



Testimony on Raising the Pennsylvania Minimum Wage

PA Senate Labor and Industry Committee

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My name is Sandy Strauss, and I am the Director of Advocacy and Ecumenical Outreach for the Pennsylvania Council of Churches. As an organization made up of 42 member bodies representing 20 Anglican, Orthodox, and Protestant communions, we represent thousands of persons of faith throughout the Commonwealth.

Why is raising the minimum wage an issue for the Council? It's a justice issue, plain and simple. Minimum wage earners working full time fall far below the federal poverty line. Pennsylvania is not moving forward—the rate remained the same from 2012 to 2013 (13.7%)—and persists at a significantly higher level than indicated in the 2009 American Community Survey where poverty in Pennsylvania fell in the range of 11-12.9% average over five years.ⁱⁱ

In 2013, the federal poverty guideline for a family of four in the 48 contiguous states was \$23,550.ⁱⁱⁱ However, PathwaysPA, in its report **Overlooked and Undercounted**, released in October 2012, found that the 2012-13 sufficiency standard for Pennsylvania's least expensive counties fell in the range of \$25,000-30,000 for an adult and one preschooler, and for roughly 37% of Pennsylvania's counties, the self-sufficiency standard required income of over \$40,000 for the same two person household—and in fact, over \$45,000 for several of those counties.^{iv} One person working full-time at the current minimum wage of \$7.25/hour would make approximately \$15,000 per year—if that person is able to find or accept full-time employment. Many of these low-wage jobs do not provide health care benefits or paid sick leave. The minimum wage is not a living or a family-sustaining wage.

We believe that one essential component of a campaign to end poverty is to increase wages so that they begin to approach living wage levels—and we believe that all workers, including those whose work has traditionally been under-valued, deserve a family-sustaining wage.

There is strong scriptural basis for our support. Proverbs 31:8-9 urges us to: "Speak out for those who cannot speak, for the rights of all the destitute. Speak out, judge righteously, defend the rights of the poor and needy." The Bible condemns those who do not pay acceptable wages or who live in wealth while their servants or staffers are hungry. Christians are called to love their neighbors as themselves, a principle that would naturally extend to wages in a Christian community—pay others as you would like to be paid.

We have been told that raising the minimum wage in Pennsylvania is bad for business, and that small business owners don't support raising the wage because they can't afford to pay their workers more. In fact, the U.S. Department of Labor has indicated that this is simply not the case. According to the Department:

A June 2014 survey found that more than 3 out of 5 small business owners support increasing the minimum wage to \$10.10. Small business owners believe that a higher minimum wage would benefit business in important ways: 58% say raising the minimum wage would increase consumer purchasing power. 56% say raising the minimum wage would help the economy. In addition, 53% agree that with a higher minimum wage, businesses would benefit from lower employee turnover, increased productivity and customer satisfaction.^v

We've also been told that a higher minimum wage will stall job growth and slow the economy. According to the Center for Economic Policy Research a Goldman Sachs analysis found that in 2014 "the states where the minimum wage went up had faster employment growth than the states where the minimum

wage remained at its 2013 level.^{vi} It's hard to believe that growth could be much slower than the 0.1% posted by Pennsylvania in this timeframe.

The businesses that benefit most from keeping the minimum wage low are typically mega-corporations like WalMart and McDonalds. Bloomberg News—hardly a left-leaning news source—has referred to these companies as “America’s biggest welfare queens” because “Their employees receive an inordinate amount of Medicaid, food stamps and other public assistance. This allows them to maintain very low wages, and keep profits relatively robust.”^{vii}

In 1776, the father of modern capitalism, Adam Smith, said in his book **The Wealth of Nations**: “It is but equity...that they who feed, clothe and lodge the whole body of the people, should have such a share of the produce of their own labor as to be themselves tolerably well fed, clothed and lodged.”^{viii} Ford Motor Company historian Bob Kreipke, in a 2014 NPR report, talked about Henry Ford’s famous move to double the typical daily wage 100 years ago to \$5/day for production workers “mainly to stabilize the workforce.” Prior to the change, standardized production had resulted in “chronic absenteeism and lots of worker turnover.” Ford took a gamble on higher wages attracting better, more reliable workers—a move that paid off. Ford’s profits doubled in less than two years, and he called it “the best cost-cutting move he ever made.”^{ix}

Many would say that the faith community and other non-profits should take care of our brothers and sisters living in poverty. The faith community is pretty good at providing such help, but this kind of charity goes only so far. A 2015 Tax Day article in Forbes said, “Walmart’s low-wage workers cost U.S. taxpayers an estimated \$6.2 billion in public assistance including food stamps, Medicaid and subsidized housing.” It also indicated that “a single Walmart Supercenter cost taxpayers between \$904,542 and \$1.75 million per year, or between \$3,015 and \$5,815 on average for each of 300 workers.”^x Despite our best efforts, the non-profit community would be hard-pressed to make up the difference—especially when many of the persons occupying the pews are those same low-paid workers.

Of course, minimum wage workers can’t buy influence in Harrisburg. They’re too busy trying to work enough hours to try to make ends that are getting farther and farther apart meet. They’re trying to decide where their meager funds are most desperately needed at any given moment. Never mind extravagances—they are struggling to meet the costs of housing, food, health care, medication, utilities, and other necessities.

We join with our partners in Raise the Wage PA to call for raising the minimum wage in Pennsylvania—to \$10.10 per hour at a minimum, but preferably, to an hourly rate that permits these workers to live with dignity.

ⁱ <http://www.hungercoalition.org/story/recent-data-confirms-millions-pennsylvanians-continue-struggle-hunger>

ⁱⁱ <http://www.census.gov/prod/2010pubs/acsbr09-1.pdf>

ⁱⁱⁱ <http://aspe.hhs.gov/poverty/13poverty.cfm>

^{iv} http://www.selfsufficiencystandard.org/docs/PA2012_Web_101112.pdf, p. 7.

^v <http://www.dol.gov/minwage/mythbuster.htm>

^{vi} <http://www.cepr.net/blogs/cepr-blog/2014-job-creation-in-states-that-raised-the-minimum-wage>

^{vii} <http://www.bloombergview.com/articles/2013-12-17/the-minimum-wage-and-mcdonald-s-welfare>

^{viii} **A Just Minimum Wage: Good for Workers, Business and Our Future** (American Friends Service Committee, the National Council of Churches and Holly Sklar, 2005), p. 1.

^{ix} <http://www.npr.org/2014/01/27/267145552/the-middle-class-took-off-100-years-ago-thanks-to-henry-ford>

^x <http://www.forbes.com/sites/clareoconnor/2014/04/15/report-walmart-workers-cost-taxpayers-6-2-billion-in-public-assistance/>