

# Analysis of the Pennsylvania Minimum Wage in 2014

MINIMUM WAGE ADVISORY BOARD



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# **Commonwealth of Pennsylvania**

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## **Preface**

The General Assembly of Pennsylvania, in 2006, via Act 2006-112, amended the Minimum Wage Act and raised the state's minimum wage from \$5.15 an hour to \$6.25 on Jan. 1, 2007, and to \$7.15 on July 1, 2007. The minimum wage had last been raised in 1997. Effective July 24, 2009, the federal minimum wage increased from \$6.55 an hour to \$7.25. This change reflects the third and final federal minimum wage increase provided by the amended Fair Labor Standards Act (FLSA). As mandated by Act 2006-112 and FLSA, Pennsylvania's minimum wage also increased to \$7.25, which became effective the same date as the federal minimum wage increase under the FLSA.

The amended Minimum Wage Act directs the Pennsylvania Department of Labor & Industry to produce an annual report by March 1 detailing data on the previous calendar year's demographics and any other relevant characteristics of workers paid the minimum wage or below. This duty is assigned by the Secretary of Labor & Industry to the Center for Workforce Information & Analysis (CWIA).



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## Introduction

This report contains statistical information on Pennsylvanians who earn hourly wages of minimum wage or less, analyzes the demographic characteristics of such hourly workers, details the industry characteristics of those making at or near the minimum wage, discusses the issues of inflation and poverty in relation to the minimum wage, and considers other states' minimum wage data.

Pennsylvania last raised its minimum wage on July 24, 2009, from \$7.15 to \$7.25, when the federal minimum wage was increased from \$6.55 to \$7.25. It has remained at that level since then. While the nominal minimum wage has not changed since then, changes in the economy and other factors have impacted the population in question.

The primary data source used for this report is the Current Population Survey (CPS), a nationwide monthly survey of about 60,000 households (approximately 2,000 in Pennsylvania) conducted by the U.S. Bureau of the Census for the U.S. Bureau of Labor Statistics. The CPS is the primary source of information on the labor force characteristics of the civilian noninstitutional population. Respondents are interviewed to obtain information about the employment status of each member of the household 15 years of age or older. This report focuses on those 16 years of age and older.

Both federal and state law provide for several exemptions and lower thresholds to the minimum wage for certain employers and certain job classifications. For example, farm workers, some seasonal workers, and newspaper deliverers are exempt from both state and federal minimum wage law, while lower minimum wages are allowed for tipped employees and full-time students. The CPS data lack direct indicators to permit removal from the sample of those individuals affected by these exemptions and lower minimum wages. Some former exemptions have expired: the exemption for businesses with fewer than 10 full-time (or equivalent) employees expired on July 1, 2008, and the exemption for employees under age 20 making a training wage for the first 60 days of employment expired on July 24, 2009.

Minimum-wage workers are defined in this report as hourly workers earning the minimum wage or below at their main job, excluding overtime pay, tips and commissions. A portion of workers reported as making minimum wage or below actually did receive additional compensation (mainly in the form of tips).

Finally, Pennsylvania's minimum-wage data and its analysis in this report should be used with some caution due to the small size of the CPS sample. It should also be noted that the report utilizes the most current annual data available at the time of publication. Demographic data from the CPS as well as the inflation data from the Consumer Price Index (CPI) are from the calendar year of the report (2014). However the most recent data on poverty thresholds and the state's average wage are lagged a year (2013), because the data for the most current calendar year will not be released until later this year.

**Note:** This report has been prepared using available data from United States Census Bureau and the Bureau of Labor Statistics. While it is a comprehensive analysis of data collected on minimum wage workers in the state and the nation, there are limitations of the data.

While reliable data on minimum wage and price levels go back at least as far as the inception of the Federal Minimum Wage Law (1938), reliable historical demographic data of the minimum wage populations of years prior to 1994 are not readily available, and might not be comparable with the current minimum wage population due to definitional and methodological changes over time. These would include changes in categories of race and ethnicity, industrial and occupational classifications, and methods of collecting and weighting samples. Reliable estimates of the current percentage of minimum wage workers in Pennsylvania who are working part-time involuntarily (i.e. they would prefer to work full-time and only work part-time due to no full time opportunities) are also not currently available.

Although the survey can be used to analyze the minimum wage population, it was not specifically designed to do so, which may lead to both overcounting and undercounting of certain segments of the minimum wage population. For instance, tipped employees such as servers may legally be paid a lower minimum wage (which since 1998 has been set at \$2.83 per hour) prior to tips; however, their employers are legally obligated to supplement their earnings so that their hourly rate totals the minimum wage. Such employees may inaccurately be included in the category of those earning below the minimum wage although their combined earnings including tips may be at or above the minimum wage. Alternatively, with respect to wage rate data, salaried and other non-hourly workers are excluded from the survey, which may lead to undercounting the number of workers earning at or below the minimum wage.

Further, many characteristics of the minimum wage population that might be desirable to measure are not captured in the survey. For example, the average length of time for which a person earns the minimum wage is not measured. The survey is a federally taken snapshot in time, and does not gather such information. Analysis of such data would require the commissioning and conduct of an additional survey.

## Summary

The purpose of the minimum wage is to set a minimum threshold of wages for workers. On July 24, 2009, Pennsylvania raised the minimum wage to \$7.25 as provided by the amended Fair Labor Standards Act (FLSA). This report describes the characteristics of minimum-wage earners and the industries that employ them.

### **Wage Distribution of All Hourly Workers**

- In 2014, there were 157,500 Pennsylvania workers earning minimum wage or less, which was 33,300 (17.5 percent) lower than the 2013 level. The decrease in 2014 was due to a decrease of more than 11,900 in those earning below the minimum wage, while the number of those earning exactly the minimum wage (\$7.25 per hour) decreased by almost 21,400.
- Pennsylvania's total employment increased by roughly 25,200 (0.4 percent) in 2014, while U.S. employment increased by 2,376,000 (1.7 percent). Pennsylvania's hourly employment decreased by 18,600 (0.5 percent), while U.S. hourly employment increased by 1,260,000 (1.7 percent). The proportion of all workers receiving hourly rates fell slightly in Pennsylvania and was unchanged in the nation from 2013. In 2014, the percentage of the employed earning hourly rates was higher in Pennsylvania (57 percent) than in the U.S. overall (53 percent).
- Pennsylvania's wage distribution was fatter at the tails and thinner at the middle relative to that of the U.S. (i.e., the lowest and highest wage categories, depicted in the graph on page 14, had higher percentages and the categories between them had lower percentages than the comparison population), with 79.8 percent of hourly workers earning more than \$2.00 per hour above the minimum wage (above \$9.25), and 4.6 percent earning the minimum wage or below. These figures compare with 78.6 percent and 3.9 percent, respectively, for the U.S.
- In both Pennsylvania and the U.S., the proportion of hourly workers who earned at or below the minimum wage decreased, while that of those earning "near minimum wage" (exceeding the minimum wage by \$2.00 or less) increased in Pennsylvania and decreased in the U.S. The proportion of those earning at least \$2.00 more than the minimum wage increased in Pennsylvania as well as in the U.S.
- In terms of increased employment, the labor markets in the U.S. as well as in Pennsylvania improved in 2014, with U.S. employment growing by a greater percentage. In addition, the wage distribution in the U.S. shifted to the right (smaller percentages earning at all the lower-wage rate categories and a larger percentage earning at the highest-wage rate category). Pennsylvania also experienced a shift from minimum-wage workers to above minimum wage, but the wage category with the largest gain was that of the "near minimum wage" (exceeding the minimum wage by \$2.00 or less) category.

## **Comparison of Minimum-wage worker Characteristics to Other Populations**

- A majority of Pennsylvania earners at or below the minimum wage in 2014 were from one or more of the following groups:
  - ❑ Female
  - ❑ White
  - ❑ 16-to-24-year-olds
  - ❑ High school graduates or less
  - ❑ Never married
- The proportions of Pennsylvania minimum-wage earners who were either female, 16-to-24-year-old, non-high school graduates or never married were higher than their corresponding proportions in the populations of Pennsylvanians who were at least 16 years old, employed, or earning above the minimum wage. However, the percentages of those demographic groups in the Pennsylvania minimum wage population were most similar to the corresponding percentages of minimum-wage earners in the nation as a whole, as well as those earning “near minimum wage” in Pennsylvania. While these demographic groups were relatively overrepresented in the Pennsylvania minimum wage population, the proportion of whites, who constituted almost four out of every five minimum-wage earners in Pennsylvania, was approximately equal to its representation among the employed and the overall Pennsylvania population.
- Workers having no children made up 82 percent of those earning the minimum wage or less in Pennsylvania.
- Eight percent of minimum-wage workers were single parents, and 10 percent were married with one or more children.
- The household income of those who earned the minimum wage or below varied greatly. Forty-seven percent of such households earned less than \$50,000 per year, and 30 percent made less than \$30,000 per year. In contrast, 30 percent had annual household incomes of \$75,000 or more a year, and 11 percent made \$100,000 or more per year.
- All employed Pennsylvanians as well as Pennsylvania workers who earned above the minimum wage were approximately equally likely to be male or female, and often were from one or more of the following demographic groups:
  - ❑ White
  - ❑ 25-to-54-year-olds
  - ❑ High school graduates
  - ❑ Married

## **Industrial and Occupational Distributions**

- In Pennsylvania, the industries most likely to employ workers at or below the minimum wage were food services and drinking places, retail trade, other services, and educational services. These industries employed almost 78 percent of all minimum-wage earners in 2014, with food services and drinking places by itself accounting for more than 53 percent. However, almost three-fourths of the industry groups contained some minimum-wage workers.
- In 2014, more than 77 percent of hourly-paid workers earning the minimum wage or less worked part-time, while almost 77 percent of hourly workers earning above the minimum wage worked full-time.
- The retail trade industry in Pennsylvania employs a large number of hourly paid workers across all wage levels, and therefore, accounted for a large proportion of both workers earning more than the minimum wage and those earning the minimum wage or less. Retail trade, together with manufacturing and non-hospital health care services, accounted for almost 39 percent of all workers earning above the minimum wage in 2014.
- In 2014, 54 percent of Pennsylvanians who earned the minimum wage or less worked in food preparation & serving-related occupations. Such workers also were likely to be employed in sales & related occupations (13 percent), personal care & service (8 percent), and transportation & material moving (7 percent).
- The distribution of occupations for Pennsylvanians who earned above the minimum wage was more diverse and differed considerably from those who earned the minimum wage or less. The top three occupations were office and administrative support (16 percent), production (10 percent) and tied for third at 9 percent, were transportation & material moving and sales & related. However, food preparation & serving-related occupations accounted for 6 percent.

## **Recent Historical Comparisons (1 and 5 Years)**

- The number of minimum-wage workers fell by 85,600 (35.2 percent) from 2009 to 2014. Over this period, total employment increased by 3.6 percent while the number of those paid an hourly rate rose by 4.4 percent. The minimum wage in Pennsylvania was raised to its current level of \$7.25 from \$7.15 when the federal minimum wage was increased in July of 2009. The absolute decrease in the number of minimum-wage workers from 2009 most likely reflects the relative decrease in the minimum wage compared to the average wage in Pennsylvania, inasmuch as there has been an improvement in the labor market over that time span.
- The percentage of minimum-wage workers in food service & drinking places increased from 37 percent to 53 percent over the five year interval from 2009 to 2014. Pennsylvania minimum-wage workers who worked in food preparation & serving related occupations also increased by 10 percentage points from 2009 to 2014, while those employed in sales and related occupations decreased by 4 percentage points.

## **A Historical Perspective on the Minimum Wage in Relation to Inflation and the Poverty Threshold**

- In 2006, Pennsylvania's minimum wage was 26 percent of the average wage, an all-time low since this information first was documented (1938). The increase in the minimum wage to \$7.25 in 2009 brought the minimum wage up to 34 percent of the average wage, still below the original level set in 1938 of 50 percent of the then-present average wage. By 2013, Pennsylvania's minimum wage had fallen to 31 percent of the average wage.
- Inflation adversely affects the purchasing power of an unchanging minimum wage. The value of the 2014 minimum wage of \$7.25 as measured in 2014 dollars was, of course, \$7.25. However, adjusting for projected inflation, it is projected to fall to \$7.09 in 2015 and \$6.93 in 2016.
- In 2013, the annual income for an individual working "full-time" in Pennsylvania making the minimum wage (\$7.25) was \$15,080 or 99.6 percent of the 2013 Federal Poverty Threshold for a two-person household (\$15,142). If the minimum wage remains unchanged at \$7.25 in 2015, the earnings of an individual working full-time at that wage almost certainly will remain below 100 percent of the Federal Poverty Threshold for a two-person household.
- The "full-time" earnings of \$15,080, which the minimum-wage worker received, exceeded the 2013 Federal Poverty Threshold for one-person (\$11,888). However, it fell short of the poverty threshold for a two-person (\$15,142) and three-person households (\$18,552).

## **Other States**

- During 2014, 23 states had higher minimum wage rates than Pennsylvania, ranging from \$7.40 to \$9.32. West Virginia joined that group on December 31, 2014, raising the number to 24. As of January 1, 2015, Arkansas, Hawaii, Maryland, Nebraska, and South Dakota also joined that group. For more information, please see the table on page 38.
- In 2014, the remaining 26 states (including Pennsylvania) all effectively had a minimum wage of \$7.25 per hour, which is the federal minimum wage. Of these 26 states, 18 (including Pennsylvania) had a minimum wage requirement equal to the federal rate, three states had a formal minimum lower than the federal level, and five states had no statutorily established minimum wage. When the federal rate exceeds the state rate, it supplants the latter rate since federal law supersedes state law. Therefore, the eight states without a minimum wage or with one that is lower than the federal requirement effectively have a minimum wage equal to \$7.25/hour.
- Of Pennsylvania's neighboring states, Ohio, with a minimum wage of \$7.85 was the only state in 2013 whose minimum wage exceeded that of Pennsylvania's. Beginning in 2015, all of Pennsylvania's neighboring states have higher minimum wages.

- Arizona, Colorado, Florida, Missouri, Montana, Nevada, New Jersey, Ohio, Oregon, Vermont and Washington have their minimum wage rates tied to the Consumer Price Index to provide automatic increases that keep pace with inflation. In 2014 (and projected in 2015), all of these states except Nevada increased their minimum wages. Seventeen states raised their minimum wages in 2014, and so far, 23 states are projected to do so in 2015.

## **Conclusion**

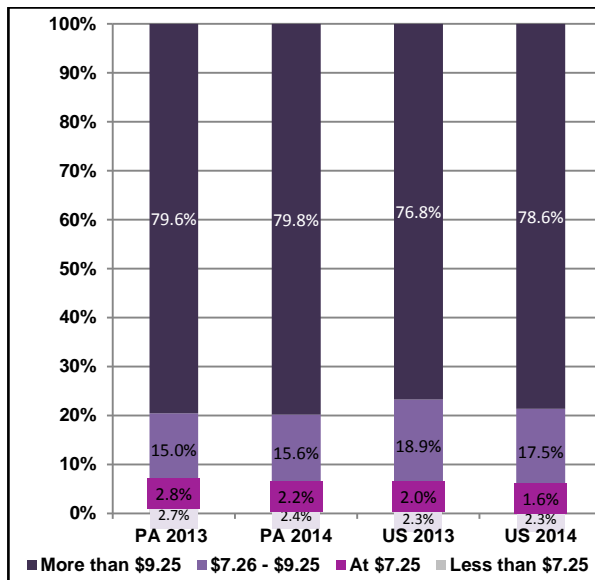
- In 2014, there were 157,500 Pennsylvania workers earning minimum wage or less, or 4.6 percent of all hourly workers and 2.6 percent of total employment. This was a decrease of 33,300 or 17.5 percent from 2013, when there were 190,800 workers making minimum wage or less.
- From 2013 to 2014, the number of Pennsylvania workers at or below the minimum wage decreased (by 17.5 percent), while total employment and the number of all hourly workers increased by 0.4 percent and 0.5 percent, respectively.
- Pennsylvania earners at or below the minimum wage tended to be from one or more of the following groups: female, white, 16-to-24-year-olds, high school graduates or less, or never-married.
- The number of minimum-wage workers fell by 85,600 (35.2 percent) from 2009 to 2014. Over this period, total employment rose by 3.6 percent, while the number of those paid an hourly rate increased by 4.4 percent. The minimum wage in Pennsylvania was raised in July of 2009 to its current level of \$7.25. The absolute decrease in numbers from 2009 most likely reflects the relative decrease in the minimum wage compared to the average wage in Pennsylvania, since labor market conditions improved over that time span.
- The industries most likely to employ workers at or below the minimum wage were food services and drinking places; retail trade; other services; and educational services. Part-time workers accounted for more than three out of every four hourly workers earning the minimum wage.
- Inflation adversely affects the purchasing power of an unchanging minimum wage. Adjusting for projected inflation, the value of the 2014 minimum wage of \$7.25 is projected to fall to \$6.93 by 2016, as measured in 2014 dollars.
- In 2014, 24 states had higher minimum wage rates than Pennsylvania, ranging from \$7.50 to \$9.32. As of January 1, 2015, five other states including Maryland joined that group, raising the number to 29. Since then, all of Pennsylvania's neighboring states have minimum wages exceeding Pennsylvania's. Eleven such states have their minimum wage rates tied to the Consumer Price Index.





# WAGE DISTRIBUTION OF ALL HOURLY WORKERS

**Pennsylvania and U.S. Employed Wage & Salary Workers Paid Hourly Rates  
2013 Average Compared to 2014 Average (Numbers of workers in thousands)**



Total, 16 Years and Over	2013		2014		Percentage Point Change 2013 to 2014	
	US	PA	US	PA	US	PA
Total Employment	143,929	6,001.5	146,305	6,026.7	-	-
Total Paid an Hourly Rate	76,008	3,471.7	77,268	3,453.1	-	-
Total at or below \$7.25	3,325	190.8	3,012	157.5	-	-
Less than \$7.25 (in percent)	2.3%	2.7%	2.3%	2.4%	-0.1%	-0.3%
At \$7.25 (in percent)	2.0%	2.8%	1.6%	2.2%	-0.4%	-0.6%
\$7.26 – \$9.25 (in percent)	18.9%	15.0%	17.5%	15.6%	-1.4%	0.7%
More than \$9.25 (in percent)	76.8%	79.6%	78.6%	79.8%	1.9%	0.3%

Source: U.S. Census Bureau, Current Population Survey  
Both the US minimum wage and the PA minimum wage were \$7.25 during 2013 and 2014.  
Totals and differences may not sum due to rounding.

In 2014, there were 157,500 Pennsylvania workers earning minimum wage or less, which was 33,300 (17.5 percent) lower than the 2013 level. The decrease in 2014 was due to a decrease of over 11,900 in those earning below the minimum wage, while the number of those earning exactly the minimum wage (\$7.25 per hour) decreased by almost 21,400. These workers constituted 2.6 percent of total employment and 4.6 percent of all hourly workers.

The U.S. labor market improved slightly in 2014, in terms of employment and its percentage rate of change from 2013, while Pennsylvania's labor market improved at a slower rate. Pennsylvania's total employment increased by 25,200 (0.4 percent) in 2014, while U.S. employment increased by 2,376,000 (1.7 percent). Pennsylvania's hourly employment decreased by 18,600 (0.5 percent), while U.S. hourly employment increased by 1,260,000 (1.7 percent). The proportion of all workers receiving hourly rates fell slightly in Pennsylvania and was unchanged in the nation from 2013. In 2014, the percentage of the employed earning hourly rates was higher in Pennsylvania (57 percent) than in the U.S. overall (53 percent).

Pennsylvania's wage distribution (across the categories depicted above) was fatter at the tails and thinner at the middle relative to that of the U.S.'s wage distribution (i.e., the lowest and highest wage categories had higher percentages and the categories between them had lower percentages than the comparison population), with 79.8 percent of hourly workers earning more than \$2.00 per hour above the minimum wage (above \$9.25), and 4.6 percent earning the minimum wage or below. These figures compare with 78.6 percent and 3.9 percent, respectively, for the U.S. The proportion of workers earning minimum wage or less in Pennsylvania decreased, while those earning "near minimum" increased by 0.7 percentage points. For the U.S. overall, the proportion of workers earning more than \$2.00 above the minimum wage was the only category to increase. This would imply that while workers in the nation as well as in Pennsylvania were shifting from lower to higher wages, wage improvement in the nation was greater.

# COMPARISON OF MINIMUM-WAGE WORKER CHARACTERISTICS TO OTHER POPULATIONS

<b>Pennsylvania and U.S. 2014 Averages</b> <b>Demographic Characteristics of Various Populations</b> <b>(Total numbers of workers in thousands, Breakdown by characteristic in percents)</b>							
Demographic Characteristics	Minimum Wage or Below		Above Minimum Wage		All	Population 16 and over	
	PA <sup>1</sup>	US <sup>1</sup>	Near PA	Total PA	Employed PA	PA	US
<b>TOTAL</b>	<b>157.5</b>	<b>3,012</b>	539.0	3,295.6	<b>6,026.7</b>	<b>10,224.0</b>	<b>247,749</b>
<b>Gender</b>							
Male	25.9%	37%	42.0%	49.0%	52.0%	48.1%	48%
Female	74.1%	63%	58.0%	51.0%	48.0%	51.9%	52%
<b>Race</b>							
Black, non-Hispanic	6.5%	14%	14.6%	10.2%	8.5%	9.6%	12%
Hispanic	4.1%	17%	9.5%	7.0%	5.6%	6.1%	15%
Other, non-Hispanic	10.2%	7%	5.2%	3.2%	4.0%	4.4%	8%
White, non-Hispanic	79.3%	61%	70.7%	79.6%	81.9%	79.8%	65%
<b>Age</b>							
16-19	30.0%	21%	18.7%	4.4%	3.4%	6.0%	7%
20-24	22.9%	27%	22.6%	13.0%	9.2%	8.6%	9%
25-34	17.4%	22%	20.0%	22.2%	21.5%	16.2%	17%
35-44	11.3%	11%	10.2%	17.7%	19.1%	14.1%	16%
45-54	6.8%	9%	11.7%	21.1%	23.3%	18.3%	17%
55-64	7.5%	7%	8.4%	16.6%	17.9%	16.5%	16%
65 and over	4.1%	3%	8.4%	5.0%	5.6%	20.3%	18%
<b>Education</b>							
Less than a high school diploma	20.2%	23%	24.2%	8.8%	6.5%	12.4%	15%
High school graduates, no college	40.9%	31%	36.9%	41.8%	34.2%	37.1%	29%
Some college, no degree	29.0%	30%	21.1%	15.8%	13.9%	13.7%	19%
Associate degree	2.2%	7%	6.7%	13.7%	11.2%	9.2%	9%
Bachelor's degree or higher	7.7%	9%	11.0%	19.9%	34.2%	27.5%	28%
<b>Marital Status</b>							
Married Spouse Present	17.9%	22%	27.7%	47.0%	54.2%	50.2%	50%
Marital Status Other	10.7%	12%	14.3%	14.7%	14.2%	18.8%	20%
Never Married	71.5%	66%	58.1%	38.3%	31.6%	31.0%	30%

<sup>1</sup>Both the U.S. and PA minimum wages were \$7.25 during 2014.

Totals may not sum due to rounding.

Source: U.S. Census Bureau, Current Population Survey

## Gender

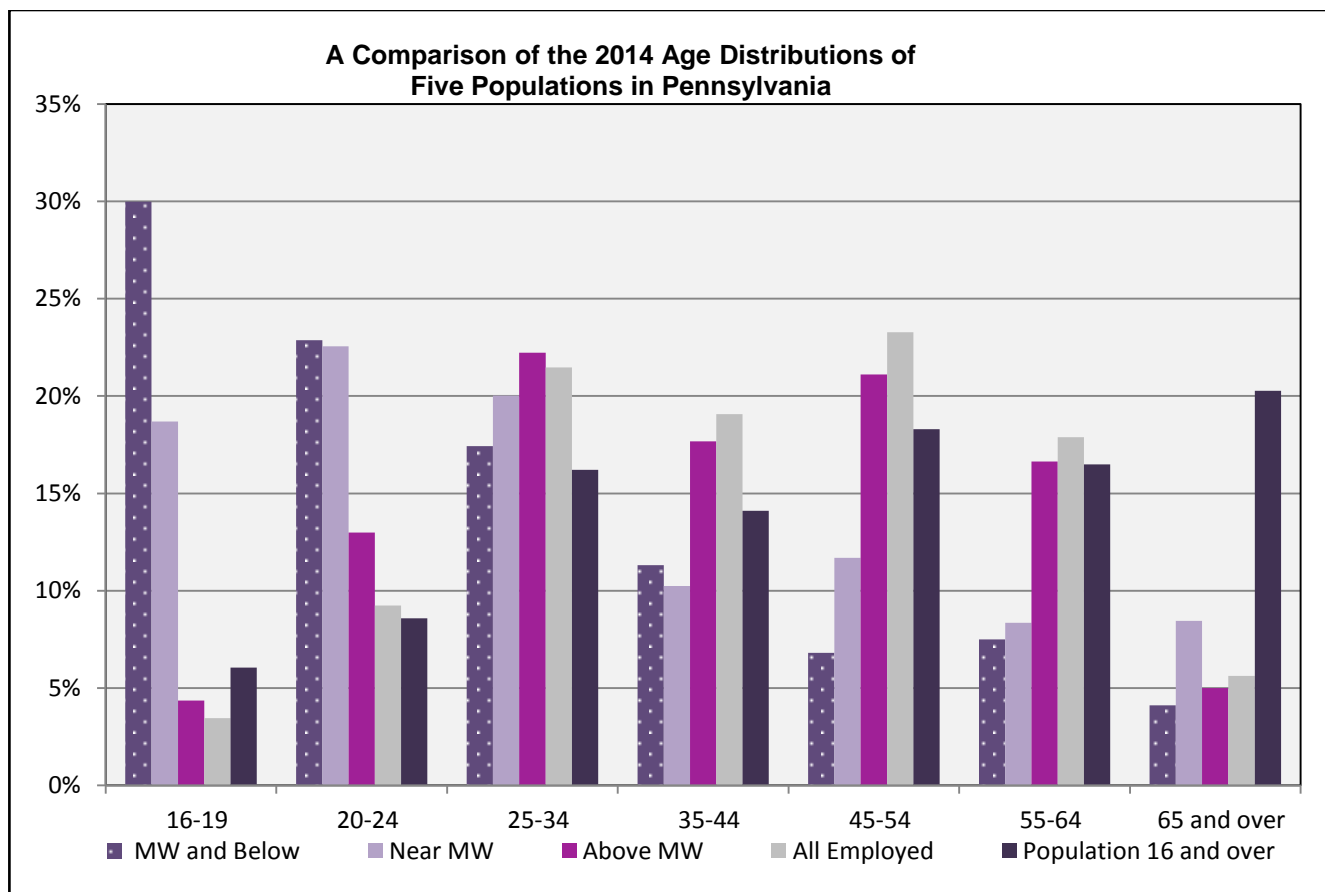
The gender composition of Pennsylvania's minimum-wage workers in 2014 was most similar to that of other minimum-wage workers in the U.S., but differed considerably from other populations within Pennsylvania and the country overall. Of those other Pennsylvania populations, the gender composition of those whose wage exceeded the minimum wage by \$2.00 or less, which we classify as "near minimum wage", was the closest to that of Pennsylvania's minimum-wage workers. The overall population of those 16 years and older in both Pennsylvania and the U.S. was almost evenly divided between males and females, (with a slight edge to females), as was the total population of those earning above the minimum wage in Pennsylvania. The Pennsylvania population of all employed were also almost evenly divided between males and females (although that population had a slightly higher percentage of males). In contrast, among minimum-wage workers in Pennsylvania during 2014, females outnumbered males by almost 3 to 1 (74.1 percent to 25.9 percent). The ratio of females to males among the near minimum-wage earners was 1.4 to 1 (58.0 percent to 42.0 percent).

## Race

Being a significant majority of Pennsylvania's population, Whites, not unexpectedly were similarly a significant majority of Pennsylvania's minimum-wage workers, however, they were

slightly underrepresented relative to their percentage of all employed. Black workers made up the next highest percentage of all those employed, but their proportion of minimum-wage workers lagged that of Other non-Hispanics, who were overrepresented relative to their populations of those 16 years and older as well as those who were employed. Black non-Hispanics and Hispanics earning “near minimum wage” in Pennsylvania were overrepresented relative to their proportions of the employed and overall populations in Pennsylvania.

## Age



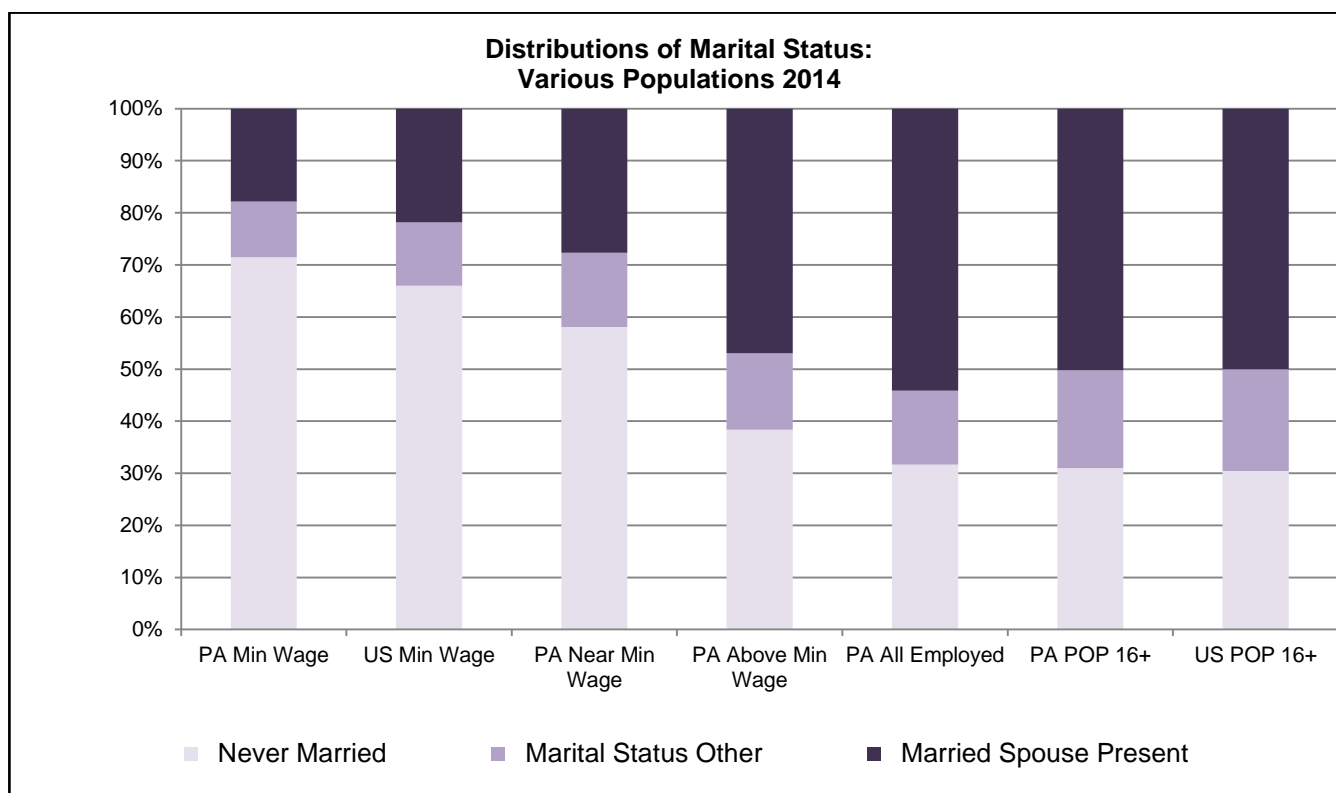
Source: U.S. Census Bureau, Current Population Survey

During 2014, Pennsylvania’s minimum-wage workers tended to be younger than its or the nation’s population (16 and over). They also tended to be younger than the Pennsylvania population of all the employed or of workers earning above the minimum wage. Of the seven populations depicted in the table on the previous page, the age distribution of Pennsylvania’s minimum-wage workers was most similar to minimum-wage workers in the U.S. and most different from the Pennsylvania overall population and that of all employed. Almost 53 percent of Pennsylvania’s minimum wage population was under 25 years of age, while only 12.6 percent of all employed were in that age group. More than 35 percent of Pennsylvania’s minimum-wage workers were between 25 and 54 years of age, while the corresponding percentage for all employed was almost 64 percent. Minimum-wage workers who were 55 years old or older constituted only 11.6 percent of that population, while for the all employed population it was almost 24 percent. (This age group constituted almost 37 percent of the Pennsylvania population who were at least 16 years old). Of the five Pennsylvania populations depicted, the age distribution of those earning near the minimum wage was most similar to that of minimum-wage earners.

## **Education**

The 2014 distribution of educational attainment for minimum-wage earners in Pennsylvania was similar to such workers in the nation and to those earning near minimum wage, but differed from the population of all employed workers in Pennsylvania. In particular, minimum-wage workers in Pennsylvania tended to be less educated than other employed workers in the state (which, given the age distribution, is not surprising). Those with a high school diploma or less made up almost 61 percent of those earning the minimum wage or less in 2014, as compared to about 41 percent for all employed. At the other end of the distribution, only 7.7 percent of minimum-wage workers had at least a bachelor's degree, while the percentage for all employed was over 34 percent.

## **Marital Status**



Source: U.S. Census Bureau, Current Population Survey

A sizable majority (more than 71 percent) of minimum-wage earners never had been married, while the remainder was split between those who are married with spouse present (17.9 percent) and those with a marital status of other (divorced, separated and widowed with 10.7 percent). While similar to the distribution of minimum-wage workers in the nation, the percentage who had never married was roughly two times that of other Pennsylvania populations analyzed here, with the exception of those earning near minimum wage.

<b>Pennsylvania and U.S. Selected Groups of Hourly Wage and Salary Workers</b> <b>2014</b> <b>(Numbers of workers in thousands)</b>					
Characteristics	At or Below the Minimum Wage		Above the Minimum Wage		Total Hourly Workers
	PA <sup>1</sup>	US <sup>1</sup>	Near PA	Total PA	
<b>TOTAL</b>	<b>157.5</b>	<b>3,012</b>	<b>539.0</b>	<b>3,295.6</b>	<b>77,268</b>
<b>Family Makeup</b>					
No Children (Single or Married)	82%	77%	76%	70%	69%
Married Parent	10%	11%	12%	21%	22%
Single Parent	8%	12%	11%	9%	10%
1 child	6%	6%	8%	6%	5%
2 children	1%	3%	3%	2%	3%
3 children	1%	2%	1%	1%	1%
4 or more children	0%	1%	0%	0%	0%
<b>Household Annual Income</b>					
\$9,999 or less	7%	9%	7%	4%	5%
\$10,000 to 19,999	10%	13%	10%	6%	9%
\$20,000 to 29,999	12%	15%	12%	10%	12%
\$30,000 to 39,999	10%	12%	12%	11%	13%
\$40,000 to 49,999	7%	9%	12%	11%	10%
\$50,000 to 59,999	12%	8%	11%	11%	10%
\$60,000 To 74,999	10%	10%	9%	14%	12%
\$75,000 To 99,999	20%	10%	12%	14%	13%
\$100,000 To 149,999	5%	9%	9%	12%	11%
\$150,000 and Over	6%	5%	6%	7%	6%

<sup>1</sup> PA and U.S. minimum wages in 2014 were \$7.25.

Totals in the table are rounded to the nearest percent and may differ from those in the text and may not sum correctly due to rounding.

Percentages less than one half of one percent were rounded to 0 percent.

Source: U.S. Census Bureau, Current Population Survey

Workers having no children made up 82 percent of those earning the minimum wage or less in Pennsylvania, which was more than the percentage for the same population for the U.S., while married parents (10 percent) and single parents (8 percent) constituted a slightly smaller percentage than the corresponding U.S. population. The family makeup of those earning near the minimum wage in Pennsylvania was more similar to the minimum wage population in the nation than that of Pennsylvania's minimum wage population. These percentages differed considerably from workers in Pennsylvania earning more than the minimum wage and hourly workers in the U.S. These latter two groups were characterized by a much larger percentage of married parents (about a 2-to-1 multiple of the percentage for minimum-wage workers in Pennsylvania), and smaller percentages of those without children.

In 2014, 74 percent of the single parents among Pennsylvania's minimum-wage workers had only one child, while slightly more than 8 percent of them had three or more children.

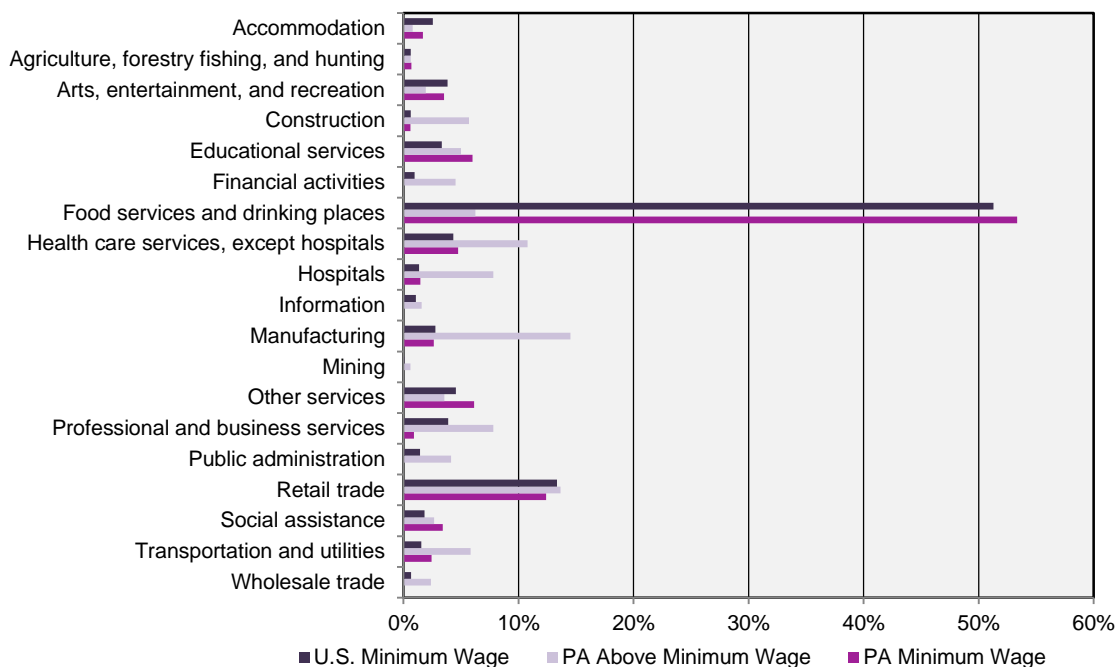
The household income of those who earned the minimum wage or less varied greatly. Forty-seven percent of such households had household incomes less than \$50,000 per year and 30 percent made less than \$30,000 per year. In contrast, 30 percent had annual family incomes of \$75,000 or more, and 11 percent made \$100,000 or more per year. This distribution was similar to near-minimum-wage workers in Pennsylvania, where 29 percent earned less than \$30,000 per year, and 26 percent had annual family incomes of \$75,000 or more a year.





# INDUSTRIAL AND OCCUPATIONAL DISTRIBUTIONS

### A Comparison of Industry Distributions in 2014 of Various Populations: Pennsylvania and the United States

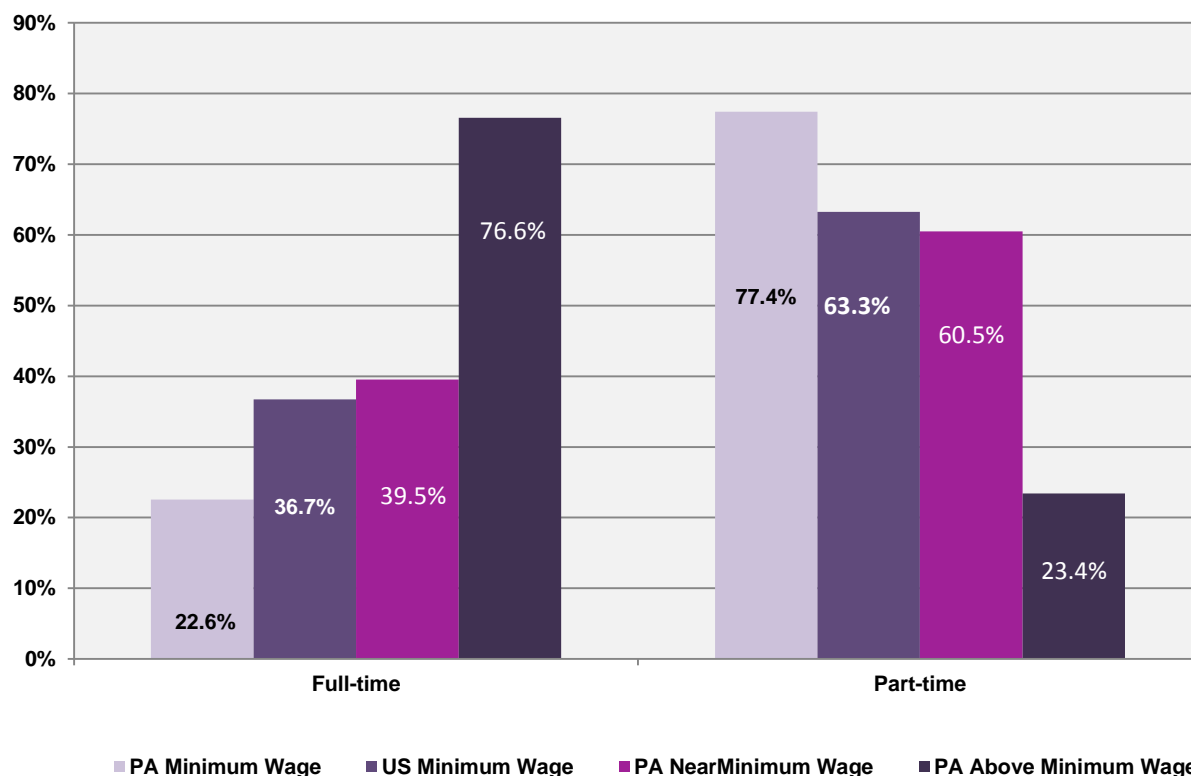


Source: U.S. Census Bureau, Current Population Survey  
PA and US minimum wages in 2014 were both at \$7.25

In Pennsylvania, the industries most likely to employ workers at or below the minimum wage were food services and drinking places, retail trade, other services, and educational services. These industries employed almost 78 percent of all minimum-wage earners in 2014, with food services and drinking places by itself accounting for more than 53 percent. However, almost three-fourths of the industry groups contained some minimum-wage workers. More than 72 percent of workers earning at or below the minimum wage in the nation, as a whole, worked in the industries of food services and drinking places, retail trade, other services, and educational services.

The retail trade industry in Pennsylvania employs a large number of hourly-paid workers across all wage levels, and therefore, accounted for a large proportion of workers earning more than the minimum wage (13.6 percent), as well as those earning the minimum wage or less. Retail trade, in combination with manufacturing and non-hospital health care services, accounted for almost 39 percent of all those earning above the minimum wage in 2014. The industry distribution for workers earning more than the minimum wage in Pennsylvania had representation in all of the major industry groups and was not as concentrated as that of workers in Pennsylvania earning at or below the minimum wage.

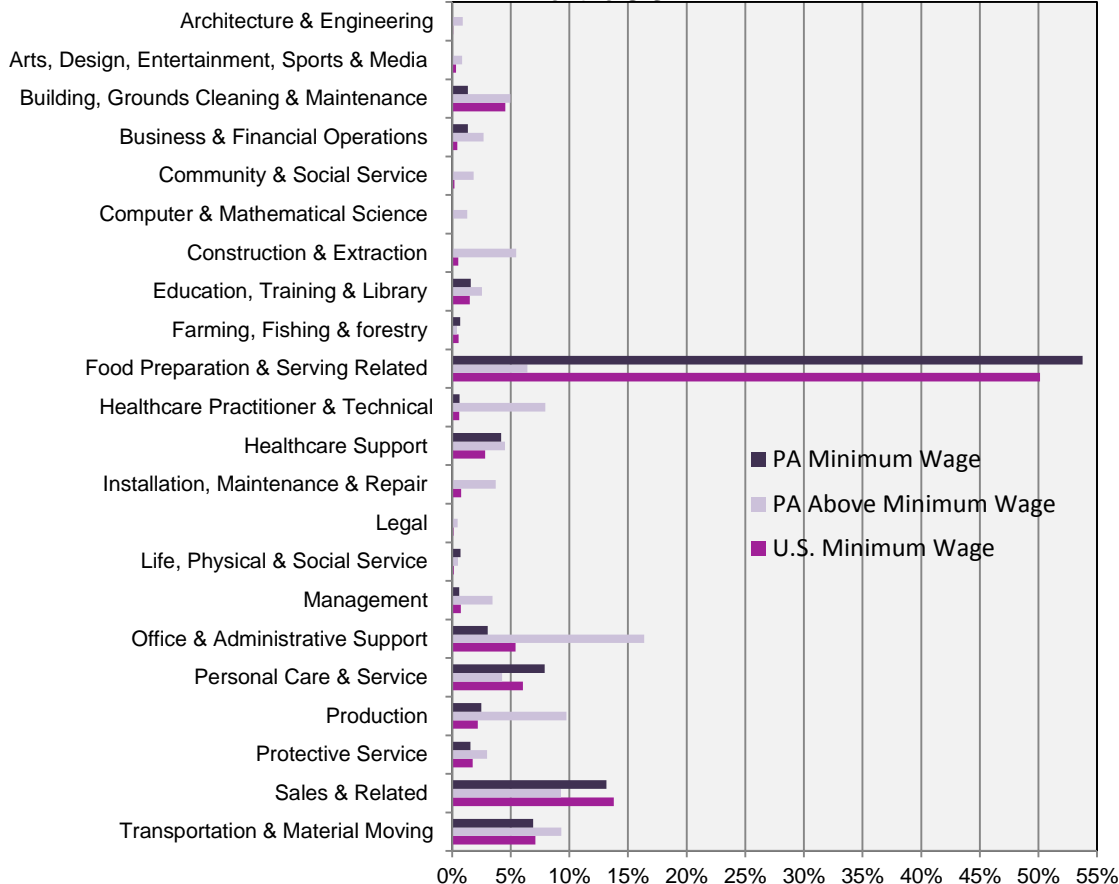
**Distribution of Workers Between Full-time and Part-time:  
2014 Various Populations**



Source: U.S. Census Bureau, Current Population Survey  
PA and US minimum wages in 2014 were both at \$7.25

The Census Bureau classifies full-time as any worker who works at least 35 hours for pay in the survey week. This is irrespective of whether those hours were worked at one job or at many. Conversely, any worker whose cumulative hours worked in the survey week was between one and 34 hours, is classified as part-time. In 2014, slightly less than one out of every four minimum-wage earners in Pennsylvania worked full-time, while more than three out of four of those workers were employed on a part-time basis. The proportions for all hourly workers earning above the minimum wage in Pennsylvania were reversed when compared to minimum-wage workers, with more than three out of four of such workers working on a full-time basis. The ratio of full-time to part-time work for minimum-wage workers in the nation as a whole was similar to that of Pennsylvania workers earning near (but above) the minimum wage. That ratio was also closer to the full-time to part-time ratio of minimum-wage earners in Pennsylvania than to that of workers earning above the minimum wage in Pennsylvania.

### 2014 Occupational Distributions: Pennsylvania's Minimum Wage Population Compared to its Above Minimum Wage Population and the Minimum Wage Population of the U.S.



Both the PA and U.S. minimum wages were \$7.25 in 2014.  
Source: U.S. Census Bureau, Current Population Survey

In 2014, a majority (54 percent) of Pennsylvanians who earned the minimum wage or less worked in food preparation & serving-related occupations. In addition, such earners also were likely to be employed in sales & related occupations (13 percent), personal care & service (8 percent), and transportation & material moving (7 percent). These same occupations were the top four for U.S. workers earning at or below the minimum wage. Minimum-wage workers in Pennsylvania were slightly more concentrated in these top four occupations, than those of the U.S. with 82 percent in them, compared with 77 percent for the U.S.

The distribution of occupations for Pennsylvanians who earned above the minimum wage was more diverse and differed considerably from those who earned the minimum wage or less. The top three occupations were office and administrative support (16 percent), production (10 percent) and tied for third transportation & material moving and sales & related at 9 percent. However, food preparation & serving-related occupations accounted for 6 percent.

# RECENT HISTORICAL COMPARISONS (1 AND 5 YEARS)

<b>Pennsylvania</b> <b>Demographic Characteristics of Hourly Wage &amp; Salary Workers at the Minimum Wage or Below</b> <b>Annual Average 2014 Compared to Annual Average 2013 and 2009</b> <b>(Total numbers of workers in thousands, all other numbers in percent)</b>					
Demographic Characteristics	2009	2013	2014	Percentage Point Change	
	PA <sup>1</sup>	PA <sup>2</sup>	PA <sup>2</sup>	2009 to 2014	2013 to 2014
<b>TOTAL</b>	243.1	190.8	157.5	-	-
<b>Gender</b>					
Male	33%	35%	26%	-7%	-9%
Female	67%	65%	74%	7%	9%
<b>Race</b>					
Black, non-Hispanic	8%	9%	6%	-1%	-3%
Hispanic	6%	12%	4%	-2%	-8%
Other, non-Hispanic	3%	5%	10%	7%	5%
White, non-Hispanic	83%	74%	79%	-4%	5%
<b>Age</b>					
16-19	30%	26%	30%	0%	4%
20-24	21%	32%	23%	2%	-9%
25-34	18%	16%	17%	-1%	1%
35-44	8%	9%	11%	3%	2%
45-54	10%	10%	7%	-3%	-3%
55-64	6%	3%	8%	2%	5%
65 and over	7%	4%	4%	-3%	0%
<b>Education</b>					
Less than a high school diploma	23%	25%	20%	-3%	-5%
High school graduates, no college	40%	35%	41%	1%	6%
Some college, no degree	22%	26%	29%	7%	3%
Associate degree	7%	5%	2%	-5%	-3%
Bachelor's degree or higher	8%	10%	8%	0%	-2%
<b>Marital Status</b>					
Married Spouse Present	24%	18%	18%	-6%	0%
Marital Status Other	13%	13%	11%	-2%	-2%
Never Married	64%	69%	71%	8%	2%

<sup>1</sup>The minimum wage in Pennsylvania was \$7.15 until July 24, 2009 and \$7.25 thereafter.

<sup>2</sup>The minimum wage in 2013 and 2014 was \$7.25 and was unchanged during those years.

Totals and changes may not sum due to rounding.

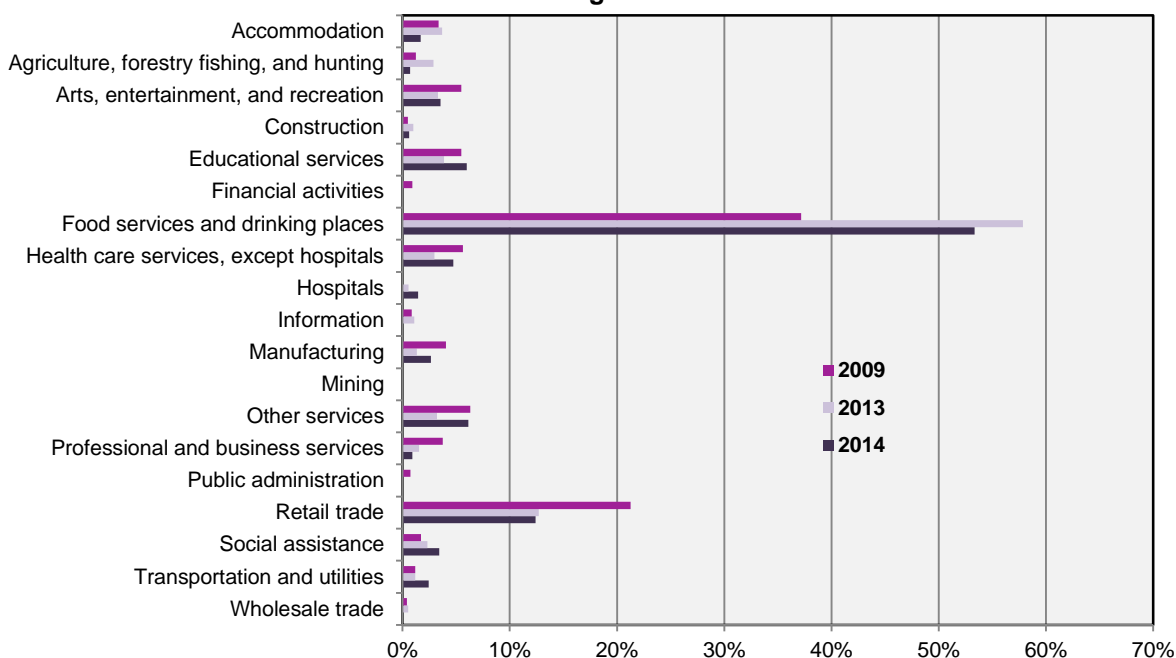
U.S. Census Bureau: Current Population Survey

In July of 2009, when the federal minimum wage was raised to \$7.25 from \$6.55, the minimum wage in Pennsylvania was raised from \$7.15 to its current level of \$7.25. Over the next five years the number of minimum-wage workers in Pennsylvania dramatically declined by 85,600 or 35.2 percent, while overall employment increased by 3.6 percent and the number of hourly workers increased by 4.4 percent. Labor market conditions over this period improved in Pennsylvania as evidenced by the growth in employment and by an increase in average wages. As overall wages were increasing, it is likely that the entire wage distribution shifted to the right and some formerly minimum wage jobs now paid above minimum wage. The decrease in the number of minimum-wage workers is most likely attributable to that.

In 2014, males comprised 26 percent of minimum-wage workers, a dramatically lower percentage than existed in 2013, which was slightly higher than 2009.

From 2009 to 2013, the proportion of Pennsylvania's minimum-wage earners under 25 years of age increased, only to return to a slightly higher than 2009 proportion in 2014. The percentage of minimum-wage workers aged 65 years and older was steady in 2014 after having decreased by 3 percentage points from 2009 to 2013. Over the five year period, as well as for the most recent year, the proportion of minimum-wage workers who were continuing their formal education by getting a high school diploma and/or some college increased, while that of those with an associate degree decreased. There was also a shift from the married with spouse present and marital status other categories to never married.

### A Comparison of Industry Distributions of Pennsylvania's Workers Earning At or Below the Minimum Wage: 2014 vs. 2013 and 2009<sup>1</sup>



<sup>1</sup> The minimum wage was \$7.15 in 2009 until July 24, 2009, when it was raised to \$7.25. It remained at that level through 2013 and 2014.  
Source: U.S. Census Bureau: Current Population Survey

In 2009 and 2014, the industries most likely to employ workers at or below the minimum wage were food services and drinking places as well as retail trade. In 2014, other services rose to third place from sixth place in 2013. Accommodation fell to tenth place after surging to fourth place in 2013 (from ninth in 2009). The predominance of food services and drinking places increased over the interval, going from 37.2 percent in 2009, to 53.3 percent in 2014 (a 4.6 percentage point drop from 2013). While the number of workers earning at or below the minimum wage declined by more than 35 percent from 2009 to 2014, the number of these workers employed in the food service and drinking places industry was only 7 percent lower in 2014 than it was in 2009. Retail trade fell in both absolute and relative terms from 2009 to 2013 and again from 2013 to 2014. Over the five year interval, the industries in addition to retail trade whose share of minimum-wage workers decreased by the most (in percentage points), were: professional and business (2.8 percent), arts, entertainment, and recreation (2.0 percent), and accommodation (1.7 percent). The only industries with absolute growth in the number of minimum-wage workers over the five-year period were: hospitals, social assistance, and transportation and utilities.

Between 2009 and 2013, the proportion of hourly workers earning the minimum wage or less who worked part-time decreased from 71.2 percent to 65.8 percent, but surged to 77.4 percent in 2014.

Occupational Characteristics of Hourly Wage & Salary Workers at the Minimum Wage or Below Pennsylvania Annual Average 2014 Compared to Annual Average 2013 and 2009 (Total numbers of workers in thousands, all others are in percents)					
Occupation	2009	2013	2014	Percentage Point Change	
	PA <sup>1</sup>	PA <sup>2</sup>	PA <sup>2</sup>	2009 to 2014	2013 to 2014
TOTAL	243.1	190.8	157.5	-	-
Architecture & Engineering	0%	0%	0%	0%	0%
Arts, Design, Entertainment, Sports & Media	0%	0%	0%	0%	0%
Building, Grounds Cleaning & Maintenance	3%	4%	1%	-2%	-3%
Business & Financial Operations	0%	0%	1%	1%	1%
Community & Social Service	0%	2%	0%	0%	-2%
Computer & Mathematical Science	0%	1%	0%	0%	-1%
Construction & Extraction	0%	1%	0%	0%	-1%
Education, Training & Library	3%	1%	2%	-1%	0%
Farming, Fishing & forestry	1%	3%	1%	-1%	-3%
Food Preparation & Serving Related	44%	46%	54%	10%	7%
Healthcare Practitioner & Technical	1%	1%	1%	0%	0%
Healthcare Support	3%	1%	4%	1%	3%
Installation, Maintenance & Repair	0%	0%	0%	0%	0%
Legal	0%	0%	0%	0%	0%
Life, Physical & Social Service	0%	1%	1%	1%	0%
Management	1%	0%	1%	-1%	1%
Office & Administrative Support	6%	3%	3%	-3%	0%
Personal Care & Service	8%	6%	8%	0%	2%
Production	3%	3%	2%	0%	0%
Protective Service	1%	3%	2%	0%	-1%
Sales & Related	17%	19%	13%	-4%	-6%
Transportation & Material Moving	7%	4%	7%	0%	2%

<sup>1</sup>The PA minimum wage in 2009 was \$7.15 until July 24, 2009, when it was raised to \$7.25.

<sup>2</sup>The PA minimum wage in both 2013 and 2014 was \$7.25.

Totals and changes may not add up due to rounding.

Source: U.S. Census Bureau, Current Population Survey

In 2009, a plurality (44 percent) of Pennsylvanians who earned the minimum wage or less worked in food preparation & serving-related occupations. In addition, such earners also were likely to be employed in sales & related (17 percent), personal care & service (8 percent), transportation & material moving occupations (7 percent), and office & administrative support (6 percent).

From 2009 to 2014, the proportion of Pennsylvania minimum-wage earners who worked in food preparation & serving-related occupations increased by 10 percentage points. The occupations whose proportions decreased by the largest percentages were sales and related occupations, which fell by 4 percentage points, and office and administrative support occupations, which fell by 3 percentage points. The share of minimum-wage earners in the transportation & material moving occupations, which had decreased by 3 percentage points from 2009 to 2013, rebounded to its 2009 level in 2014.



<b>Pennsylvania Family and Household Income Characteristics of Hourly Wage &amp; Salary Workers At the Minimum Wage or Below Comparison of 2014 to 2013 and 2009</b>					
Characteristic	2009	2013	2014	Percentage Point Change	
	PA <sup>1</sup>	PA <sup>2</sup>	PA <sup>2</sup>	2009 to 2014 (5 Year)	2013 to 2014 (1 year)
TOTAL (in thousands)	243.1	190.8	157.5	-	-
Family Makeup (in Percent)					
No Children (Single or Married)	80%	81%	82%	2%	1%
Married Parent	11%	8%	10%	-1%	2%
Single Parent	10%	11%	8%	-2%	-3%
1 child	3%	5%	6%	2%	1%
2 children	4%	5%	1%	-3%	-4%
3 children	2%	0%	1%	-1%	1%
4 or more children	0%	1%	0%	0%	-1%
Household Annual Income (in Percent) <sup>3</sup>					
\$9,999 or less	-	10%	7%	-	-3%
\$10,000 to 19,999	-	14%	10%	-	-4%
\$20,000 to 29,999	-	9%	12%	-	3%
\$30,000 to 39,999	-	16%	10%	-	-6%
\$40,000 to 49,999	-	9%	7%	-	-2%
\$50,000 to 59,999	-	6%	12%	-	6%
\$60,000 To 74,999	-	7%	10%	-	3%
\$75,000 To 99,999	-	10%	20%	-	10%
\$100,000 To 149,999	-	11%	5%	-	-6%
\$150,000 and Over	-	8%	6%	-	-2%

<sup>1</sup> The PA minimum wage in 2009 was \$7.15 until July 24, 2009, when it was raised to \$7.25.

<sup>2</sup> The PA minimum wage in both 2013 and 2014 was \$7.25.

<sup>3</sup> The U.S. Census Bureau changed the Household Annual Income variable in 2010 making 2009 data non-comparable to that of 2013 and 2014.

Totals in the table are rounded to the nearest percent and may differ from those in the text and may not sum correctly due to rounding.

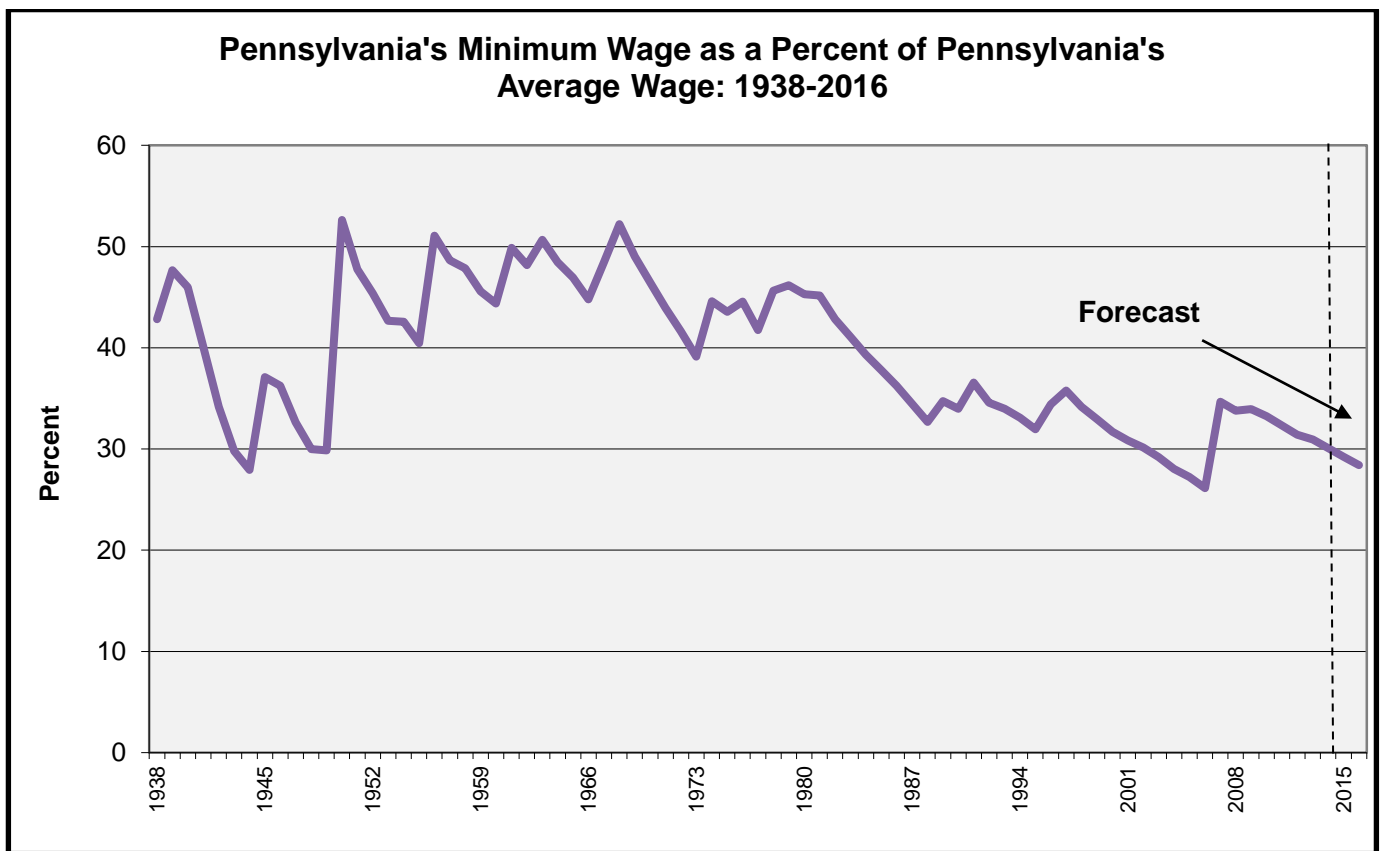
Source: U.S. Census Bureau, Current Population Survey

Workers having no children made up 82 percent of those earning the minimum wage or less in Pennsylvania in 2014, which was slightly higher than the percentage in 2009. Conversely, the proportion of such workers who were single parents decreased by 3 percentage points from 2013 to 2014. Overall the distribution of family characteristics (marital status and number of children) was very similar in 2014 to what it was five years prior in 2009, with the exception of the percentage who were single parents with two children, which decreased by 3 percentage points.

From 2013 to 2014, the percentage of minimum-wage workers whose household income was less than \$30,000 decreased by 3 percentage points to 30 percent. At the same time, the percentage of such workers with household income of at least \$75,000 increased by 1 percentage point to 30 percent. However, the percentage of minimum-wage workers whose household income was at least \$100,000 fell by 8 percentage points. The share of minimum-wage workers whose household income was between \$50,000 and \$99,999 soared by 19 percentage points to 42 percent.



# A HISTORICAL PERSPECTIVE ON THE MINIMUM WAGE IN RELATION TO INFLATION AND THE POVERTY THRESHOLD

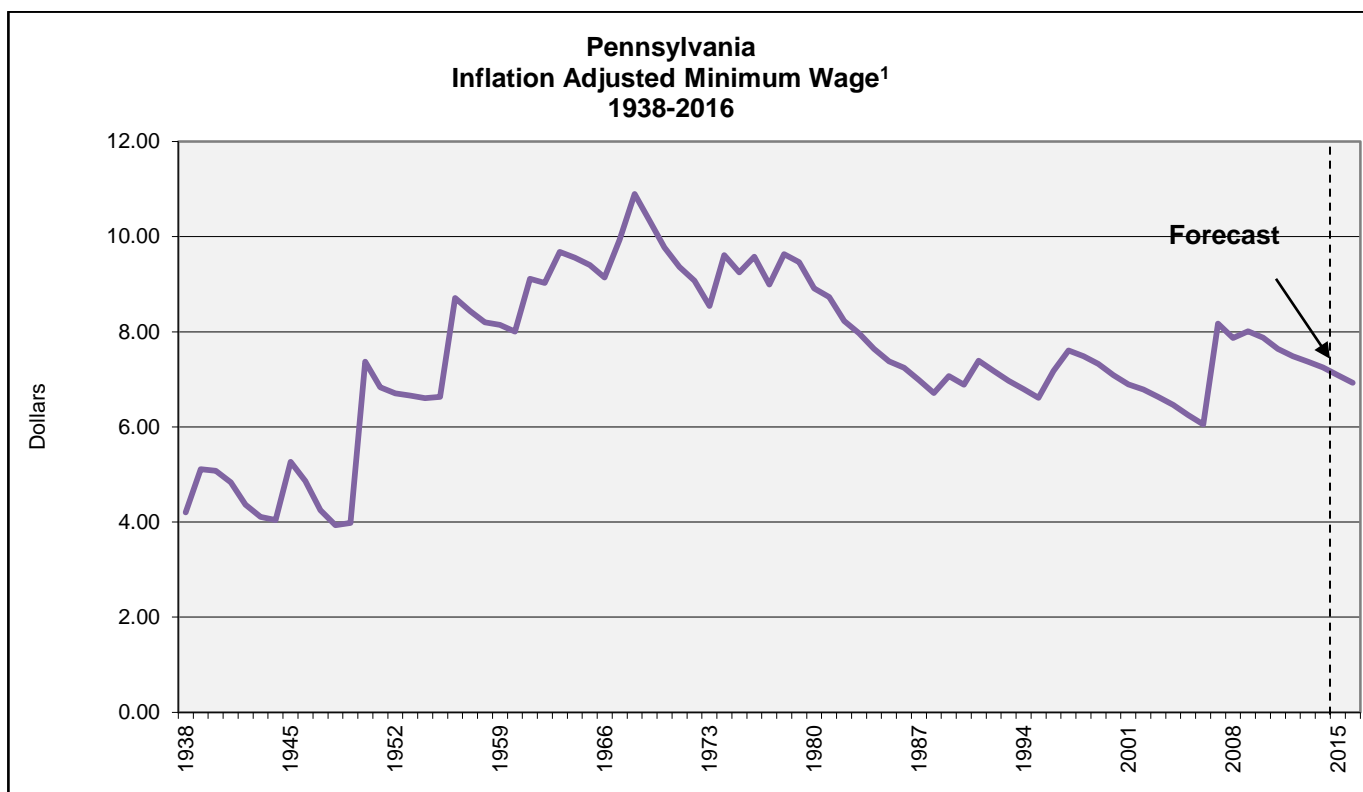


The Average Wage forecast was based on its ten-year arithmetic average.  
The minimum wage in 2013 was \$7.25.

The original level of the minimum wage was set in 1938 at 50 percent of the national average manufacturing wage. Over time, as the coverage of the minimum wage expanded and manufacturing employment declined as a percentage of total employment, the statewide average wage replaced the average manufacturing wage as the relevant comparison wage. Adjusted for projected wage inflation (based on its 10-year average), 50 percent of the average wage was \$11.72 in 2013. It was projected to rise to \$12.05 in 2014, \$12.40 in 2015 and \$12.76 in 2016.

In 1969, a gradual decline in the minimum wage as a percentage of the Pennsylvania's average wage began, and in 2006, Pennsylvania's minimum wage was 26 percent of the average wage; an all-time low since this information first was documented (1938).

The increase in the minimum wage to \$7.25 in July 2009 brought the minimum wage up to 34 percent of the average wage. In 2013, Pennsylvania's minimum wage was 31 percent of the average wage, 19 percentage points below the original level of 50 percent of the average wage. If the minimum wage stays at its current level and the average wage grows at its projected 10 year average rate, the minimum wage will drop to 28 percent of the average Pennsylvania wage by 2016.



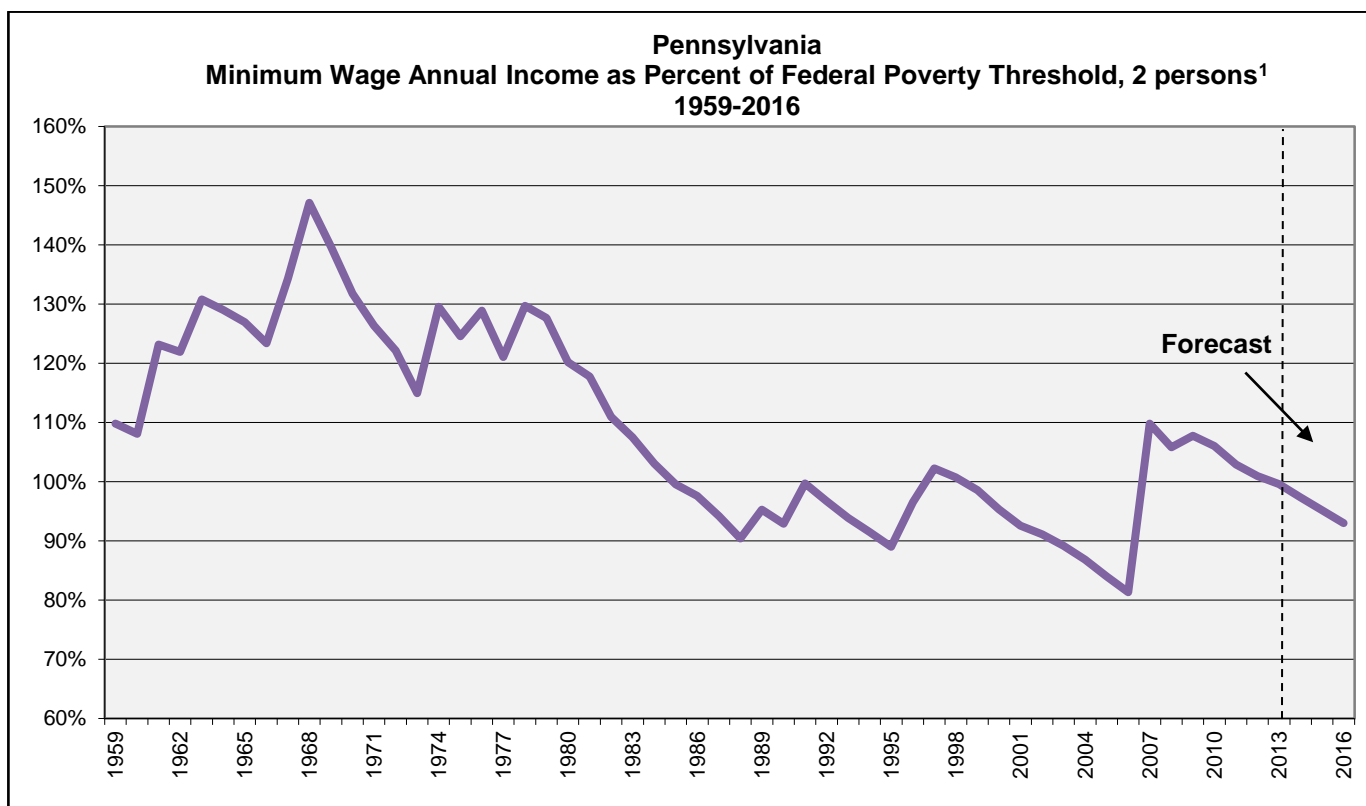
<sup>1</sup>Indexed to 2014 dollars

The inflation forecast was based on its 10-year arithmetic average applied to the minimum wage  
The minimum wage in 2014 was \$7.25.

Inflation adversely affects the purchasing power of an unchanging minimum wage. The value of the 2014 minimum wage of \$7.25 as measured in 2014 dollars was, of course, \$7.25. However, adjusting for projected inflation, it is projected to fall to \$7.09 in 2015 and \$6.93 in 2016.

In 1938, the year in which the minimum wage was instituted, its level of \$0.25 would have been equivalent in purchasing power to \$4.20 in 2014 dollars. The minimum wage was raised to \$0.30 in 1939 and to \$0.40 in 1945 causing its purchasing power to increase. However, the post-war inflation that followed caused the purchasing power of the minimum wage (still \$0.40) to fall to its all-time low of \$3.93, in 1948.

In 1968, the year in which the purchasing power of the minimum wage peaked, the then current nominal minimum wage of \$1.60 was equivalent to \$10.88 in 2014 dollars. Pennsylvania's minimum wage (and the federal minimum wage) remained unchanged from September of 1997 to the end of 2006, while prices rose considerably. As the above graph indicates, in 2006, the purchasing power of the minimum wage was less than at any time since the 1950s. The purchasing power of the minimum wage has been steadily declining since 2009, the last year in which it was raised.



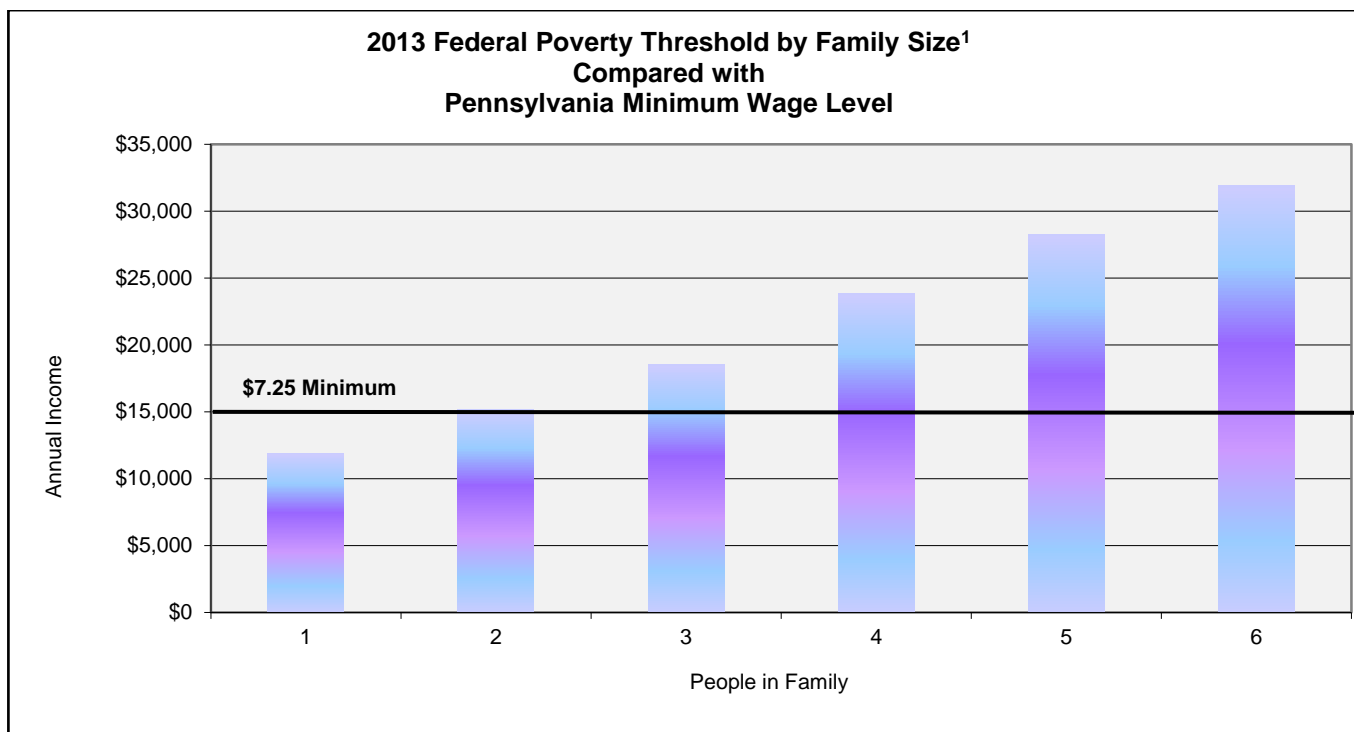
<sup>1</sup> Weighted average threshold (there are slight variations based on the breakdown between adults and children in the household)  
The inflation forecast was based on its 10-year average applied to the poverty threshold.  
Source: U.S. Census Bureau

The Census Bureau annually sets poverty thresholds for families that vary by family size and the ages of its members. Each threshold is a monetary sum that is compared to the family's income to determine the poverty status of all the members of that family. For purposes of this comparison, family income is pre-tax and includes earnings, unemployment compensation, public assistance, and a variety of other unearned income and transfer payments, but excludes capital gains, noncash benefits (e.g. food stamps), and tax credits (e.g. EITC). To provide perspective on the relation between the minimum wage and poverty, hypothetical examples are constructed and illustrated below and on the following page.

In 2006, the Federal Poverty Threshold for a two-person household was \$13,167, and the annual income for an individual working "full-time"<sup>1</sup> at the minimum wage (then \$5.15) was \$10,712, or 81 percent of the poverty threshold, an all-time low. The two 2007 increases in the minimum wage (cumulatively, to \$7.15) raised the corresponding annual income at year end to \$14,872, which was almost 110% of the poverty threshold.

In 2013, the annual income for an individual in Pennsylvania making the minimum wage (\$7.25) was \$15,080 or 99.6 percent of the 2013 Federal Poverty Threshold for a two-person household (\$15,142). This was the first time since 2006 that the annual income for an individual working full-time at the minimum wage fell below the poverty threshold for a two-person household. If the minimum wage remains unchanged at \$7.25 in 2015, the earnings of an individual working "full-time" at that wage almost certainly will remain below 100 percent of the Federal Poverty Threshold for a two-person household.

<sup>1</sup> "Full-time" in this context means working 52 weeks per year and 40 hours per week.



<sup>1</sup> Weighted average threshold (there are slight variations based on the breakdown between adults and children in the household)  
Source: U.S. Census Bureau

A person working “full-time” at the minimum wage of \$7.25 per hour earned \$15,080 during 2013. This income exceeded the 2013 Federal Poverty Threshold for a one-person (\$11,888) household. However, it fell short of the poverty threshold for a two-person (\$15,142) and three-person households (\$18,552).

Therefore, a single parent with two children, working “full-time” at \$7.25 per hour, would earn wages below the applicable poverty threshold. However, a two-parent family with two children, with both parents working “full-time” at the minimum wage, would earn \$30,160, and would exceed the poverty threshold for a four-person household (\$23,834)<sup>2</sup>.

<sup>2</sup> These examples are for illustration purposes only and are not representative of the majority of minimum-wage earners, although they may reflect the situation in some families. As pointed out earlier, most minimum-wage earners work fewer than 35 hours a week and would earn less than \$15,080 per year.





# OTHER STATES

## Minimum Wage Rates by State

Area	2013	2014	2015	Change 2013-2014	Change 2014-2015	Area	2013	2014	2015	Change 2013-2014	Change 2014-2015
Federal	\$7.25	\$7.25	\$7.25	-	-	Federal	\$7.25	\$7.25	\$7.25	-	-
Alabama	\$7.25	\$7.25	\$7.25	-	-	Montana <sup>1</sup>	\$7.80	\$7.90	\$8.05	\$0.10	\$0.15
Alaska	\$7.75	\$7.75	\$8.75	-	\$1.00	Nebraska	\$7.25	\$7.25	\$8.00	-	\$0.75
Arizona <sup>1</sup>	\$7.80	\$7.90	\$8.05	\$0.10	\$0.15	Nevada <sup>1</sup>	\$8.25	\$8.25	\$8.25	-	-
Arkansas	\$7.25	\$7.25	\$7.50	-	\$0.25	New Hampshire	\$7.25	\$7.25	\$7.25	-	-
California	\$8.00	\$9.00	\$9.00	\$1.00	-	New Jersey <sup>1</sup>	\$7.25	\$8.25	\$8.38	\$1.00	\$0.13
Colorado <sup>1</sup>	\$7.78	\$8.00	\$8.23	\$0.22	\$0.23	New Mexico	\$7.50	\$7.50	\$7.50	-	-
Connecticut	\$8.25	\$8.70	\$9.15	\$0.45	\$0.45	New York	\$7.25	\$8.75	\$9.00	\$1.50	\$0.25
Delaware	\$7.25	\$7.75	\$8.25	\$0.50	\$0.50	North Carolina	\$7.25	\$7.25	\$7.25	-	-
Florida <sup>1</sup>	\$7.79	\$7.93	\$8.05	\$0.14	\$0.12	North Dakota	\$7.25	\$7.25	\$7.25	-	-
Georgia	\$7.25	\$7.25	\$7.25	-	-	Ohio <sup>1</sup>	\$7.85	\$7.95	\$8.10	\$0.10	\$0.15
Hawaii	\$7.25	\$7.25	\$7.75	-	\$0.50	Oklahoma	\$7.25	\$7.25	\$7.25	-	-
Idaho	\$7.25	\$7.25	\$7.25	-	-	Oregon <sup>1</sup>	\$8.95	\$9.10	\$9.25	\$0.15	\$0.15
Illinois	\$8.25	\$8.25	\$8.25	-	-	Pennsylvania	\$7.25	\$7.25	\$7.25	-	-
Indiana	\$7.25	\$7.25	\$7.25	-	-	Rhode Island	\$7.75	\$8.00	\$9.00	\$0.25	\$1.00
Iowa	\$7.25	\$7.25	\$7.25	-	-	South Carolina	\$7.25	\$7.25	\$7.25	-	-
Kansas	\$7.25	\$7.25	\$7.25	-	-	South Dakota	\$7.25	\$7.25	\$8.50	-	\$1.25
Kentucky	\$7.25	\$7.25	\$7.25	-	-	Tennessee	\$7.25	\$7.25	\$7.25	-	-
Louisiana	\$7.25	\$7.25	\$7.25	-	-	Texas	\$7.25	\$7.25	\$7.25	-	-
Maine	\$7.50	\$7.50	\$7.50	-	-	Utah	\$7.25	\$7.25	\$7.25	-	-
Maryland	\$7.25	\$7.25	\$8.25	-	\$1.00	Vermont <sup>1</sup>	\$8.60	\$8.73	\$9.15	\$0.13	\$0.42
Massachusetts	\$8.00	\$8.00	\$9.00	-	\$1.00	Virginia	\$7.25	\$7.25	\$7.25	-	-
Michigan	\$7.40	\$8.15	\$8.15	-	-	Washington <sup>1</sup>	\$9.19	\$9.32	\$9.47	\$0.13	\$0.15
Minnesota	\$7.25	\$8.00	\$9.00	\$0.75	\$1.00	West Virginia	\$7.25	\$8.00	\$8.75	\$0.75	\$0.75
Mississippi	\$7.25	\$7.25	\$7.25	-	-	Wisconsin	\$7.25	\$7.25	\$7.25	-	-
Missouri <sup>1</sup>	\$7.35	\$7.50	\$7.65	\$0.15	\$0.15	Wyoming	\$7.25	\$7.25	\$7.25	-	-

<sup>1</sup> Minimum wage tied to inflation rate – Consumer Price Index (CPI)  
The data for 2015 (which includes statutory increases) was accurate as of January 26, 2015.  
Data for the Federal government and states that abut Pennsylvania are shaded in gray.  
Source: U.S. Department of Labor and state websites

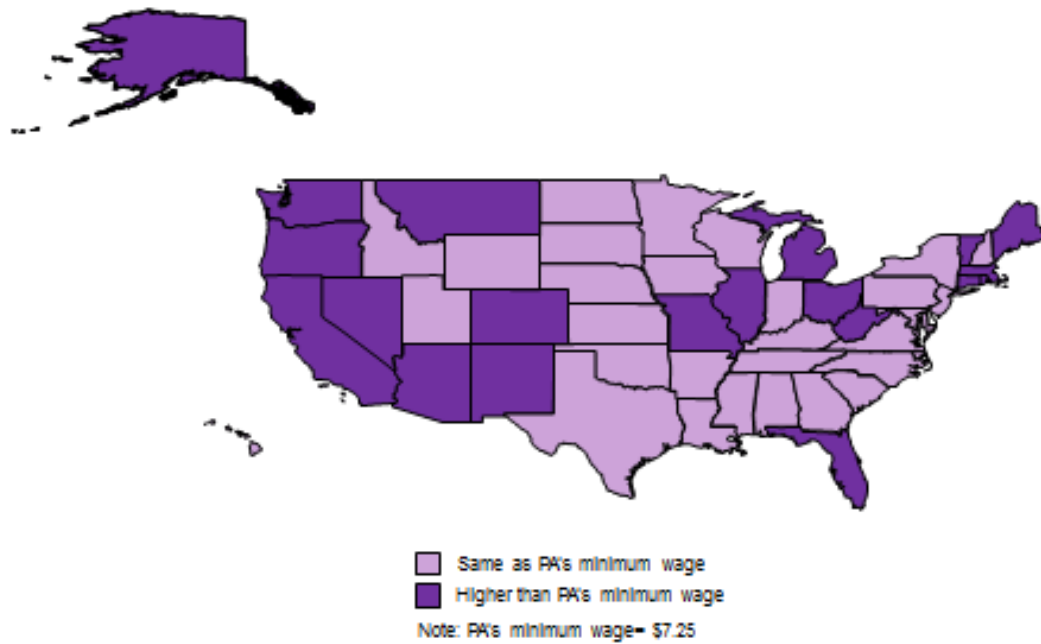
During 2014, 23 states had higher minimum wage rates than Pennsylvania, ranging from \$7.50 to \$9.32. West Virginia joined that group on December 31, 2014, raising the number to 24. As of January 1, 2015, Arkansas, Hawaii, Maryland, Nebraska and South Dakota also joined that group.

In 2014, the remaining 26 states (including Pennsylvania) all effectively had a minimum wage of \$7.25 per hour, which is the federal minimum wage. Of these 26 states, 18 (including Pennsylvania) had a minimum wage requirement equal to the federal rate, three states had a formal minimum wage lower than the federal level, and five states had no statutorily established minimum wage. When the federal rate exceeds a state rate, it supplants the latter rate since federal law supersedes state law. Therefore, the eight states without a statutory minimum wage or with one that is lower than the federal requirement effectively have minimum wages equal to \$7.25 per hour, which is also Pennsylvania's rate.

In 2013, of Pennsylvania's neighboring states (shaded above), Ohio with a minimum wage of \$7.85 was the only state whose minimum wage exceeded that of Pennsylvania's. Beginning in 2015, all of Pennsylvania's neighboring states will have higher minimum wages.

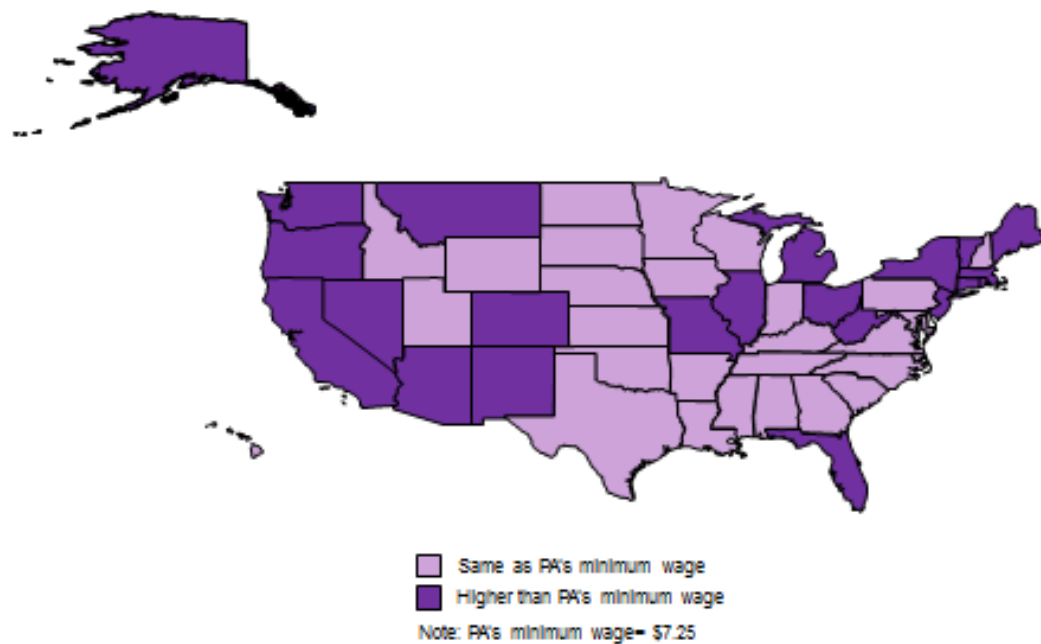
Arizona, Colorado, Florida, Missouri, Montana, Nevada, New Jersey, Ohio, Oregon, Vermont and Washington have their minimum wages tied to the Consumer Price Index (CPI) to provide automatic increases that keep pace with inflation. In 2014 (and projected in 2015), all of these states except Nevada increased their minimum wages. Seventeen states raised their minimum wages in 2014 and so far 23 states are projected to do so in 2015.

## 2013 Pennsylvania and Other States Minimum Wage Comparison



As of 1/23/2015

## 2014 Pennsylvania and Other States Minimum Wage Comparison



As of 1/23/2015



# APPENDIX

## Terms, Definitions and Sources

- Bureau of Labor Statistics (BLS) – The Bureau of Labor Statistics, in the U.S. Department of Labor, is the principal fact-finding agency for the Federal Government in the broad field of labor economics and statistics.
- Census Bureau – The Census Bureau, in the U.S. Department of Commerce, collects general information from individuals and establishments in order to compile statistics.
- Census – A census is an enumeration of the population of a nation or a registration region; a systematic and complete count of all who are living in specified places, usually on a specific date. Like many modern democracies, the United States conducts a complete enumeration every 10 years, under the auspices of the Census Bureau, which publishes detailed reports.
- Current Employment Statistics (CES) – Each month, the Current Employment Statistics program surveys about 200,000 national businesses and government agencies in order to provide detailed industry data on employment, hours, and earnings of workers on non-farm payrolls. This is a collaborative effort between BLS and the states.
- Consumer Price Index (CPI) – Monthly data on changes in the prices paid by urban consumers for a representative basket of goods and services. BLS produces the CPI.
- Cost of Living Adjustment (COLA) – Adjustment of wages designed to offset changes in the cost of living, usually as measured by the Consumer Price Index.
- Current Population Survey (CPS) – The Current Population Survey (CPS) is a statistical survey conducted by the Census Bureau on behalf of the Bureau of Labor Statistics (BLS). The BLS uses the data to provide a monthly report on the national employment situation. This report provides estimates of the number of unemployed people in the United States.
- Employed – Employed persons are all persons who, during the week that includes the 12th day of the month: (a) did any work as paid employees, worked in their own businesses or professions or on their own farm, or worked 15 hours or more as unpaid workers in enterprises operated by members of their families; or (b) were not working but who had jobs from which they were temporarily absent. Each employed person is counted only once, even if the person holds more than one job.
- Fair Minimum Wage Act of 2007 – The act amends the Fair Labor Standards Act of 1938 to increase the federal minimum wage by \$2.10 over two years – from \$5.15 to \$7.25 an hour. On July 24, 2007, the minimum wage increased from \$5.15 to \$5.85. On July 24, 2008, the minimum wage increased from \$5.85 to \$6.55. On July 24, 2009, the final increase occurred, from \$6.55 to \$7.25.
- Federal Poverty Threshold – The set minimum amount of annual income that a family needs for food, clothing, transportation, shelter and other necessities as determined by the Census Bureau. Poverty thresholds vary according to family size. The number is adjusted for inflation and reported annually.

- Fair Labor Standards Act (FLSA) – Passed by the U.S. Congress in 1938 to establish minimum living standards for workers engaged directly or indirectly in interstate commerce, including those involved in production of goods bound for such commerce. A major provision of the act was establishment of a minimum wage. It also established a maximum workweek, overtime pay, record keeping requirements and child labor standards affecting full-time and part-time workers in the private sector and in the federal, state and local governments.
- Inflation – Inflation is a real process of continuously rising prices or, equivalently, of a continuously falling value of money. The consumer price index is the standard used to measure inflation. Changes in the CPI are the measurements of inflation.
- Minimum Wage – Minimum wage is the lowest lawful hourly level at which workers may be compensated by their employers; it is established by the FLSA at the federal level, and by the Minimum Wage Act in Pennsylvania.
- National Bureau of Economic Research (NBER) – The NBER is the nation's leading nonprofit economic research organization. Due to its work on national accounts and business cycles, the NBER is well-known for providing start and end dates for recessions in the United States.
- Poverty Thresholds – The Census Bureau uses a set of annual money income thresholds that vary by family size and composition to determine who is in poverty. Every member of a family is deemed to be in poverty if the family's total income is less than the applicable threshold. The calculation of family income includes before tax income from earnings, unearned income (interest, dividends, rents, etc.), and cash transfer payments (unemployment compensation, Social Security, SSI, public assistance, etc.), but excludes capital gains and losses, tax credits (e.g. EITC), and noncash benefits (e.g. food stamps).
- Quarterly Census of Employment and Wages (QCEW) – QCEW is a comprehensive tabulation of employment and wage information for workers covered by Pennsylvania unemployment insurance laws. QCEW covers approximately 98 percent of total employment. The data generally is available nine to 12 months after a quarter ends.
- Unemployed – Unemployed persons are persons aged 16 years and older who had no employment during the reference week (the week containing the 12th day of the month), were available for work (except for temporary illness), and made specific efforts to find employment sometime during the four-week period ending with the reference week. Persons who were waiting to be recalled to jobs from which they had been laid off need not have been looking for work to be classified as unemployed.

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