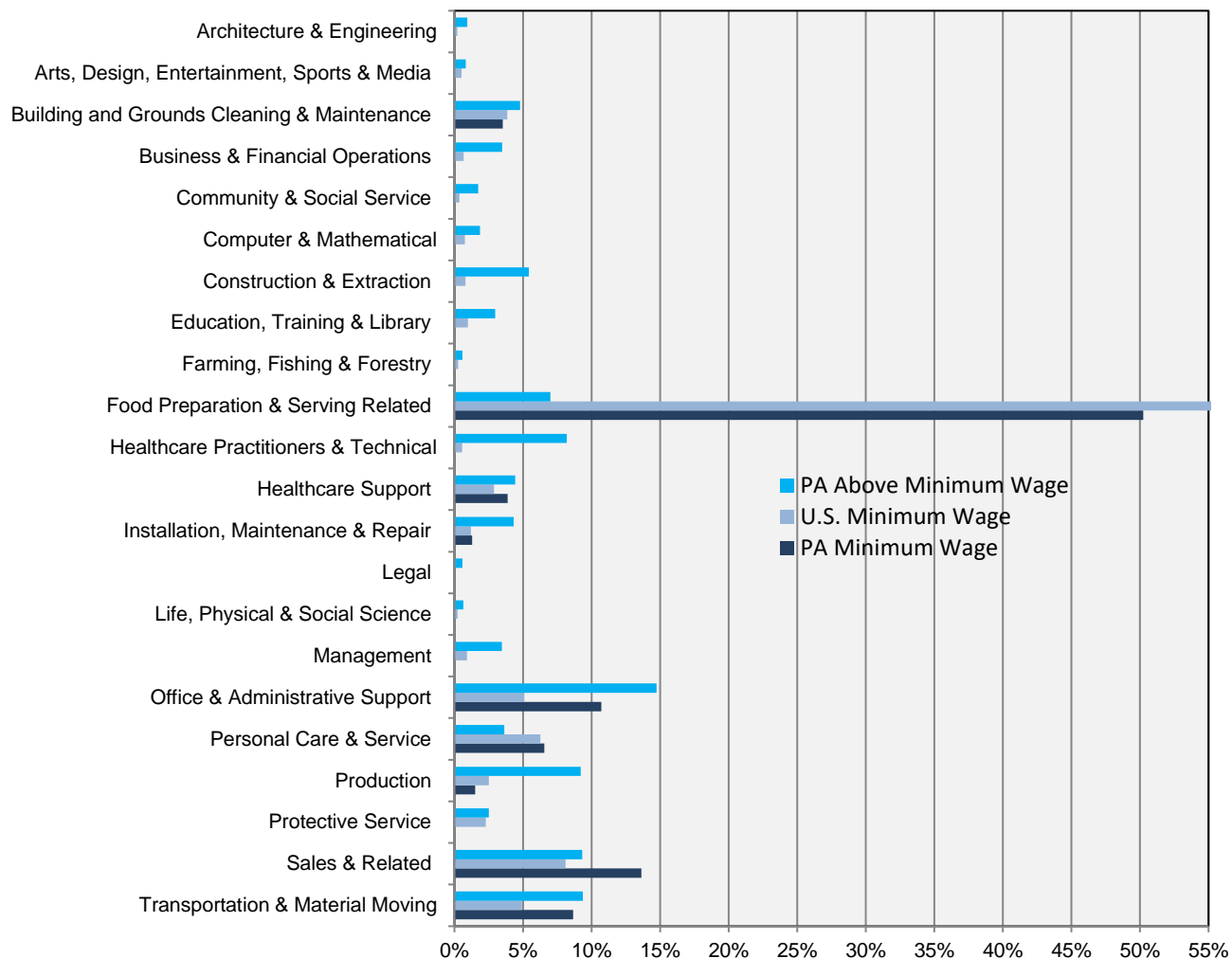


Source: U.S. Bureau of the Census, Current Population Survey
PA and U.S. minimum wages in 2018 were both at \$7.25.

Any worker who works at least 35 hours for pay (aggregate) in the survey week is classified by the Census as full time. This is irrespective of whether those hours were worked at one or more jobs. Conversely, any worker whose cumulative hours worked in the survey week was between one and 34 hours is classified as part time.

In 2018, one out of every five minimum wage earners in Pennsylvania worked full time. The proportions for all hourly workers earning above the minimum wage in Pennsylvania were less extreme with three out of four such workers working on a full-time basis. While it is very likely that the ratio of full-time to part-time minimum wage workers is less than the ratio for the other three depicted populations, the small size of that cohort makes the exact size of that ratio less reliable.

**2018 Occupational Group Distributions:
PA Minimum Wage Population Compared to PA Above Minimum
Wage Population and U.S. Minimum Wage Population**



Both the PA and U.S. minimum wages were \$7.25 in 2018.
Source: U.S. Bureau of the Census, Current Population Survey

In 2018, half of Pennsylvanians who earned the minimum wage or less worked in food preparation & serving related occupations. In addition, such workers also were often employed in sales & related occupations (14 percent), and office & administrative support (11 percent). Minimum wage workers in Pennsylvania were slightly less concentrated in the top two occupations than those of the U.S. with 64 percent compared with 65 percent for the U.S.

The distribution of occupations for Pennsylvanians who earned above the minimum wage was more diverse from those who earned the minimum wage or less. The top three occupations were office and administrative support (15 percent), sales & related (nine percent) and transportation & material moving (nine percent). Food preparation & serving related occupations accounted for only 16 percent of workers earning near minimum wage and seven percent of those earning above the minimum wage.

More detailed information on these occupational distributions as well as that of the near minimum wage population can be found in the Appendix on page 41.

RECENT HISTORICAL COMPARISONS (ONE AND FIVE YEARS)

Pennsylvania Demographic Characteristics of Wage & Salary Workers Paid Hourly Rates at or Below the Minimum Wage Annual Average 2018 Compared to Annual Average 2017 and 2013 (total numbers of workers in thousands, all other numbers in percent)					
Demographic Characteristics	2013	2017	2018	Percentage Point Change	
	PA ¹	PA ²	PA ²	2013 to 2018	2017 to 2018
TOTAL	190.8	106.5	96.3	-	-
Gender					
Male	35%	38%	31%	-3%	-6%
Female	65%	62%	69%	3%	6%
Race					
Black, non-Hispanic	10%	12%	11%	1%	-1%
Hispanic	6%	8%	5%	-1%	-3%
Other, non-Hispanic	3%	7%	12%	9%	6%
White, non-Hispanic	81%	73%	71%	-9%	-2%
Age					
16-19	26%	34%	37%	11%	3%
20-24	32%	22%	23%	-9%	1%
25-34	16%	13%	15%	-1%	2%
35-44	9%	5%	5%	-4%	-1%
45-54	10%	8%	7%	-3%	-1%
55-64	3%	11%	7%	5%	-4%
65 and over	4%	6%	6%	2%	0%
Education					
Less than a high school diploma	25%	31%	35%	10%	4%
High school graduates, no college	35%	28%	28%	-7%	0%
Some college, no degree	26%	22%	16%	-10%	-5%
Associate degree	5%	7%	8%	4%	2%
Bachelor's degree or higher	10%	13%	13%	3%	0%
Marital Status					
Married Spouse Present	18%	22%	17%	-1%	-5%
Marital Status Other	13%	7%	6%	-7%	-1%
Never Married	69%	72%	77%	8%	6%

¹ The minimum wage in 2013, 2017, and 2018 was \$7.25 and was unchanged during those years.

Totals and changes may not sum due to rounding.

Source: U.S. Bureau of the Census: Current Population Survey

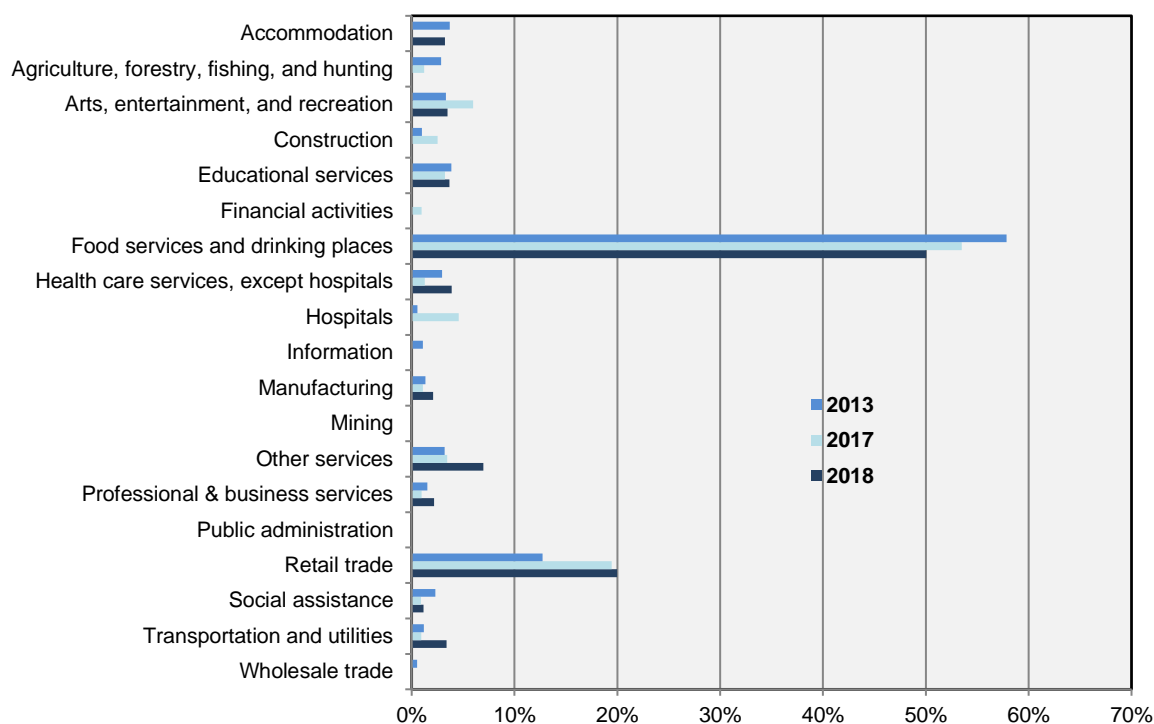
From 2013 through 2018, the minimum wage in Pennsylvania remained unchanged at \$7.25 having last been increased in July 2009. During that period, the number of minimum wage workers in Pennsylvania dramatically declined by 94,500 or 49.5 percent. Labor market conditions over this period improved in Pennsylvania as evidenced by the growth in employment as well as by an increase in average wages. The labor market in 2013 was recovering slowly from the effects of the Great Recession. As overall wages were increasing, it is likely that the entire wage distribution shifted to the right and some formerly minimum wage jobs now paid above minimum wage leading to the decrease in the number of minimum wage workers.

In 2018, males comprised 31 percent of minimum wage workers. This represented a decrease of four percentage points from 2013 and a decline of six percentage points from 2017.

From 2013 to 2018, the proportion of Pennsylvania's minimum wage earners under 20 years of age increased by 11 percentage points, older than 54 years of age increased by seven percentage points, and between 20 and 54 fell by 17 percentage points. The shifts in age distribution was likely a contributing factor to the increase of 10 percentage points in minimum wage earners without a high school diploma.

Over this period, there was also a shift in the composition of minimum wage workers away from Whites and towards Other non-Hispanics.

A Comparison of Industry Distributions of Pennsylvania's Workers Earning At or Below the Minimum Wage: 2018, 2017, and 2013¹



¹ The minimum wage was constant at \$7.25 from 2013 through 2018.
Source: U.S. Bureau of the Census: Current Population Survey

In 2013 and 2018, workers earning at or below the minimum wage were most likely to be employed in the industries of food services and drinking places or retail trade. These top two groups of industries maintained their relative standing over the five-year interval despite decreasing respectively by over 56 percent and almost 21 percent in their absolute number of minimum wage workers. The relative predominance of food services and drinking places declined from 57.9 percent to 50.0 percent over the five-year interval even as it decreased on an absolute scale by 62,200 workers (56.4 percent). Minimum wage workers in this industry decreased by a greater percentage than the percentage decrease in the total number of workers earning at or below the minimum wage.

Additional industries whose share of minimum wage workers decreased over the five-year interval included: agriculture, forestry, fishing and hunting (-2.9 percentage points); social assistance (-1.2 percentage points); information (-1.1 percentage points); and construction (-1.0 percentage points). Only two groups of industries experienced growth in their absolute number of minimum wage workers over the five-year period: transportation and utilities (+43.5 percent) and other services (+9.4 percent).

Between 2013 and 2017, the proportion of hourly workers earning the minimum wage or less who worked part time increased from 65.8 percent to 71.8 percent. The proportion continued to rise to 79.6 percent in 2018.

Occupational Characteristics of Wage & Salary Workers Paid Hourly Rates at or Below the Minimum Wage Pennsylvania Annual Average 2018 Compared to Annual Average 2017 and 2013 (total numbers of workers in thousands, all others are in percent)					
Occupation	2013	2017	2018	Percentage Point Change	
	PA ¹	PA ¹	PA ¹	2013 to 2018	2017 to 2018
TOTAL	190.8	106.5	96.3	-	-
Architecture & Engineering	0%	1%	0%	0%	-1%
Arts, Design, Entertainment, Sports & Media	0%	0%	0%	0%	0%
Building and Grounds Cleaning & Maintenance	4%	1%	4%	0%	3%
Business & Financial Operations	0%	2%	0%	0%	-2%
Community & Social Service	2%	1%	0%	-2%	-1%
Computer & Mathematical Science	1%	1%	0%	-1%	-1%
Construction & Extraction	1%	2%	0%	-1%	-2%
Education, Training & Library	1%	1%	0%	-1%	-1%
Farming, Fishing & Forestry	3%	2%	0%	-3%	-2%
Food Preparation & Serving Related	46%	49%	50%	4%	1%
Healthcare Practitioner & Technical	1%	3%	0%	-1%	-3%
Healthcare Support	1%	2%	4%	3%	2%
Installation, Maintenance & Repair	0%	0%	1%	1%	1%
Legal	0%	0%	0%	0%	0%
Life, Physical & Social Service	1%	0%	0%	-1%	0%
Management	0%	2%	0%	0%	-2%
Office & Administrative Support	3%	4%	11%	8%	7%
Personal Care & Service	6%	3%	7%	1%	4%
Production	3%	2%	2%	-1%	0%
Protective Service	3%	1%	0%	-3%	-1%
Sales & Related	19%	13%	14%	-6%	1%
Transportation & Material Moving	4%	8%	9%	4%	1%

¹ The PA minimum wage in 2013, 2017, and 2018 was \$7.25.

Totals and changes may not add up due to rounding.

Source: U.S. Bureau of the Census, Current Population Survey

In 2013, a plurality (46 percent) of Pennsylvanians who earned the minimum wage or less worked in food preparation & serving related occupations. In addition, such earners also were likely to be employed in sales & related (19 percent). From 2013 to 2018, the proportion of Pennsylvania minimum wage earners who worked in food preparation & serving related occupations increased from a plurality to a majority.

The occupational category whose proportion decreased by the largest percentage was sales and related occupations which fell by six percentage points. The share of minimum wage earners in the office & administrative support occupations increased by eight percentage points over the period and became the third largest group. From 2013 to 2017 this category increased its share from three percent to four percent yet accounted for 11 percent of the minimum wage population in 2018.

The share of minimum wage workers in the transportation & material moving occupations increased by four percentage points from 2013 to 2017 and another percentage point from 2017 to 2018, becoming the fourth largest group in 2018 with nine percent of the minimum wage population.

In addition to the aforementioned occupational groups, the largest five-year decreases in percentage points were in the farming, fishing, & forestry occupations and the protective service occupations which each decreased by three percentage points. The personal care and service occupations whose share had decreased by three percentage points from 2013 to 2017 gained four percentage points between 2017 and 2018 to finish the period with seven percent of the minimum wage population in Pennsylvania.

Pennsylvania Family Status and Family Income Characteristics of Wage & Salary Workers Paid Hourly Rates At or Below the Minimum Wage Comparison of 2018, 2017, and 2013					
Characteristic	2013	2017	2018	Percentage Point Change	
	PA ¹	PA ¹	PA ¹	2013 to 2018	2017 to 2018
TOTAL (in thousands)	190.8	106.5	96.3	-	-
Family Status ² (in Percent)					
No Children (Single or Married)	81%	93%	84%	3%	-9%
Married Parent	8%	6%	6%	-2%	0%
Single Parent	11%	1%	11%	0%	10%
1 child	5%	0%	3%	-2%	3%
2 children	5%	1%	5%	0%	4%
3 children	0%	0%	3%	3%	3%
4 or more children	1%	0%	0%	-1%	0%
Family Annual Income (in Percent)					
\$9,999 or less	10%	7%	8%	-3%	0%
\$10,000 to \$19,999	14%	6%	18%	4%	12%
\$20,000 to \$29,999	9%	15%	14%	5%	-2%
\$30,000 to \$39,999	16%	13%	2%	-15%	-12%
\$40,000 to \$49,999	9%	6%	12%	3%	6%
\$50,000 to \$59,999	6%	3%	6%	0%	3%
\$60,000 To \$74,999	7%	16%	11%	5%	-4%
\$75,000 To \$99,999	10%	16%	15%	6%	-1%
\$100,000 To \$149,999	11%	8%	9%	-2%	1%
\$150,000 and Over	8%	9%	5%	-3%	-4%

¹ The PA minimum wage in 2013, 2017, and 2018 was \$7.25.

² Classification of an individual as a parent requires having at least one own child under the age of 18. All references to children also refer to own children under the age of 18. Totals in the table are rounded to the nearest percent and may differ from those in the text and may not sum correctly due to rounding.

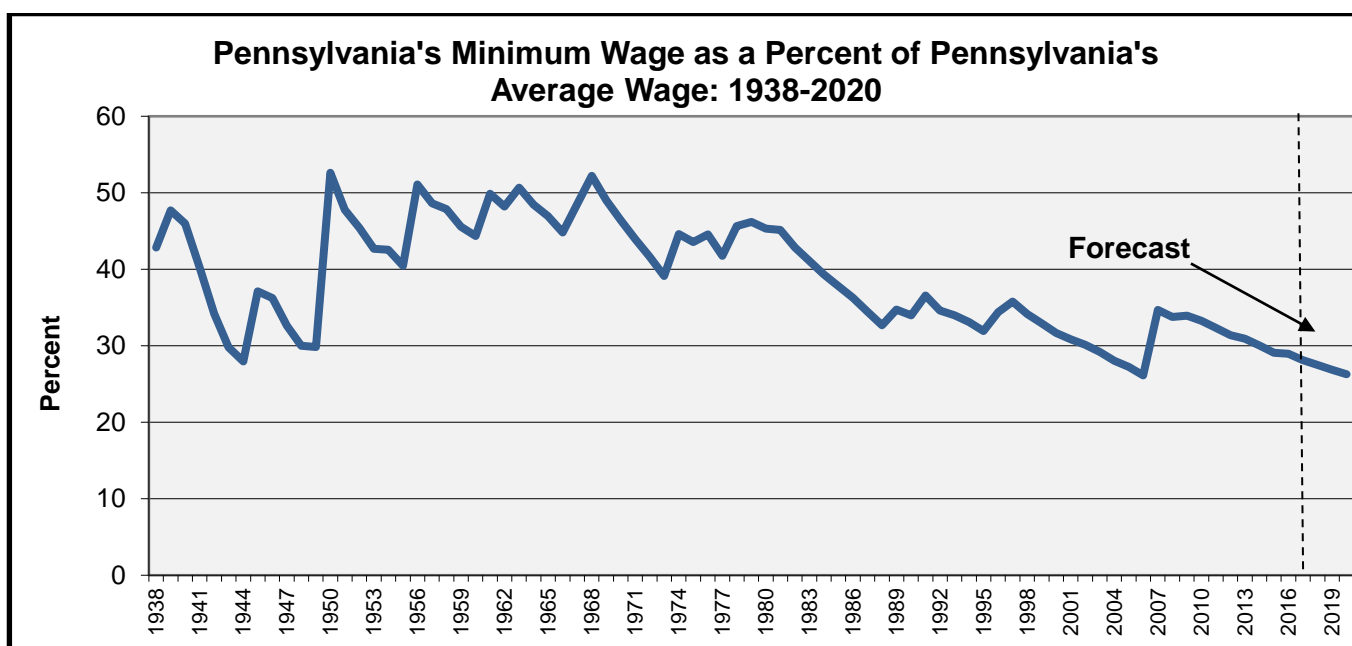
Source: U.S. Bureau of the Census, Current Population Survey

The biggest change in family composition of minimum wage workers from 2013 to 2018 was the increase (three percentage points) of those having no children. In 2017, there was a spike in the percentage of minimum wage earners with no children with a large decrease in the proportion of single parents. This was reversed from 2017 to 2018 as the proportion of such workers who were single parents increased by 10 percentage points and that of no children decreased by nine percentage points. The 2018 percentages are more in line with other recent years indicating that 2017 may have been a statistical irregularity with regard to family status.

Minimum wage workers in 2018 tended to reside in households with lower family incomes than they did in 2013 or 2017. From 2017 to 2018, the percentage of minimum wage workers whose family income was less than \$30,000 increased by 11 percentage points to 40 percent and was six percentage points higher than in 2013. At the same time, the percentage of such workers with family income of at least \$100,000 decreased to 14 percent which was three percentage points lower than in 2017 and five percentage points lower than in 2013. The cohort with family income between \$30,000 and \$39,999 had the largest percentage point decreases over the last year (12 percentage points) and the last five years (15 percentage points).

Given the CPS sample size, these results may simply be statistical anomalies. If sample sizes continue to decrease, it will become increasingly more difficult to make inferences from this data on individual cohorts without significant aggregation.

A HISTORICAL PERSPECTIVE ON THE MINIMUM WAGE IN RELATION TO INFLATION AND THE POVERTY THRESHOLD



The Average Wage forecast was based on its ten-year arithmetic average.
The minimum wage in 2017 was \$7.25.

The original level of the minimum wage was set in 1938 at 25 cents which was 50 percent of the national average manufacturing wage. According to Jonathan Grossman, a Department of Labor historian, “To ..., the act applied only to interstate commerce and to accommodate various interests, exemption after exemption was granted. A ‘guesstimate’¹ is that one fifth of the American labor force,...were covered by the FLSA.”² Over time, as the coverage of the minimum wage expanded and manufacturing employment declined as a percentage of total employment, the statewide average wage replaced the average manufacturing wage as the relevant comparison wage, as shown in the above chart. Adjusted for projected wage inflation using its 10-year average, 50 percent of the average wage was \$12.90 in 2017. It was projected to rise to \$13.19 in 2018, \$13.49 in 2019, and \$13.80 in 2020.

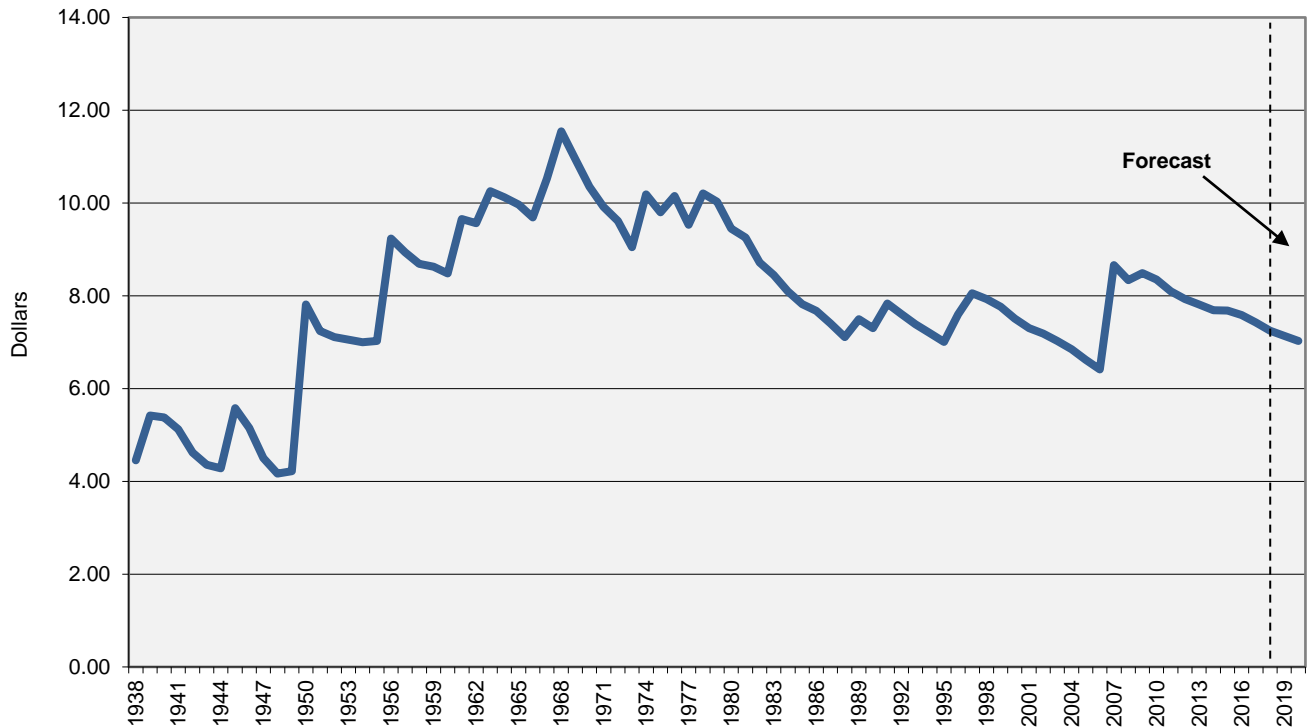
A gradual decline in the minimum wage as a percentage of the Pennsylvania’s average wage began in 1969. By 2006, Pennsylvania’s minimum wage was 26 percent of the average wage. This is an all-time low since this information first was documented in 1938.

The increase in the minimum wage to \$7.25 in July 2009 brought the minimum wage up to 34 percent of the average wage. In 2017, Pennsylvania’s minimum wage was 28 percent of the average wage. If the minimum wage stays at its current level and the average wage grows at its projected 10-year average rate, the minimum wage will drop to 26 percent of the average Pennsylvania wage by 2020.

¹ Data on the estimated number covered was reported in The Twenty-Seventh Annual Report of the Secretary of Labor (1939), as of September 1938 (p.198). The section on coverage of the act begins, “It will not be possible to prepare completely accurate estimates of the number of employees who are covered by the act ...” Later it states that the BLS estimated the coverage six months later and it was 1.45 million (18%), higher. Furthermore, it was well known that inter census labor force numbers prior to 1940 (when the CPS (predecessor) began), were not comparable (conceptually and by the fact that they included people 14 years and older) and that data on unemployment may not be accurate. These facts may have led Grossman to characterize the ratio as a ‘guesstimate.’

² Grossman, Jonathan, “Fair Labor Standards Act of 1938: maximum struggle for a minimum wage,” Monthly Labor Review, June 1978 p. 29. Grossman begins that paragraph with, “A major problem with the FLSA was its limited coverage.” This attitude may explain why he compared coverage with the labor force rather than employment, particularly in a year when the unemployment rate was 19%. That would make the cover ratio lower. Not all employees in industries engaged in or producing goods for interstate commerce were covered. Among the exemptions were interstate retailing enterprises, non-railroad transportation workers, and agriculture.

Pennsylvania Inflation Adjusted Minimum Wage¹ 1938-2020



¹Indexed to 2018 dollars

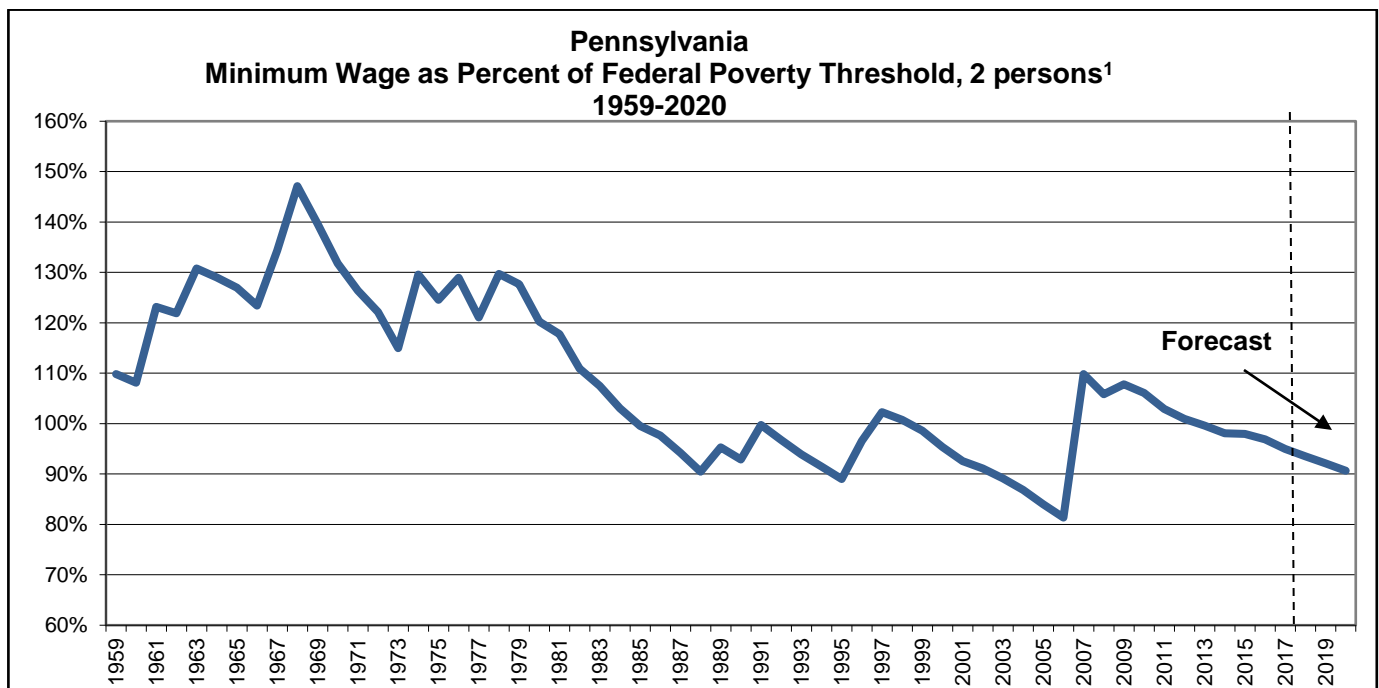
The inflation forecast was based on its 10-year arithmetic average applied to the minimum wage.

The minimum wage in 2018 was \$7.25.

Inflation adversely affects the purchasing power of an unchanging minimum wage. The value of the minimum wage as adjusted for projected inflation is estimated to fall to \$7.14 in 2019 and \$7.03 in 2020.

The 1938 minimum wage of \$0.25 would have been equivalent in purchasing power to \$4.45 in 2018 dollars. The minimum wage was raised to \$0.30 in 1939 and to \$0.40 in 1945 causing its purchasing power to increase. However, the post-war inflation that followed caused the purchasing power of the minimum wage (still \$0.40) to fall to its all-time low of \$4.17 in 1948.

In 1968, the year in which the purchasing power of the minimum wage peaked, the then-current nominal minimum wage of \$1.60 was equivalent to \$11.55 in 2018 dollars. Pennsylvania's minimum wage remained unchanged from September of 1997 to the end of 2006, while prices rose considerably. As the above graph indicates, in 2006 the purchasing power of the minimum wage was less than at any time since the 1950s. The purchasing power of the minimum wage has been steadily declining since 2009.



¹ Weighted average threshold (there are slight variations based on the breakdown between adults and children in the household)
The inflation forecast was based on its 10-year average applied to the poverty threshold.
Source: U.S. Bureau of the Census

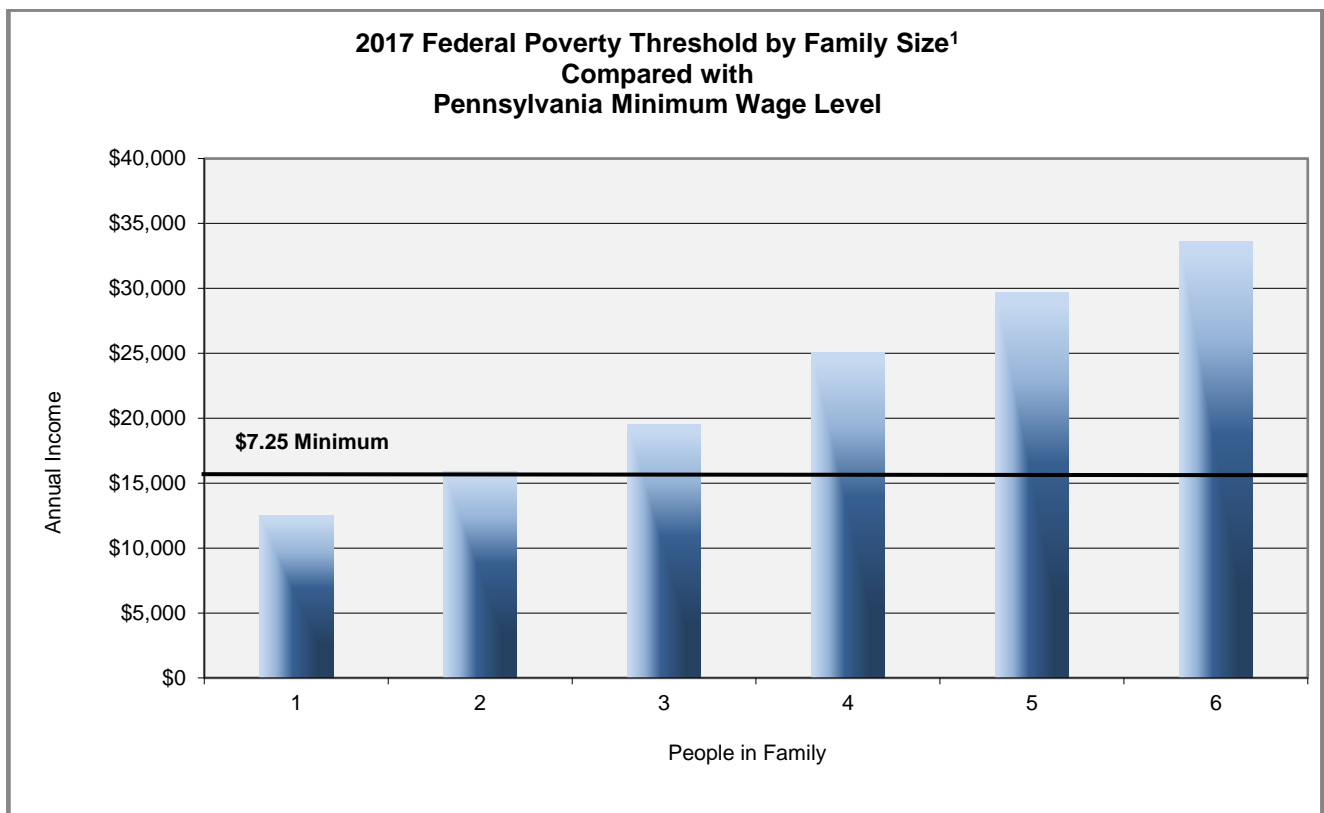
The Census annually sets poverty thresholds for families that vary by family size and the ages of its members. Each threshold is a monetary sum that is compared to the family's income to determine the poverty status of all the members of that family³. Family income is pre-tax and includes earnings, unemployment compensation, public assistance, and a variety of other unearned income and transfer payments, but excludes capital gains, noncash benefits (e.g., food stamps), and tax credits (e.g., Earned Income Tax Credit or EITC). To provide perspective on the relation between the minimum wage and poverty, hypothetical examples are constructed and illustrated below and on the following page.

The 2006 Federal Poverty Threshold for a two-person household was \$13,167 and the annual income for an individual working full time⁴ at the minimum wage (then \$5.15) was \$10,712 or 81 percent of the poverty threshold. The two 2007 increases in the minimum wage (cumulatively to \$7.15) raised the corresponding annual income at year end to \$14,872 which was almost 110% of the poverty threshold.

In 2017, the annual income for an individual in Pennsylvania making the minimum wage (\$7.25) was \$15,080 or 95.0 percent of the 2017 Federal Poverty Threshold for a two-person household (\$15,877).

³ Poverty thresholds are used mainly for statistical purposes. Poverty guidelines, which are a simplification of poverty thresholds, are issued by the U.S. Department of Health and Human Services for use for administrative purposes, e.g., determining eligibility for federal programs.

⁴ Full time in this context means working 52 weeks per year and 40 hours per week.



¹ Weighted average threshold (there are slight variations based on the breakdown between adults and children in the household)
Source: U.S. Bureau of the Census

A person working full time at the minimum wage of \$7.25 per hour earned \$15,080 during 2017. This income exceeded the 2017 Federal Poverty Threshold for a one-person household (\$12,488). However, it fell short of the poverty threshold for two-person (\$15,877) and three-person households (\$19,515).

A single, two-children parent working full time at \$7.25 per hour would earn wages below the applicable poverty threshold. However, a two-parent, two-child family with both parents working full time at the minimum wage would earn \$30,160 and would exceed the poverty threshold for a four-person household (\$25,094).⁵

Families of minimum wage workers who are below the poverty threshold may be eligible to participate in state and federal government programs designed to assist the poor. A description of some of these major programs is found in the Appendix on page 42.

⁵ These examples are for illustration purposes only and are not representative of the majority of minimum wage earners, although they may reflect the situation of some families. As pointed out earlier, most minimum wage earners work fewer than 35 hours a week and would earn less than \$15,080 per year.

OTHER STATES

Minimum Wage Rates by State

Area	2017	2018	2019	Change 2017-2018	Change 2018-2019
Federal	\$7.25	\$7.25	\$7.25	-	-
Alabama	\$7.25	\$7.25	\$7.25	-	-
Alaska ¹	\$9.80	\$9.84	\$9.89	\$0.04	\$0.05
Arizona	\$10.00	\$10.50	\$11.00	\$0.50	\$0.50
Arkansas	\$8.50	\$8.50	\$9.25	-	\$0.75
California	\$10.50	\$11.00	\$12.00	\$0.50	\$1.00
Colorado	\$9.30	\$10.20	\$11.10	\$0.90	\$0.90
Connecticut	\$10.10	\$10.10	\$10.10	-	-
Delaware	\$8.25	\$8.75	\$9.25	\$0.50	\$0.50
Florida ¹	\$8.10	\$8.25	\$8.46	\$0.15	\$0.21
Georgia	\$7.25	\$7.25	\$7.25	-	-
Hawaii	\$9.25	\$10.10	\$10.10	\$0.85	-
Idaho	\$7.25	\$7.25	\$7.25	-	-
Illinois	\$8.25	\$8.25	\$8.25	-	-
Indiana	\$7.25	\$7.25	\$7.25	-	-
Iowa	\$7.25	\$7.25	\$7.25	-	-
Kansas	\$7.25	\$7.25	\$7.25	-	-
Kentucky	\$7.25	\$7.25	\$7.25	-	-
Louisiana	\$7.25	\$7.25	\$7.25	-	-
Maine	\$9.00	\$10.00	\$11.00	\$1.00	\$1.00
Maryland	\$9.25	\$10.10	\$10.10	\$0.85	-
Massachusetts	\$11.00	\$11.00	\$12.00	-	\$1.00
Michigan ¹	\$8.90	\$9.25	\$9.45	\$0.35	\$0.20
Minnesota ¹	\$9.50	\$9.65	\$9.86	\$0.15	\$0.21
Mississippi	\$7.25	\$7.25	\$7.25	-	-
Missouri	\$7.70	\$7.85	\$8.60	\$0.15	\$0.75

Area	2017	2018	2019	Change 2017-2018	Change 2018-2019
Federal	\$7.25	\$7.25	\$7.25	-	-
Montana ¹	\$8.15	\$8.30	\$8.50	\$0.15	\$0.20
Nebraska	\$9.00	\$9.00	\$9.00	-	-
Nevada ¹	\$8.25	\$8.25	\$8.25	-	-
New Hampshire	\$7.25	\$7.25	\$7.25	-	-
New Jersey ¹	\$8.44	\$8.60	\$10.00	\$0.16	\$1.40
New Mexico	\$7.50	\$7.50	\$7.50	-	-
New York	\$10.40	\$11.10	\$11.80	\$0.70	\$0.70
North Carolina	\$7.25	\$7.25	\$7.25	-	-
North Dakota	\$7.25	\$7.25	\$7.25	-	-
Ohio ¹	\$8.15	\$8.30	\$8.55	\$0.15	\$0.25
Oklahoma	\$7.25	\$7.25	\$7.25	-	-
Oregon	\$10.25	\$10.75	\$11.25	\$0.50	\$0.50
Pennsylvania	\$7.25	\$7.25	\$7.25	-	-
Rhode Island	\$9.60	\$10.10	\$10.50	\$0.50	\$0.40
South Carolina	\$7.25	\$7.25	\$7.25	-	-
South Dakota ¹	\$8.65	\$8.85	\$9.10	\$0.20	\$0.25
Tennessee	\$7.25	\$7.25	\$7.25	-	-
Texas	\$7.25	\$7.25	\$7.25	-	-
Utah	\$7.25	\$7.25	\$7.25	-	-
Vermont ¹	\$9.60	\$10.50	\$10.78	\$0.90	\$0.28
Virginia	\$7.25	\$7.25	\$7.25	-	-
Washington	\$11.00	\$11.50	\$12.00	\$0.50	\$0.50
West Virginia	\$8.75	\$8.75	\$8.75	-	-
Wisconsin	\$7.25	\$7.25	\$7.25	-	-
Wyoming	\$7.25	\$7.25	\$7.25	-	-

¹ Minimum wage tied to inflation rate – Consumer Price Index (CPI)

The data for 2019 (which includes enacted, but not yet effective statutory increases) was accurate as of February 5, 2019. Some states have multiple minimum wage rates due to type of work or number of employees, while others are based on geography. The highest rate is used above for non-geographic rates, while for geographic ones those applicable to most of the state are used. All data are as of year-end.

Data for the Federal government and states that abut Pennsylvania are shaded in gray.

Source: U.S. Department of Labor and state websites

During 2018, 29 states had higher minimum wage rates than Pennsylvania, ranging from \$7.50 to \$11.50. Since 2015, the number and composition of the states that had minimum wages in excess of Pennsylvania's has remained unchanged. Since the beginning of 2015, all of Pennsylvania's neighboring states have had higher minimum wages than Pennsylvania ranging from \$8.30 to \$11.10 in 2018.

Alaska, Florida, Michigan, Minnesota, Montana, Nevada, New Jersey, Ohio, South Dakota, and Vermont currently have their minimum wages tied to the Consumer Price Index to provide automatic increases that keep pace with inflation. An additional eight states have approved cost of living adjustments to their minimum wages over the coming years. Twenty-one states raised minimum wages in 2018 and 21 states have already done so or are projected to do so in 2019.

Tipped Minimum Wage Rates by State

Area	2017	2018	2019	Change 2017-2018	Change 2018-2019
Federal	\$2.13	\$2.13	\$2.13	-	-
Alabama	\$2.13	\$2.13	\$2.13	-	-
Alaska ¹	\$9.75	\$9.80	\$9.84	\$0.05	\$0.04
Arizona	\$5.05	\$7.00	\$7.50	\$1.95	\$0.50
Arkansas	\$2.63	\$2.63	\$2.63	-	-
California ¹	\$10.00	\$10.50	\$11.00	\$0.50	\$0.50
Colorado	\$5.29	\$6.28	\$7.18	\$0.99	\$0.90
Connecticut	\$6.07	\$6.38	\$6.38	\$0.31	-
Delaware	\$2.23	\$2.23	\$2.23	-	-
Florida	\$5.03	\$5.08	\$5.23	\$0.05	\$0.15
Georgia	\$2.13	\$2.13	\$2.13	-	-
Hawaii ¹	\$8.50	\$9.25	\$10.10	\$0.75	\$0.85
Idaho	\$3.35	\$3.35	\$3.35	-	-
Illinois	\$4.95	\$4.95	\$4.95	-	-
Indiana	\$2.13	\$2.13	\$2.13	-	-
Iowa	\$4.35	\$4.35	\$4.35	-	-
Kansas	\$2.13	\$2.13	\$2.13	-	-
Kentucky	\$2.13	\$2.13	\$2.13	-	-
Louisiana	\$2.13	\$2.13	\$2.13	-	-
Maine	\$3.75	\$5.00	\$5.00	\$1.25	-
Maryland	\$3.63	\$3.63	\$3.63	-	-
Massachusetts	\$3.35	\$3.75	\$3.75	\$0.40	-
Michigan	\$3.23	\$3.38	\$3.52	\$0.15	\$0.14
Minnesota ¹	\$9.50	\$9.50	\$9.65	-	\$0.15
Mississippi	\$2.13	\$2.13	\$2.13	-	-
Missouri	\$3.83	\$3.85	\$3.93	\$0.02	\$0.08

Area	2017	2018	2019	Change 2017-2018	Change 2018-2019
Federal	\$2.13	\$2.13	\$2.13	-	-
Montana ¹	\$8.05	\$8.15	\$8.30	\$0.10	\$0.15
Nebraska	\$2.13	\$2.13	\$2.13	-	-
Nevada ¹	\$8.25	\$8.25	\$8.25	-	-
New Hampshire	\$3.26	\$3.26	\$3.26	-	-
New Jersey	\$2.13	\$2.13	\$2.63	-	\$0.50
New Mexico	\$2.13	\$2.13	\$2.13	-	-
New York	\$7.50	\$7.50	\$7.50	-	-
North Carolina	\$2.13	\$2.13	\$2.13	-	-
North Dakota	\$4.86	\$4.86	\$4.86	-	-
Ohio	\$4.05	\$4.08	\$4.15	\$0.03	\$0.08
Oklahoma ²	\$2.13	\$2.13	\$2.13	-	-
Oregon ¹	\$9.75	\$10.25	\$10.75	\$0.50	\$0.50
Pennsylvania	\$2.83	\$2.83	\$2.83	-	-
Rhode Island	\$3.39	\$3.89	\$3.89	\$0.50	-
South Carolina	\$2.13	\$2.13	\$2.13	-	-
South Dakota	\$4.28	\$4.33	\$4.33	\$0.05	-
Tennessee	\$2.13	\$2.13	\$2.13	-	-
Texas	\$2.13	\$2.13	\$2.13	-	-
Utah	\$2.13	\$2.13	\$2.13	-	-
Vermont	\$4.80	\$5.00	\$5.25	\$0.20	\$0.25
Virginia	\$2.13	\$2.13	\$2.13	-	-
Washington ¹	\$9.47	\$11.00	\$11.50	\$1.53	\$0.50
West Virginia	\$2.62	\$2.62	\$2.62	-	-
Wisconsin	\$2.33	\$2.33	\$2.33	-	-
Wyoming	\$2.13	\$2.13	\$2.13	-	-

¹ Tipped minimum wage equals the state's minimum wage.

² Oklahoma's tipped minimum wage equals 50% of the state's minimum wage, but is shown as \$2.13 because all FLSA covered employees are excluded.

The data for 2019 (which includes enacted, but not yet effective statutory increases) was accurate as of February 5, 2019. All data are as of year-end.

Data for the Federal government and states that abut Pennsylvania are shaded in gray.

Source: U.S. Department of Labor and state websites.

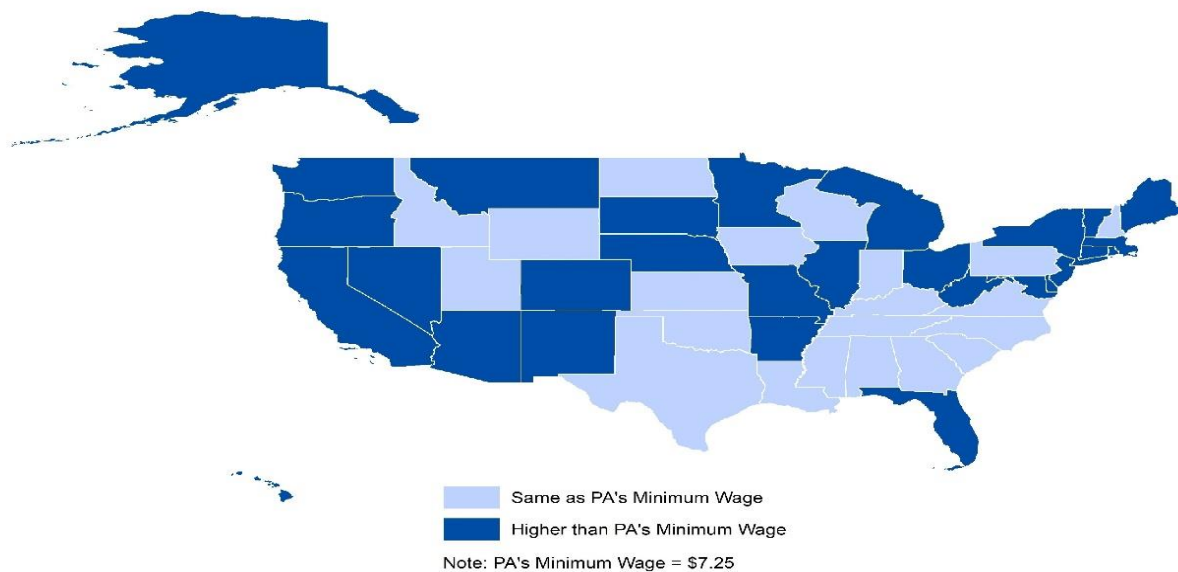
Many states and the federal government allow employers of tipped employees to take a tip credit and thereby lower the direct minimum cash wage that must be paid to these employees - the tipped minimum wage. These laws require that the sum of the direct cash payment and the tipped amount must at least equal the full minimum wage. States vary regarding which employees are covered and many differentiate their rates based on the number of employees in the firm and/or by geography.

The tipped minimum wage in Pennsylvania has been \$2.83 since 1997. Twenty-seven states had higher tipped minimum wage rates than Pennsylvania ranging from \$3.26 to \$11.50 during 2018. Seven of those states do not have a tip credit making their tipped minimum wage equal to their full minimum wage. Hawaii has a tip credit only when tips are at least \$7.00 per hour; otherwise, the tipped worker must receive the full minimum wage.

The federal tipped minimum wage has been at \$2.13 since 1991. Eighteen states had their tipped minimum wage rates equal to the federal level during 2018 while another four states had a tipped minimum wage above the federal level, yet below Pennsylvania's \$2.83. Of Pennsylvania's six neighboring states, only New Jersey has a tipped minimum wage equal to the federal level. Three states have higher rates than Pennsylvania and two are below. As of July 1, 2019, New Jersey's tipped rate will increase to \$2.63.

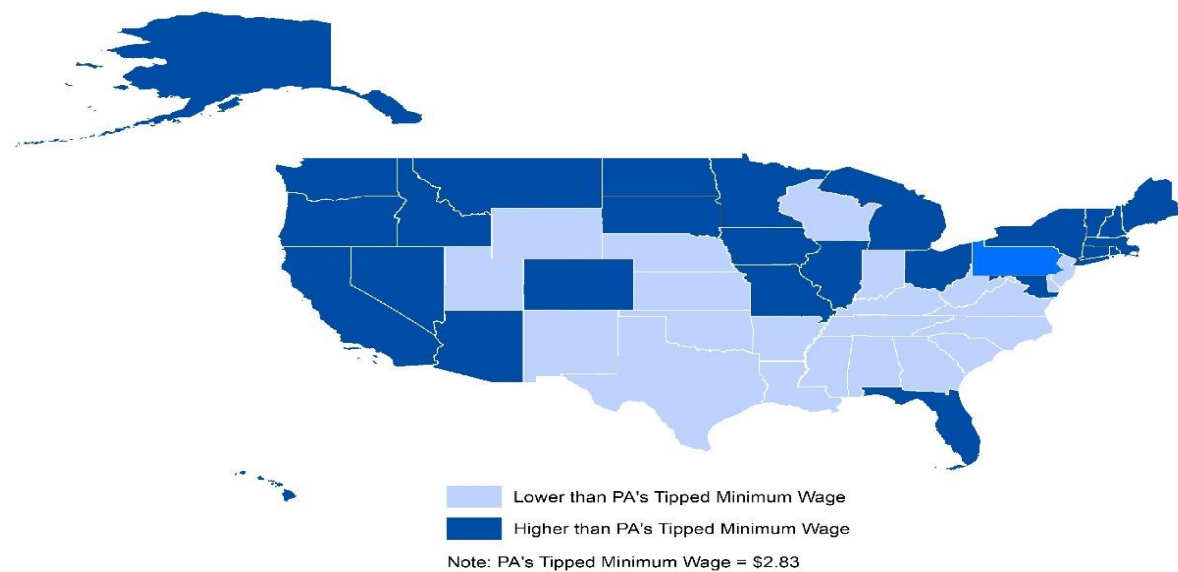
The tipped minimum wage was raised in 18 states during 2018 and has already been increased or is projected to do so by year's end in 15 states in 2019.

2018 Pennsylvania and Other States Minimum Wage Comparison



As of 01/10/2019

2018 Pennsylvania and Other States Tipped Minimum Wage Comparison



As of 01/10/2019

APPENDIXES

Terms, Definitions and Sources

- Bureau of the Census – The U.S. Bureau of the Census, in the U.S. Department of Commerce, collects general information from individuals and establishments in order to compile statistics.
- Bureau of Labor Statistics (BLS) – The federal Bureau of Labor Statistics, in the U.S. Department of Labor, is the principal fact-finding agency for the Federal Government in the broad field of labor economics and statistics.
- Census – A census is an enumeration of the population of a nation or a registration region; a systematic and complete count of all who are living in specified places, usually on a specific date. Like many modern democracies, the United States conducts a complete enumeration every 10 years, under the auspices of the U.S. Bureau of the Census, which publishes detailed reports.
- Consumer Price Index (CPI) – Monthly data on changes in the prices paid by urban consumers for a representative basket of goods and services. BLS produces the CPI.
- Cost of Living Adjustment (COLA) – Adjustment of wages designed to offset changes in the cost of living, usually as measured by the Consumer Price Index.
- Current Population Survey (CPS) – The CPS is a statistical survey conducted by the U.S. Bureau of the Census on behalf of the federal Bureau of Labor Statistics (BLS). BLS uses the data to provide a monthly report on the national employment situation including employment, unemployment, labor force and the unemployment rate.
- Employed – A count of persons (not jobs) who, during the week that includes the 12th day of the month: (a) did any work as paid employees, worked in their own businesses or professions or on their own farm, or worked 15 hours or more as unpaid workers in enterprises operated by members of their families; or (b) were not working, but who had jobs from which they were temporarily absent. Current Population Survey estimates of the employed (as in this report), can differ from the official statistics of Pennsylvania's employed persons, which come from the Local Area Unemployment Statistics.
- Fair Minimum Wage Act of 2007 – The act amended the Fair Labor Standards Act of 1938 to increase the federal minimum wage by \$2.10 over two years – from \$5.15 to \$7.25 an hour. On July 24, 2007, the minimum wage increased from \$5.15 to \$5.85. On July 24, 2008, the minimum wage increased from \$5.85 to \$6.55. On July 24, 2009, the final increase occurred, from \$6.55 to \$7.25.
- Federal Poverty Threshold – The set minimum amount of annual income that a family needs for food, clothing, transportation, shelter, and other necessities as determined by the U.S. Bureau of the Census. The U.S. Bureau of the Census uses a set of annual money income thresholds that vary by family size and composition to determine who is in poverty. Every member of a family is deemed to be in poverty if the family's total income is less than the applicable threshold. The calculation of family income includes before tax income from earnings, unearned income (interest, dividends, rents, etc.), and cash transfer payments (unemployment compensation, Social Security, SSI, public assistance, etc.), but excludes capital gains and losses, tax credits (e.g., EITC), and noncash benefits (e.g., food stamps). The number is adjusted for inflation and reported annually.

- Fair Labor Standards Act (FLSA) – Passed by the U.S. Congress in 1938 to establish minimum living standards for workers engaged directly or indirectly in interstate commerce, including those involved in production of goods bound for such commerce. In addition to establishing a minimum wage, it also established a maximum workweek, overtime pay, record keeping requirements, and child labor standards affecting full-time and part-time workers in the private sector and in federal, state, and local governments.
- Inflation – Inflation is a sustained increase in the general price level of goods and services in an economy over some period of time. Equivalently, it also represents a decreasing value of the country's money. The inflation rate is the annualized percentage change in some price index. The Consumer Price Index (CPI) is a commonly used standard to measure inflation, since it measures the average change over time of the prices paid by urban consumers for a market basket of consumer goods and services.
- Minimum Wage – Minimum wage is the lowest lawful hourly level at which workers may be compensated by their employers; it is established by the FLSA at the federal level and by the Minimum Wage Act in Pennsylvania.
- Minimum Wage Worker – For purposes of this report, workers earning at or below the minimum wage are referred to as minimum wage workers.
- National Bureau of Economic Research (NBER) – The NBER is the nation's leading nonprofit economic research organization. Due to its work on national accounts and business cycles, the NBER is well-known for providing start and end dates for recessions in the United States.
- Near Minimum Wage – A range of wage rates somewhat in excess of the legal minimum wage, but close to it. In addition to those earning at or below the minimum wage, the group most likely to be affected by an increase in the minimum wage are those earning the near minimum wage. For purposes of this report, wage rates between \$7.26 and \$12.00 per hour are referred to as the near minimum wage.
- Tipped Minimum Wage – Labor law in many states (including Pennsylvania) as well as federal law allows employers of tipped workers (variously defined) to take a “tip credit” that lowers the mandated cash minimum wage below that of the actual mandated minimum wage, if the combined cash and tip income is at least equal to the full minimum wage. The mandated hourly direct cash payment for these workers is usually referred to as the tipped minimum wage.
- Wage and Salary Workers – These are workers age 16 and older who receive wages, salaries, commissions, tips, payments in kind, or piece rates on their sole or principal job. This group includes employees in both the private and public sectors, as well as both hourly and non-hourly workers. All self-employed workers are excluded whether or not their businesses are incorporated.
- Workers Paid by the Hour (Hourly Workers) – These are employed wage and salary workers who report that they are paid at an hourly rate on their job. Historically, workers paid an hourly wage have made up approximately three-fifths of all wage and salary workers nationally. Estimates of workers paid by the hour include both full- and part-time workers unless otherwise specified.

Table of Industry Distributions

A Comparison of Industry Distributions of Various Populations Pennsylvania and U.S.: 2018 Averages (total numbers of workers in thousands, breakdown by occupation in percent)				
Industry Characteristics of Hourly Wage & Salary Workers at the Minimum Wage or Below	Minimum Wage or Below		Above Minimum Wage	
	PA¹	U.S.¹	Near	Total
	PA	U.S.	PA	PA
TOTAL	96.3	1,722	1,030.7	3,338.7
Industry				
Accommodation	3%	2%	2%	1%
Agriculture, forestry fishing, and hunting	0%	0%	1%	1%
Arts, entertainment, and recreation	3%	4%	3%	2%
Construction	0%	1%	2%	6%
Educational services	4%	4%	6%	5%
Financial activities	0%	1%	3%	5%
Food services and drinking places	50%	56%	15%	6%
Health care services, except hospitals	4%	4%	11%	10%
Hospitals	0%	1%	2%	8%
Information	0%	1%	1%	1%
Manufacturing	2%	4%	7%	13%
Mining	0%	0%	0%	1%
Other services	7%	4%	6%	4%
Professional and business services	2%	5%	7%	8%
Public administration	0%	2%	2%	4%
Retail trade	20%	8%	25%	14%
Social assistance	1%	2%	4%	3%
Transportation and utilities	3%	2%	3%	6%
Wholesale trade	0%	0%	2%	3%
Work Status				
Full-time	20%	46%	50%	75%
Part-time	80%	54%	50%	25%

¹ Both the U.S. minimum wage and the PA minimum wage were \$7.25 during 2018

Totals may not sum due to rounding

Source: U.S. Bureau of the Census, Current Population Survey

Table of Occupational Distributions

A Comparison of Occupational Distributions of Various Populations Pennsylvania and U.S.: 2018 Averages (total numbers of workers in thousands, breakdown by industry in percent)				
Occupation	Minimum Wage or Below		Above Minimum Wage	
			Near	Total
	PA ¹	U.S. ¹	PA	PA
TOTAL	96.3	1,722	1,030.7	3,338.7
Occupation				
Architecture & Engineering	0%	0%	0%	1%
Arts, Design, Entertainment, Sports & Media	0%	1%	1%	1%
Building, Grounds Cleaning & Maintenance	4%	4%	6%	5%
Business & Financial Operations	0%	1%	1%	3%
Community & Social Service	0%	0%	1%	2%
Computer & Mathematical Science	0%	1%	1%	2%
Construction & Extraction	0%	1%	1%	5%
Education, Training & Library	0%	1%	3%	3%
Farming, Fishing & Forestry	0%	0%	1%	1%
Food Preparation & Serving Related	50%	57%	16%	7%
Healthcare Practitioner & Technical	0%	1%	2%	8%
Healthcare Support	4%	3%	6%	4%
Installation, Maintenance & Repair	1%	1%	2%	4%
Legal	0%	0%	1%	1%
Life, Physical & Social Service	0%	0%	0%	1%
Management	0%	1%	2%	3%
Office & Administrative Support	11%	5%	12%	15%
Personal Care & Service	7%	6%	7%	4%
Production	2%	3%	6%	9%
Protective Service	0%	2%	3%	3%
Sales & Related	14%	8%	19%	9%
Transportation & Material Moving	9%	5%	9%	9%

¹ Both the U.S. minimum wage and the PA minimum wage were \$7.25 during 2018

Totals may not sum due to rounding

Source: U.S. Bureau of the Census, Current Population Survey

Programs that May Assist Minimum Wage Workers

There are a multitude⁶ of state and federal programs including cash aid, education, energy, food aid, health care, etc., that provide assistance to low income families. Below is a brief description of some of the major programs for which some minimum wage workers may be eligible. While the requirements of each program differ, they generally have a work requirement and are based on family characteristics and income.

Earned income Tax Credit (EITC): is a refundable federal tax credit that offsets some payroll and income taxes of low-income working families. To qualify, one needs to file a tax return (cannot file married, filing separately), have earned income (i.e., work), have less than \$53,505 of both earned and adjusted gross income (limits are lower for less than three qualifying children and if not filing “married filing jointly”), and no more than \$3,400 in investment income. The maximum benefit ranges from \$506 (no qualifying children) to \$6,269 (three or more qualifying children).

Child Tax Credit (CTC): helps working families offset the cost of raising children. Eligibility requires one to file taxes, have at least one qualified child, and have earned income (work). The maximum modified adjusted gross income is as high as \$110,000, for married couples filing jointly. The maximum tax credit is \$1,000 for each qualified child and equals 15 percent of earnings over \$3,000. The Additional Child Tax Credit (ACTC) is a refundable component of the CTC.

Pennsylvania - Temporary Assistance for Needy Families (TANF): is a federal program administered through the state via a block grant, and is designed to help needy families achieve self-sufficiency. It is also referred to as Cash Assistance. There are both resource and income constraints as well as a maximum time limit (60 months) that one can access these benefits.

Supplemental Nutrition Assistance Program (SNAP): is the new name for the Food Stamp program. These benefits are used to buy food and help eligible low-income households in Pennsylvania obtain more nutritious diets by increasing their food purchasing power at grocery stores and supermarkets. There are gross monthly income limits based on family size and presence of disabled persons.

Medicaid/ Medical Assistance (MA): pays for health care services for eligible individuals. Income limits are based on a multiple of the Federal Poverty Guidelines, which depends on family size and composition.

More detailed information on these programs can be found at:

<https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/do-i-qualify-for-earned-income-tax-credit-eitc>

<https://www.irs.gov/pub/irs-pdf/p972.pdf>

<http://www.dhs.pa.gov/citizens/cashassistance/tanfandmovingtoindependence/>

<http://www.dhs.pa.gov/citizens/supplementalnutritionassistanceprogram/>

<http://www.dhs.pa.gov/citizens/healthcaremedicalassistance/>

⁶ In FY 2012, there were at least 92 federal programs that were designed to help lower-income Americans, according to, The War on Poverty: 50 Years Later, March 3, 2014, by the House Budget Committee Majority Staff.

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