

Fair Pay for Pennsylvania Women Requires a Fair Minimum Wage

June 2015

Minimum wage workers in Pennsylvania—mostly women—cannot support themselves and their families on earnings of just \$7.25 per hour, or the tipped minimum cash wage of \$2.83 per hour. Raise the Wage PA and the PA Campaign for Women's Health support proposed legislation that would raise Pennsylvania's minimum wage to at least \$10.10 per hour, raise the tipped minimum wage to at least 70 percent of the minimum wage, index these wages to keep up with inflation, and increase penalties for employers who fail to pay workers the wages they are due. **Increasing the minimum wage and tipped minimum wage are key steps toward fair pay for women in Pennsylvania.**

Minimum wage workers and tipped workers in Pennsylvania need a raise.

- A Pennsylvania woman working full time at minimum wage earns just \$14,500 annually, more than \$4,500 below the official U.S. poverty line for a mother with two children.¹
- Pennsylvania is in the minority of states nationwide—and one of only two in the Northeast—with a minimum wage of \$7.25 per hour,² the lowest level permitted under federal law.
- Pennsylvania's \$2.83 hourly minimum wage for tipped workers is unchanged since 1998 and just 70 cents higher than the federal minimum of \$2.13 per hour. Although obligated to ensure their tipped employees receive at least the regular minimum wage, many employers fail to do so.³
- Nearly three-quarters of Pennsylvania's tipped workers are women.⁴ Over 18 percent of Pennsylvania's female tipped workers live in poverty, more than double the rate for working women overall. Almost one-quarter of female servers and bartenders in Pennsylvania live in poverty.⁵
- Workers relying on variable tips from customers—rather than set wages from their employer—for the bulk of their income may be more vulnerable to sexual harassment. A recent study from the Restaurant Opportunities Centers United found that female tipped workers in states with a \$2.13 tipped minimum wage are more likely to experience sexual harassment than their counterparts in states where employers are required to pay the regular minimum wage before tips.⁶

Raising the minimum wage and the tipped minimum wage would boost wages for hundreds of thousands of working women in Pennsylvania, helping them support themselves and their families.

- The Keystone Research Center estimates that if the minimum wage were increased to \$10.10 per hour by 2016, over 1.2 million Pennsylvania workers would get a raise. Of the total affected workers, about 742,000 (59 percent) are women.⁷
- Of the Pennsylvania workers who would benefit from a \$10.10 minimum wage in 2016, 296,000 (23 percent) are parents; an estimated 530,000 children live with a parent who would get a raise.⁸

KEY FACTS

- **Women are nearly three-quarters of minimum wage workers in Pennsylvania—a higher share than all but two other states.⁹ Women are also nearly three-quarters of Pennsylvania's tipped workers.**
- **Raising Pennsylvania's minimum wage to \$10.10 per hour or more would boost pay for over 1.2 million workers, most of them women,¹⁰ and help close the wage gap.**
- **Of the workers who would receive a raise if the minimum wage increased to at least \$10.10 per hour, roughly two-thirds or more are at least 25 years old, and nearly one-quarter are parents.¹¹**

Raising the minimum wage would help close the wage gap.

- 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.¹² Pennsylvania women overall working full time, year round are typically paid only 76 cents for every dollar paid to their male counterparts,¹³ and the gap is even wider for women of color: Black women working full time, year round make only 69 cents, and Hispanic women only 55 cents, for every dollar paid to their white, non-Hispanic male counterparts.¹⁴
- The average wage gap in states with a minimum wage at or above \$8.00 is 22 percent smaller than the average wage gap in states with a \$7.25 minimum wage.¹⁵

Raising the minimum wage would reduce poverty and strengthen the economy in Pennsylvania.

- Increasing Pennsylvania's 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 just above the poverty line.¹⁶ Raising the tipped minimum wage to at least 70 percent of a \$10.10 minimum wage—or ideally, eliminating it altogether—would provide a more stable and adequate base income for tipped workers.
- Raising the minimum wage can benefit communities and the broader economy, as workers spend their higher earnings at local businesses.¹⁷ Research indicates that following a \$1 increase to the minimum wage, low-wage worker households spent an additional \$2,800 the following year.¹⁸ Higher wages can also benefit employers by reducing turnover and increasing worker effort.¹⁹

Raising the minimum wage to at least \$10.10 per hour, and raising the tipped minimum wage to at least 70 percent of the minimum wage, are important steps toward fairer pay—but more needs to be done to provide real economic stability for Pennsylvania's hardworking women and their families.

1 U.S. Census Bureau, Poverty Thresholds for 2014, <https://www.census.gov/hhes/www/poverty/data/threshld/index.html> (last visited Apr. 23, 2015). The poverty line in 2014 for a mother and two children is \$19,073. Throughout this analysis NWLC calculations regarding full-time earnings assume 40 hours per week, 50 weeks per year.

2 See NWLC, Women, the Minimum Wage, and the Wage Gap, State by State (May 2015), available at http://www.nwlc.org/sites/default/files/pdfs/women_the_minimum_wage_and_the_wage_gap_state_by_state_5.20.15.pdf.

3 See, e.g., Sylvia A. Allegretto & David Cooper, Econ. Policy Inst. (EPI) & Ctr. on Wage & Employment Dynamics, Univ. of Ca., Berkeley, Twenty-Three Years and Still Waiting for Change, at 17-18 (2014), available at <http://s2.epi.org/files/2014/EPI-CWED-BP379.pdf>.

4 NWLC calculations based on American Community Survey (ACS) 2008-2012 five-year averages using Steven Ruggles et al., Integrated Public Use Microdata Series: Version 5.0 [Machine-readable database]. Minneapolis: University of Minnesota, 2010. Figures are for employed workers. NWLC defines tipped workers as all workers in a set of predominately tipped occupations identified in Allegretto & Cooper, *supra* note 3, at 20, 23.

5 *Id.*

6 Restaurant Opportunities Ctr. United & Forward Together, et al., The Glass Floor: Sexual Harassment in the Restaurant Industry, at 14-16 (Oct. 2014), available at http://rocunited.org/wp-content/uploads/2014/10/REPORT_The-Glass-Floor-Sexual-Harassment-in-the-Restaurant-Industry2.pdf.

7 David Cooper, EPI, & Mark Price, Keystone Research Ctr., Falling Short: The Impact of Raising the Minimum Wage in PA to \$8.75 vs. \$10.10 (Feb. 2015), available at http://keystoneresearch.org/sites/default/files/KRC_PolicyWatch_FallingShort.pdf.

8 *Id.*

9 See NWLC, Women, the Minimum Wage, and the Wage Gap, State by State, *supra* note 2. The share of minimum wage workers who are women is higher than Pennsylvania only in Louisiana and Arkansas.

10 See Keystone Research Ctr., Characteristics of Pennsylvania workers who would be affected by increasing the minimum wage to \$8.75, \$10.10, \$12 and \$15 per hour (May 2015), available at http://keystoneresearch.org/sites/default/files/KRC_Table2_4Proposals.pdf.

11 *Id.*

12 A higher minimum wage generally would narrow the wage distribution, effectively narrowing the wage gap. See Nicole M. Fortin & Thomas Lemieux, Institutional Changes and Rising Inequality, 11 J. Econ. Perspectives 75, 78 (1997), available at https://www.aeaweb.org/atypon.php?return_to=/doi/pdfplus/10.1257/jep.11.2.75. See also Francine D. Blau & Lawrence M. Kahn, Gender Differences in Pay, 14 J. Econ. Perspectives 75, 93 (2000), available at http://econ2.econ.iastate.edu/classes/econ321/orazem/blau_wages.pdf.

13 NWLC, Women, the Minimum Wage, and the Wage Gap, State by State, *supra* note 2.

14 *Id.*

15 Julie Vogtman & Katherine Gallagher Robbins, NWLC, Higher State Minimum Wages Promote Fair Pay for Women (May 2015), available at http://www.nwlc.org/sites/default/files/pdfs/higher_state_minimum_wages_promote_fair_pay_for_women_may_2015.pdf. Figures are for 2013.

16 See U.S. Census Bureau, *supra* note 1.

17 See generally T. William Lester et al., Ctr. for Amer. Progress, Raising the Minimum Wage Would Help, Not Hurt, Our Economy (Dec. 2013), available at <https://www.americanprogressaction.org/issues/labor/news/2013/12/03/80222/raising-the-minimum-wage-would-help-not-hurt-our-economy/>. See also John Schmitt, Ctr. for Econ. & Policy Research, Why Does the Minimum Wage Have No Discernible Effect on Employment? (Feb. 2013), available at <http://www.cepr.net/publications/reports/why-does-the-minimum-wage-have-no-discernible-effect-on-employment> (reviewing research demonstrating that minimum wage increases historically do not cause job loss, even during periods of recession).

18 Daniel Aaronson, Sumit Agarwal & Eric French, Fed. Reserve Bank of Chicago, The Spending and Debt Responses to Minimum Wage Increases, at 10 (Rev. Feb. 2011), available at http://www.chicagofed.org/digital_assets/publications/working_papers/2007/wp2007_23.pdf.

19 See, e.g., Lester et al., *supra* note 17.