

**Testimony Submitted to The Pennsylvania Senate Labor & Industry Committee
In Support of Raising the Pennsylvania Minimum Wage
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The Women's Law Project thanks the chairs and members of the Pennsylvania Senate Labor and Industry Committee for convening this hearing. Raising the minimum wage is of vital importance to the women of Pennsylvania.

The Women's Law Project is a nonprofit legal advocacy organization with offices in Philadelphia and Pittsburgh. Our mission is to advance the legal and economic status of women and girls through litigation, public policy advocacy, public education, and individual counseling. Addressing the economic insecurity and inequality of women is a major priority for the Women's Law Project. In 2012, the Women's Law Project published *Through the Lens of Equality: Eliminating Sex Bias to Improve the Status of Pennsylvania's Women*, in which we advocated for policy reforms to improve the economic equality and status of women.

Although the minimum wage is on its face a gender-neutral issue, it has an especially pronounced impact on women. An increase in the minimum wage will not only advance the economic stability of all workers, but will advance the economic status of women who continue to be paid less for the same work performed by men and are disproportionately segregated into lower wage jobs. Because women represent the vast majority of minimum wage workers and tipped workers,¹ raising the minimum wage will greatly alleviate the economic disparities and hardships they face.

¹ National Economic Council, The Council of Economic Advisors, The Domestic Policy Council & The Department of Labor, *The Impact of Raising the Minimum Wage on Women*, 1 (Mar. 2014), available at <https://www.whitehouse.gov/sites/default/files/docs/20140325minimumwageandwomenreportfinal.pdf>.

The financial responsibilities placed on women – and the concerns they face – are very real and very present. Today, many families rely upon the wages of women. In fact, women are the sole or co-breadwinners in approximately 60 percent of American families with children.² Women are breadwinners in 41.4 percent of families with children and co-breadwinners in 22.5 percent of families.³ Families that are low income are the most likely to have female primary breadwinners.⁴ As a result women and children disproportionately suffer the immense ramifications caused by poverty.

Minimum wage workers in Pennsylvania, mostly women, fight to make ends meet on earnings of just \$7.25 per hour (or \$2.83 per hour for tipped workers).⁵ With about two-thirds of Pennsylvania women being paid the minimum wage or less,⁶ Pennsylvania's current minimum wage leaves a single parent with two children stuck well below the poverty line. According to the U.S. Census Bureau, in 2014, the poverty line for a mother and two children was \$19,073.⁷ A woman working full-time at minimum wage today earns just \$14,500 annually, more than \$4,500 below the U.S. poverty line for a mother with two children.⁸ Under such grim and dire circumstances, women and families are left without access to life's basic necessities, including food and clothing,⁹ and without other items and opportunities that are often taken for granted.

² Sarah Jane Glynn, *The New Breadwinners: 2010 Update: Rates of Women Supporting Their Families Economically Increased Since 2007*, Center for American Progress 2 (Apr. 2012), available at <http://www.americanprogress.org/wp-content/uploads/issues/2012/04/pdf/breadwinners.pdf>.

³ *Id.*

⁴ *Id.* at 3.

⁵ Julie Vogtman & Katherine Robbins, National Women's Law Center *Fair Pay for Women in Pennsylvania Requires Increasing the Minimum Wage and the Tipped Minimum Wage*, 1-2 (May 2014), available at http://www.nwlc.org/sites/default/files/pdfs/pennsylvania_min_wage_5.30.14.pdf.

⁶ *Id.* at 1 (NWLC calculations based on unpublished U.S. Dep't of Labor, Bureau of Labor Statistics (BLS) data. Figures are annual averages for 2013).

⁷ *Id.*

⁸ *Id.*

⁹ Keystone Research Center, *Giving the Local Economy a Boost: The Impact of Raising the Pennsylvania Minimum Wage to \$10.10 per hour by County*, 2 (Apr. 2015), available at http://keystoneresearch.org/sites/default/files/KRC_CountyWageBoost.pdf.

It is clear that Pennsylvania families are struggling in this tough economy.¹⁰ Nearly 15 percent of Pennsylvania women earn poverty or below poverty wages based on the U.S. poverty guidelines.¹¹ Women of color are more severely impacted. Thirty-three percent of African American families and 39 percent of Hispanic families with children are living in poverty.¹²

Many more minimum and sub minimum wage workers may be earning poverty level wages than the official U.S. poverty guidelines suggest. The official U.S. poverty measure has been criticized as inaccurate because it does not take into account increasing standards of living and expenses that reduce usable income, such as taxes, rising health costs, job-related transportation and child care expenses.¹³ The Self-Sufficiency Standard is a new measure developed to more accurately benchmark how much income a family of a certain composition in a given place must earn to meet their basic needs. Applying this standard, a family consisting of one parent with one preschooler in Pennsylvania would have had to earn from \$25,697 to \$53,410 (depending on the county of residence) in 2010, to meet their basic needs.¹⁴ This translates into one in four households, 21 percent of white households, 48 percent of African American households, and 55 percent of Latino households who lack sufficient income to meet basic needs.¹⁵

Inequality and poverty also cause Pennsylvanians, and the Commonwealth's women and children in particular, to suffer from a host of related physical and mental health conditions. These conditions include obesity, malnutrition, diabetes, coronary heart disease, asthma, HIV,

¹⁰ See Vogtman & Robbins, National Women's Law Center, *supra* note 5.

¹¹ *Id.* (Calculations from U.S. Census Bureau, 2013 American Community Survey (ACS), available at <http://www.census.gov/acs/www/>).

¹² *Id.*

¹³ Kathleen Short, U.S. Census Bureau, Current Population Reports: The Research Supplemental Poverty Measure 2010, 1-2 (Nov. 2011).

¹⁴ *Overlooked and Undercounted: How the Great Recession Impacted Household Self-Sufficiency in Pennsylvania*, 7 (Oct. 2012), http://www.selfsufficiencystandard.org/docs/PA2012_Web_101112.pdf

¹⁵ *Id.* at 11, 15.

cervical cancer, high blood pressure, early onset of puberty, low breastfeeding rates, poor health outcomes from treatable illnesses, and post-traumatic stress disorders (PTSD).¹⁶

No worker, woman or man, should be subjected to these avoidable hardships.¹⁷ The minimum wage has remained depressed and out of sync with our economy for far too long. Congress has raised the minimum wage only three times in 30 years,¹⁸ and Pennsylvania appears to move in lockstep with the federal minimum wage. Raising the minimum wage to \$12 an hour by 2020 would closely restore the value of the minimum wage to the peak value it had achieved in 1968; it would restore its purchasing power and its relationship to the median wage of workers and be both fair and achievable.¹⁹ With minimum wage failing to lift individuals out of poverty for decades, low-wage workers in Pennsylvania deserve a raise.

Relatedly, increasing the minimum wage in Pennsylvania will serve to correct other long-standing wage imbalances in this state, such as the wage gap. The wage gap persists due to sex discrimination which results in employers paying women less than men in the same occupation, regardless of whether the occupation is predominantly held by women, predominantly held by men, or held by a mix of men and women.²⁰ Sex stereotyping leads to women being sidelined into jobs predominately filled by women and being paid less in those jobs.²¹

¹⁶ Women's Law Project, *Through the Lens of Equality: Eliminating Sex Bias to Improve the Health of Pennsylvania's Women*, 68-72 (2012).

¹⁷ See National Economic Council, Domestic Council, & Department of Labor, *supra* note 1 at 1.

¹⁸ National Women's Law Center, *Fair Pay for Women Requires Increasing the Minimum Wage and Tipped Minimum Wage*, (Oct. 1, 2014), available at <http://www.nwlc.org/resource-fair-pay-women-requires-increasing-minimum-wage-and-tipped-minimum-wage>.

¹⁹ David Cooper, Lawrence Mishel, & John Schmitt, Economic Policy Institute, EPI Briefing Paper #398: *We Can Afford A \$12.00 Federal Minimum Wage in 2020* 3-15 (April 20, 2015).

²⁰ Institute for Women's Policy Studies, *The Gender Wage Gap by Occupation 2013 and by Race and Ethnicity* (April 2014), available at <http://www.iwpr.org/publications/pubs/the-gender-wage-gap-by-occupation-and-by-race-and-ethnicity-2013>.

²¹ Ariane Hegewisch & Heidi Hartmann, *Occupations Segregation and the Gender Wage Gap: A Job Half Done* 1, 13 (Jun. 2014), available at <http://www.iwpr.org/publications/pubs/occupational-segregation-and-the-gender-wage-gap-a-job-half-done> (hereinafter "Occupational Segregation"); National Women's Law Center, *Fifty Years and Counting: The Unfinished Business of Achieving Fair Pay* 8 (2013), available at http://www.nwlc.org/sites/default/files/pdfs/final_nwlc_equal_pay_report.pdf.

Currently, women in Pennsylvania earn approximately 76 cents for every dollar earned by men.²² For Pennsylvania women of color, the wage gap is rather bleak. African American women are paid 70 cents, while Hispanic woman are paid barely half – earning 54 cents for every dollar paid to white men.²³ Increasing the minimum wage in Pennsylvania will narrow the wage gap. States with minimum wage rates higher than Pennsylvania’s have smaller wage gaps.²⁴

There is also a growing need to eliminate a separate, lower minimum wage for tipped workers in Pennsylvania. Eighty percent of Pennsylvania’s tipped workers are women.²⁵ In Pennsylvania, the minimum cash wage for tipped workers is \$2.83 per hour.²⁶ Under federal and state law, if tips do not bring a worker’s wages up to the minimum wage threshold, employers are required to pay the difference,²⁷ but often fail to do so.²⁸ Tipped workers experience poverty rates at nearly double the rate of the workforce as a whole.²⁹ Therefore, it is vital to increase the minimum wage for all workers to the same level. Raising the tipped minimum wage would ensure a more stable and adequate base for low-paid and predominately female workers.³⁰

Increasing the minimum wage and eliminating tipped wages for all would bolster Pennsylvania’s economy. According to the Keystone Research Center, if Pennsylvania’s minimum wage is elevated to \$10.10 an hour, at least 1.2 million workers (or 23%) will

²² Institute for Women’s Policy Research, *Status of Women in the United States* (2015), <http://statusofwomendata.org/explore-the-data/state-data/pennsylvania/> (When analyzing state-and national-level ACS microdata, IWPR used 2013 data, the most recent available, for most indicators).

²³ *Id.*

²⁴ National Women’s Law Center, *Fair Pay for Women Requires a Fair Minimum Wage*, 1 (Apr. 2015), available at http://www.nwlc.org/sites/default/files/pdfs/fair_pay_for_women_requires_a_fair_minimum_wage_apr_2015.pdf.

²⁵ *Id.*

²⁶ 34 Pa. Code § 231.101(b).

²⁷ Fair Labor Standards Act of 1938, § 3(m); 29 U.S.C.A. § 203(m); 34 Pa. Code § 231.101(b).

²⁸ National Economic Council, *supra* note 1, at 2.

²⁹ *See* National Women’s Law Center, *supra* note 24, at 1.

³⁰ *See* National Women’s Law Center, *Higher State Minimum Wage Promote Fair Pay for Women*, 2 (Oct. 2014), http://www.nwlc.org/sites/default/files/pdfs/higher_state_minimum_wages_promote_fair_pay_for_women_october_2014.pdf.

benefit.³¹ The rise in wages would also generate 6,000 jobs and lift Pennsylvania's total wages by \$1.8 billion.³² Similarly, a study conducted by the Economic Policy Institute found that if the minimum wage in Pennsylvania were to be raised to \$12.00 an hour by 2020, at least 4.5 million workers would benefit,³³ including 31.9 percent of women.³⁴ Women of color would be profoundly impacted from a wage increase, as 39.1 percent of African American women and 43.3 percent of Hispanic working women would realize a gain in earnings.³⁵

Currently, Pennsylvania's minimum wage law does not require the minimum wage to increase automatically with inflation. Indexing the minimum to inflation will ensure that workers continue to be paid fairly into the future.

Overall, increasing the minimum wage will strengthen society and the economy. Leading economists believe that fair minimum wages will raise demand by putting more money in worker's pockets as a reward for their hard work.³⁶ Furthermore, raising the minimum wage will also boost wages without jeopardizing jobs due to the improved productivity of workers.³⁷ Practically speaking, an increase in pay will incentivize workers and promote efficiency.³⁸ In fact, minimum wage increases can spur economic growth as low wage workers spend their higher earnings, benefiting Pennsylvania communities. Raising the minimum wage, applying the

³¹ See Keystone Research Center, *supra* note 9.

³² *Id.*

³³ Economic Policy Institute, *It's Time to Raise the Minimum Wage*, 9 (Table 3), Apr. 2015, available at <http://www.epi.org/publication/its-time-to-raise-the-minimum-wage/>.

³⁴ *Id.* at 3 (Table 2a).

³⁵ See National Women's Law Center, *supra* note 24, at 1.

³⁶ Lawrence Katz, Richard Freeman, & Joseph Stiglitz, Economic Policy Institute, *Time to Raise the Minimum Wage* (Jul 2012), available at <http://www.epi.org/publication/raise-minimum-wage/>.

³⁷ U.S. Department of Labor, Minimum Wage Mythbusters (listing 64 studies concluding that raising the minimum wage will strengthen, not weaken, job growth) available at <http://www.dol.gov/minwage/mythbuster.htm>; Jared Bernstein, *The Minimum Wage Increase and the CBO's Job Loss Estimate* (2014), available at <http://jaredbernsteinblog.com/the-minimum-wage-increase-and-the-cbos-job-loss-estimate/>.

³⁸ See Vogtman & Robbins, *supra* note 5; but see also Center for American Progress, *Report of the Commission on Inclusive Prosperity*, 95 (Jan. 2015), available at <https://cdn.americanprogress.org/wp-content/uploads/2015/01/IPC-PDF-policy.pdf>.

same minimum wage to all workers, and indexing it to inflation are good for women and men and good for Pennsylvania.