

## Fair Pay for Women in Pennsylvania Requires Increasing the Minimum Wage and the Tipped Minimum Wage

May 2014 | Julie Vogtman & Katherine Gallagher Robbins

Minimum wage workers in Pennsylvania – mostly women – struggle to make ends meet on earnings of just \$7.25 per hour (\$2.83 per hour for tipped workers). Current efforts are underway to raise the minimum wage to \$10.10 per hour, increase the tipped minimum cash wage, and index these wages to keep pace with inflation. **Increasing the minimum wage and tipped minimum wage are key steps toward fair pay for women in Pennsylvania.**

### Women are a large majority of minimum wage earners in Pennsylvania.

- Women are about two-thirds of Pennsylvania workers who are paid the minimum wage or less.<sup>1</sup> These workers provide care for children and elders, clean homes and offices, and wait tables.
- Women of color are disproportionately represented among female minimum wage workers. Nationally, 22 percent of minimum wage workers are women of color,<sup>2</sup> compared to less than 16 percent of workers overall.<sup>3</sup>

### It's time to give low-wage workers in Pennsylvania a raise.

- A woman working full time, year round in Pennsylvania at the current minimum wage of \$7.25 per hour will earn just \$14,500 annually<sup>4</sup> – more than \$4,000 below the federal poverty line for a mother with two children.<sup>5</sup>
- The minimum cash wage for tipped employees in Pennsylvania is \$2.83 per hour – just \$5,660 a year.<sup>6</sup> While employers are responsible for making sure that their tipped employees are paid the minimum wage, many of these workers are paid less due to wage theft and other illegal practices.<sup>7</sup> In Pennsylvania, women are 80 percent of tipped workers and also 80 percent of restaurant servers, the state's largest group of tipped workers.<sup>8</sup>

- Pennsylvania families are struggling in this tough economy. One-third (33 percent) of black families with children are in poverty, 39 percent of Hispanic families with children are in poverty, and 40 percent of single-mother families are in poverty.<sup>9</sup>

### Raising the minimum wage and the tipped minimum wage would boost wages for working women in Pennsylvania and help close the wage gap.

- Increasing the minimum wage to \$10.10 per hour would boost annual full-time earnings by \$5,700 to \$20,200, enough to pull a family of three out of poverty. Eliminating the separate minimum cash wage for tipped workers would ensure that these workers also receive \$10.10 per hour, an increase of \$14,540 per year for full-time work, providing more stable and adequate base earnings for tipped employees.<sup>10</sup> Indexing these wages to inflation would prevent their value from falling relative to the cost of living.
- The Economic Policy Institute (EPI) estimates that if the minimum wage were gradually increased to \$10.10 per hour beginning this year, by 2016, over 1 million Pennsylvania workers would get a raise. Of the total affected workers, about 607,000 (57 percent) are women.<sup>11</sup>
- Of the more than 1 million workers who would get a raise, about 897,000 (84 percent) are at least 20 years old,

and 262,000 (24 percent) are parents. About 516,000 Pennsylvania children – nearly one in five children in the state – live in families where at least one parent would benefit from a minimum wage increase.<sup>12</sup>

- Since women are the majority of Pennsylvania's minimum wage workers, increasing the minimum wage and the tipped minimum wage would help close the wage gap.<sup>13</sup> Pennsylvania women working full time, year round are paid only 76 cents for every dollar paid to their male counterparts.<sup>14</sup> Black women working full time, year round make only 68 cents, and Hispanic women only 55 cents, for every dollar paid to their white, non-Hispanic male counterparts.<sup>15</sup>

## Raising the minimum wage would strengthen the economy in Pennsylvania.

- Increasing the wages paid to low-wage workers results in lower turnover, boosts worker efforts, and encourages employers to invest in their workers.<sup>16</sup>
- Most minimum wage workers need this income to make ends meet and spend it quickly, boosting the economy. Research indicates that for every \$1 added to the minimum wage, low-wage worker households spent an additional \$2,800 the following year.<sup>17</sup>
- Raising the minimum wage does not cause job loss, even during periods of recession.<sup>18</sup> In fact, EPI estimates that raising the federal minimum wage to \$10.10 per hour would generate over \$1 billion in additional economic activity and create or support about 3,800 new jobs in Pennsylvania.<sup>19</sup>

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

2 NWLC calculations based on BLS, Characteristics of Minimum Wage Workers, 2013, available at <http://www.bls.gov/cps/minwage2013.pdf>. This figure assumes 16.6 percent of white women (16 and older) are Hispanic. See U.S. Census Bureau, CPS, 2013 Annual Social and Economic Supplement Table Creator, available at <http://www.census.gov/cps/data/cpstablecreator.html>.

3 NWLC calculations based on U.S. Census Bureau, CPS, 2013 Annual Social and Economic Supplement, Table PINC-05, [http://www.census.gov/hhes/www/cpstables/032013/perinc/pinc05\\_000.htm](http://www.census.gov/hhes/www/cpstables/032013/perinc/pinc05_000.htm) (last visited Mar. 26, 2014).

4 NWLC calculation assuming 40 hours per week, 50 weeks per year at \$7.25 per hour.

5 U.S. Census Bureau, Poverty Thresholds for 2013, <https://www.census.gov/hhes/www/poverty/data/threshld/index.html> (last visited Feb. 28, 2014).

6 NWLC calculation assuming 40 hours per week, 50 weeks per year at \$2.83 per hour.

7 Sylvia A. Allegretto & Kai Filion, EPI, Waiting for Change, at 3-4 (2011), available at <http://www.epi.org/page/-/BriefingPaper297.pdf>.

8 Figures are NWLC calculations based on Steven Ruggles et al., *Integrated Public Use Microdata Series: Version 5.0* [Machine-readable database]. Minneapolis: University of Minnesota, 2010. Data are from the American Community Survey 2008-2012 five-year averages; refers to employed tipped workers. Tipped occupations as described in Allegretto and Filion's research include waiters and waitresses; massage therapists; bartenders; gaming services workers; barbers; hairdressers, hairstylists and cosmetologists; and miscellaneous personal appearance workers. Allegretto and Filion, *supra* note 8.

9 NWLC calculations from U.S. Census Bureau, 2012 American Community Survey (ACS), <http://www.census.gov/acs/www/> (Tables B17010B, B17010I, S1702). Figures are based on householder's race or ethnicity.

10 NWLC calculation assuming 40 hours per week, 50 weeks per year at \$10.10 per hour for both regular minimum wage workers and workers in tipped occupations.

11 EPI, State-by-state characteristics of workers who would be affected by increasing the federal minimum wage to \$10.10 by July 2016, at 41 (Dec. 2013), available at <http://s2.epi.org/files/2013/minimum-wage-state-tables.pdf>. EPI's estimates are based on proposals at the federal level, including the Fair Minimum Wage Act (H.R. 1010/S. 460) and the Minimum Wage Fairness Act, which would gradually raise the federal minimum wage to \$10.10 per hour, increase the tipped minimum cash wage to 70 percent of the minimum wage, and index these wages to keep pace with inflation.

12 *Id.*

13 A higher minimum wage generally would narrow the wage distribution, effectively narrowing the wage gap. Nicole M. Fortin & Thomas Lemieux, Institutional Changes and Rising Inequality, *Journal of Economic Perspectives*, Spring 1997, 75-96, at 78, available at <http://www.jstor.org/stable/2138237>. See also Francine D. Blau & Lawrence M. Kahn, Swimming Upstream, *Journal of Labor Economics*, Jan. 1997, 1-42, at 28, available at <http://www.jstor.org/stable/2535313>.

14 NWLC calculations based on U.S. Census Bureau, 2012 ACS, (Table B20017), *supra* note 9.

15 NWLC calculations from U.S. Census Bureau, 2010-2012 ACS, Three-Year Estimates, <http://www.census.gov/acs/www/> (Tables B20017B, B20017H, B20017I).

16 T. William Lester, David Madland & Nick Bunker, Ctr. for Amer. Progress, An Increased Minimum Wage is Good Policy Even During Hard Times (2011), available at [http://www.americanprogressaction.org/issues/2011/06/higher\\_minimum\\_wage.html](http://www.americanprogressaction.org/issues/2011/06/higher_minimum_wage.html).

17 Daniel Aaronson, Sumit Agarwal & Eric French, Fed. Reserve Bank of Chicago, The Spending and Debt Responses to Minimum Wage Increases, at 10 (Revised 2011), available at [http://www.chicagofed.org/digital\\_assets/publications/working\\_papers/2007/wp2007\\_23.pdf](http://www.chicagofed.org/digital_assets/publications/working_papers/2007/wp2007_23.pdf).

18 Mary Gable & Doug Hall, EPI, The Benefits of Raising Illinois' Minimum Wage, at 2-3 (Jan. 2012), available at <http://www.epi.org/files/2012/ib321.pdf>.

19 David Cooper, EPI, Raising the Federal Minimum Wage to \$10.10 Would Lift Wages for Millions and Provide a Modest Economic Boost, at 17 (Dec. 2013), available at <http://s4.epi.org/files/2013/Raising-the-federal-minimum-wage-to-1010-would-lift-wages-for-millions-and-provide-a-modest-economic-boost-12-19-2013.pdf>.