

It's Time for a Raise for Pennsylvania

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No business which depends for existence on paying less than living wages to its workers has any right to continue in this country. By living wages I mean more than a bare subsistence level—I mean the wages of a decent living.
— Franklin Roosevelt (urging passage of minimum wage legislation)

For some two decades, the minimum wage fulfilled the promise of providing for a decent living. The power of the federal minimum wage has since eroded, and today it would need to set at \$8.88/hour in order to be worth what it was worth in 1968. Whether or not the Commonwealth's legislators deserve the pay raise they just enacted, they must now turn their attention to workers struggling to make ends meet at \$5.15 and \$6.15/hour.

But many Pennsylvanians, even those with a full-time job, struggle to afford life's basics, like a decent place to live, adequate nutrition, regular doctor's visits, and quality childcare. Neglecting the minimum wage is one reason. Raising it - significantly - would move us closer to the days envisioned by FDR, when everyone who works full time can afford the necessities of life.

According to the 2004 **Self-Sufficiency Standard for Pennsylvania**, depending on where they reside each adult in a four-person family needs to earn anywhere from \$7.03 per hour (Sullivan County) to \$12.77 per hour (Chester County) in order to make ends meet. A wage increase of \$7.15/hour - as proposed in a bill pending in the General Assembly - would reduce the gap between income and expenses for Pennsylvanians working at the minimum wage. Even \$7.15 an hour is, of course, a miserly wage. But \$7.15 is better than \$5.15, Pennsylvania's current minimum.

The two basic approaches to address the gap between income and costs are: 1) to raise the income of low-income families, and 2) to reduce their costs through public or private assistance. Unfortunately, efforts to reduce the federal deficit this year are likely to lead to large cuts in programs that provide key supports and services to low-income Americans, including Food Stamps, health insurance, and child care. Given that government programs are likely to be cut rather than increased, raising the minimum wage has become even more critical.

Even those who oppose raising the state's minimum wage agree that it's not enough to sustain a family. They argue, however, that most everyone working at the minimum wage will moving up the wage scale quickly and that they're mostly teenagers who don't need the money to support a family. They also argue an increase would put Pennsylvania's businesses at a competitive

disadvantage, which would only hurt the low-wage workforce by eliminating their jobs.

None of these claims are true.

The majority of those earning minimum wage are the primary breadwinners in their families, and their wages are crucial to their families' well-being. A study of the 1996-97 federal minimum wage increase showed the average minimum wage worker brought home 54 percent - more than half - of his or her family's weekly earnings. Adults aged 20 and older make up the largest share of Pennsylvania workers who would benefit from a minimum wage increase. And not all minimum wage workers move on to higher-wage jobs—many of them earn the minimum wage or near the minimum wage for significant periods.

Moreover, a minimum wage increase would help many low-income workers, not just those at minimum wage. According to Keystone Research Center, about 510,000 Pennsylvania workers would benefit directly from an increase to \$7.15/hour. Another 350,000 workers would also benefit because of the spillover effect of a minimum wage increase, in which workers earning a little above the minimum wage also experience a wage increase.

Recognizing the eroded value of the minimum wage, seventeen states, including our closest neighbors - New Jersey, Delaware and New York - have - have now raised their minimum wages due to inaction by Congress. Most have raised their minimum wages to \$7 per hour or more. These states have not been losing jobs to Pennsylvania.

It is time to put to rest claims by business groups that a minimum wage increase will cost jobs. That argument rests on the simplistic observation that some of the states with high minimum wages also have high unemployment rates. As stated by more than 560 leading economists, including four winners of the Nobel Prize in economics and seven past presidents of the American Economic Association, a \$2/hour increases in state minimum wages would have positive effects on the economy and “not the adverse effects that critics have claimed.” Simply put, modest increases in the minimum wage are not responsible for higher unemployment.

There is simply no sound empirical evidence that higher minimum wages weaken a state's labor market by causing many low-wage workers to lose their jobs. In fact, all recent studies using empirically advanced methodologies have reached precisely the opposite conclusion.

Rather than cause job loss, minimum wage increases actually correct a market imbalance by forcing employers to pay a fair wage. And by decreasing recruitment, training, and supervisions costs, increases to the minimum wage may not have a substantial impact on the cost of doing business for employers.

Ask the Governor and your elected officials what is holding up a vote on this issue. And tell them that a minimum wage job, like all jobs, should offer more than just an opportunity to work—it should guarantee an opportunity to make a living from work. Anyone who puts in a fair day's work should receive a fair day's pay. Not just members of the General Assembly.

PathWaysPA, a multi-service agency headquartered in Holmes, Delaware County, is one of the greater Philadelphia region's largest providers of residential and community-based services for low-income women and children and periodically publishes the Self-Sufficiency Standard for Pennsylvania.