

Testimony of John Dodds, Director, Philadelphia Unemployment Project to the Senate Labor and Industry Committee, May 5, 2015

My name is John Dodds, Director of the Philadelphia Unemployment Project and I am coordinating the efforts of the Raise the Wage PA coalition.

One of the reasons that we are hearing so much about issues of the minimum wage and the demand for a wage of \$15 per hour over the past year or so is that **wages for all workers are under attack not just the working poor** fighting for a decent minimum wage, but the middle class worker as well.

For the entire middle 60% of the workforce wages were flat or declined between 2000 and 2012.

Even with strong job growth in the past five years wages have not been pushed up, as should be expected. The unemployment rate has dropped from a peak of 10 percent in October 2009 to 5.5 percent as of March, 2015. **But hourly wage gains haven't accelerated. They've plodded along at about a 2 percent annual rate, roughly matching inflation.**

National wages in the U.S. for the first quarter of 2015 barely increased at 0.1 percent, and the average 12-month change in U.S. wages across all industries was 1.8 percent. Overall, the PayScale index also showed wage growth continuing to lag, as real (inflation-adjusted) wages are down almost 7 percent since 2006, a measure calculated by analyzing nominal wage growth and the average change in price of a fixed basket of goods and services.

The Great Recession wiped out primarily high-wage and middle-wage jobs. Yet the strongest employment growth during the sluggish recovery has been in low-wage work, at places like strip malls and fast-food restaurants. **44% of the jobs that have been created are in low wage industries.** High and middle paying jobs have decreased and millions of workers have been forced into lower paying work.

Since 1979 productivity has risen by 65%, however, the **middle income worker gets only 6% more than in '79 and low wage workers actually have lost 5% of their wages since then.** Wages for the top 1% grew by 138%.

A lagging minimum wage has seriously impacted wages for the lower 20% of the work force, whose pay is clearly related to the minimum wage. **The minimum wage has lost value since 1968 and should be \$10.89 if it had kept up with growth of wages in the economy.**

More workers are financially insecure today. 2/3s of workers are now living paycheck to paycheck and one in five jobs is part time. Only 7% of the private sector work force is unionized. Workers in these conditions are less likely to ask for raises for fear of losing their jobs.

Even college educated workers are losing ground. **Inflation adjusted wages are lower now than in the late 1990s for recent college graduates and far fewer get health insurance.** In 1989 61% of recent grads were offered health insurance, but only 31% were insured by 2012.

A fair minimum wage, full employment policies, laws protecting workers rights to form unions, fair trade agreements, more affordable college educations and progressive tax policies to distribute income more fairly are all **part of the broad struggle for decent wages and conditions for American workers and their families.**

But right now in Pennsylvania it is time for the Legislature to deal with the minimum wage, which has not been raised in this Legislature since 2007, eight years ago. **Over 1.2 million workers desperately need a raise at this time. Please report a bill with a substantial increase in the state minimum wage (at least \$10.10 hour), including tipped workers and a cost of living index, onto the floor.** We urge you to support a vote on the bill and support its passage.

Thank you.