



**March 2014**

# **Analysis of the Pennsylvania Minimum Wage in 2013**

**Minimum Wage Advisory Board**

# **Commonwealth of Pennsylvania**

## **Minimum wage Advisory Board Members**

### Chairperson

**J. Scott Robinette**

Deputy Secretary  
Pennsylvania Department of Labor & Industry  
651 Boas St.  
Harrisburg, PA 17121

### Labor Representatives

**Jim Deegan**

Editor  
Pennsylvania AFL-CIO  
319 Market St.  
Harrisburg, PA 17101

**Carl Dillinger**

Director of Community Services & Education  
Pennsylvania AFL-CIO  
319 Market St.  
Harrisburg, PA 17101

**John Meyerson**

Director of Legislation and Political Action  
United Food and Commercial Workers  
Local 1776  
3031-A Walton Rd., Suite 201  
Plymouth Meeting, PA 19462

### General Public Representatives

**Nadia Hewka**

Senior Staff Attorney  
Community Legal Services  
1424 Chestnut St.  
Philadelphia, PA 19102

**Vincent A. Vicites**

Fayette County Commissioner  
61 East Main St.  
Uniontown, PA 15401

**Jessica E. Meyers**

President  
JEM Group  
509 North Second St.  
Harrisburg, PA 17101

### Employer Representatives

**Alex Halper**

Director, Government Affairs  
Pennsylvania Chamber of Business and Industry  
417 Walnut Street  
Harrisburg, PA 17101

**Scott D. Briggs**

Vice President of Human Resource & Communication  
Knouse Foods, Inc.  
800 Peach Glen-Idaville Road  
Peach Glen, PA 17375

**Warren Hudak**

President  
Hudak & Company  
207 Locust Drive  
New Cumberland, PA 17070



## **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).



## Contents

	<u>Page</u>
Preface	1
Introduction	5
Summary	7
I. Wage Distribution of All Hourly Workers	13
II. Comparison of Minimum wage Worker Characteristics to Other Populations	15
III. Industrial and Occupational Distributions	21
IV. Recent Historical Comparisons (1 and 5 Years)	25
V. A Historical Perspective on the Minimum wage in Relation to Inflation and the Poverty Threshold	31
VI. Other States	37
Appendix	41
Terms, Definitions and Sources	42



## 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 minimums to the minimum wage for certain employers and certain job classifications. For example, farm workers, seasonal workers, and newspaper deliverers are exempt from both state and federal minimum-wage law, while lower minimums 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 minimums. 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.



**Note:** This report has been prepared using available data from the 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 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 data, 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 prior to tips; however, their employers are legally obligated to supplement their earnings so that the total is at 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.

Furthermore, 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 2013, there were 190,800 Pennsylvania workers earning minimum wage or less, which was 3,700 (1.9 percent) lower than the 2012 level. The decrease in 2013 was due to a decrease of 12,400 in those earning below the minimum wage, while the number of those earning exactly the minimum wage (\$7.25 per hour) increased by about 8,700.
- Pennsylvania's total employment increased by roughly 28,600 (0.5 percent) in 2013, while U.S. employment increased by 1,460,000 (1.0 percent). Pennsylvania's hourly employment increased by 22,800 (0.7 percent), while U.S. hourly employment increased by 659,000 (0.9 percent). The proportion of all workers receiving hourly rates rose slightly in Pennsylvania and fell slightly in the nation from 2012. In 2013, the percentage of the employed earning hourly rates was higher in Pennsylvania (58 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 79.6 percent of hourly workers earning more than \$2.00 per hour above the minimum wage (above \$9.25), and 5.5 percent earning the minimum wage or below. These figures compare with 76.8 percent and 4.3 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 slightly, while that of those earning "near the minimum wage" (exceeding the minimum wage by \$2.00 or less) decreased by a greater percentage and the proportion of those earning at least \$2.00 more than the minimum wage increased.
- In terms of employment, the labor markets in Pennsylvania and the U.S. improved slightly in 2013. In addition, the wage distribution shifted to the right (smaller percentages earning the lower wage rate categories and larger percentages earning the higher wage rate categories). A contemporaneous increase of employment levels and wages is a sign that labor markets are strengthening.

## **Comparison of Minimum wage Worker Characteristics to Other Populations**

- A majority of Pennsylvania earners at or below the minimum wage in 2013 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 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, whites, who constituted almost three out of every four minimum-wage earners in Pennsylvania, were still underrepresented relative to the comparison populations.
- Workers having no children made up 81 percent of those earning the minimum wage or less in Pennsylvania.
- Eleven percent of minimum-wage workers were single parents, and 8 percent were married with one or more children.
- The household income of those who earned the minimum wage or below varied greatly. Fifty-nine percent of such households earned less than \$50,000 per year, and 34 percent made less than \$30,000 per year. In contrast, 28 percent had annual household incomes of \$75,000 or more a year, and 18 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, and educational services. These industries employed more than 74 percent of all minimum-wage earners in 2013, with food services and drinking places by itself accounting for almost 58 percent. However, more than four-fifths of the industry groups contained some minimum-wage workers.
- In 2013, almost 66 percent of hourly-paid workers earning the minimum wage or less worked part time, while over 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, in combination with manufacturing and non-hospital health care services accounted for more than 38 percent of all workers earning above the minimum wage in 2013.
- In 2013, more than 46 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 (19 percent), personal care & service (6 percent), and transportation & material moving (5 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 (17 percent), transportation and material moving (10 percent) and production (10 percent). However, food preparation & serving-related occupations accounted for only 7 percent.

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

- The number of minimum-wage workers fell by 71,800 (27.3 percent) from 2008 to 2013. Over this period, total employment fell by 1.1 percent while the number of those paid an hourly rate rose by only 0.4 percent. The minimum wage in Pennsylvania was raised twice in 2007 (from \$5.15/hour), first to \$6.25 on January 1, and then to \$7.15 on July 1. It was raised again in July of 2009 to its current level of \$7.25. The absolute decrease in the number of minimum-wage workers from 2008 most likely reflects the decrease in overall employment combined with a decrease in the minimum wage compared to the average wage in Pennsylvania.
- The percentage of minimum-wage workers in food service & drinking places increased from over 34 percent to almost 58 percent over the five year interval from 2008 to 2013. Pennsylvania minimum-wage workers who worked in food preparation & serving related occupations also increased by seven percentage points from 2008 to 2013, while those employed in office and administrative support occupations decreased by eight 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 2012, 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 2013 minimum wage of \$7.25 as measured in 2013 dollars was, of course, \$7.25. However, adjusting for projected inflation, it is projected to fall to \$7.08 in 2014 and \$6.91 in 2015.
- In 2012, the full-time annual income for an individual in Pennsylvania making the minimum wage (\$7.25) was \$15,080 or 101 percent of the 2012 Federal Poverty Threshold for a two-person household (\$14,937). If the minimum wage remains unchanged at \$7.25 in 2014, the earnings of an individual working full time at that wage almost certainly will dip below 100 percent of the Federal Poverty Threshold for a two-person household.
- The full-time earnings of \$15,080 that the minimum-wage worker received exceeded the 2012 Federal Poverty Threshold for one-person (\$11,720) and two-person households (\$14,937), but fell short of this poverty threshold for three-person households (\$18,284).

## **Other States**

- In 2013, 19 states had higher minimum-wage rates than Pennsylvania, ranging from \$7.35 to \$9.19. As of January 1, 2014, New York and New Jersey joined that group, raising the number to 21. For more information, please see the table on page 38.
- In 2013, the remaining 31 states (including Pennsylvania) all effectively had a minimum wage of \$7.25 per hour, which is the federal minimum wage. Of these 31 states, 22 (including Pennsylvania) had a minimum-wage requirement equal to the federal rate, 4 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 nine 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, which also is Pennsylvania's rate.
- 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. In 2014, New York and New Jersey will also have higher minimum wages.

- Arizona, Colorado, Florida, Missouri, Montana, Nevada, 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 2013 and 2014 (so far), all of these states except Nevada increased their minimum wages. Effective January 1, 2014, Connecticut and Rhode Island raised their rates to \$8.70 and \$8.00 respectively. California is raising its rate to \$9.00, as of July 1, 2014.

## **Conclusion**

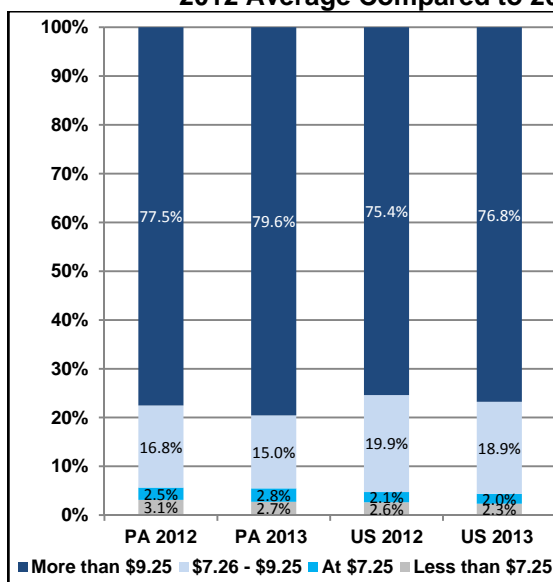
- In 2013, there were 190,800 Pennsylvania workers earning minimum wage or less, or 5.5 percent of all hourly workers and 3.2 percent of total employment. This was a decrease of 3,700 or 1.9 percent from 2012, when there were 194,500 workers making minimum wage or less.
- From 2012 to 2013, the number of Pennsylvania workers at or below the minimum wage decreased (by 1.9 percent), while total employment and the number of all hourly workers increased by 0.5 percent and 0.7 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 71,800 (27.3 percent) from 2008 to 2013. Over this period, total employment fell by 1.1 percent, while the number of those paid an hourly rate increased by 0.4 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 2008 most likely reflects the decrease in employment, due in part to the recession, combined with a decrease in the minimum wage compared to the average wage in Pennsylvania.
- The industries most likely to employ workers at or below the minimum wage were food services and drinking places; retail trade; and, educational services. Part time workers accounted for almost two out of every three 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 2013 minimum wage of \$7.25 is projected to fall to \$6.91 by 2015, as measured in 2013 dollars.
- In 2013, 19 states had higher minimum wage rates than Pennsylvania, ranging from \$7.35 to \$9.19. As of January 1, 2014, New York and New Jersey joined that group, raising the number to 21. During 2013, of Pennsylvania's neighboring states, Ohio was the only state whose minimum wage (\$7.85) exceeded Pennsylvania's. Ten 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  
2012 Average Compared to 2013 Average (Numbers of workers in thousands)**



Total, 16 Years and Over	2012		2013		Percentage Point Change 2012 to 2013	
	US	PA	US	PA	US	PA
Total Employment	142,469	5,972.9	143,929	6,001.5	-	-
Total Paid an Hourly Rate	75,349	3,448.9	76,008	3,471.7	-	-
Total at or below \$7.25	3,562	194.5	3,325	190.8	-	-
Less than \$7.25 (in percent)	2.6%	3.1%	2.3%	2.7%	-0.3%	-0.4%
At \$7.25 (in percent)	2.1%	2.5%	2.0%	2.8%	-0.1%	0.2%
\$7.26 – \$9.25 (in percent)	19.9%	16.8%	18.9%	15.0%	-1.0%	-1.9%
More than \$9.25 (in percent)	75.4%	77.5%	76.8%	79.6%	1.4%	2.0%

Source: U.S. Census Bureau, Current Population Survey  
Both the U.S. minimum wage and the PA minimum wage were \$7.25 during 2012 and 2013.  
Totals may not sum due to rounding.

In 2013, there were 190,800 Pennsylvania workers earning minimum wage or less, which was 3,700 (1.9 percent) lower than the 2012 level. The decrease in 2013 was due to a decrease of 12,400 in those earning below the minimum wage, while the number of those earning exactly the minimum wage (\$7.25 per hour) increased by about 8,700. These workers constituted 3.2 percent of total employment and 5.5 percent of all hourly workers.

The labor markets in Pennsylvania and the U.S. improved slightly in 2013, in terms of employment, while its percentage rate of change slowed from 2012. Pennsylvania's total employment increased by roughly 28,600 (0.5 percent) in 2013, while U.S. employment increased by 1,460,000 (1.0 percent). Pennsylvania's hourly employment increased by 22,800 (0.7 percent), while U.S. hourly employment increased by 659,000 (0.9 percent). The proportion of all workers receiving hourly rates rose slightly in Pennsylvania and fell slightly in the nation from 2012. In 2013, the percentage of the employed earning hourly rates was higher in Pennsylvania (58 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. (i.e., the lowest and highest wage categories had higher percentages and the categories between them had lower percentages than the comparison population), with 79.6 percent of hourly workers earning more than \$2.00 per hour above the minimum wage (above \$9.25), and 5.5 percent earning the minimum wage or below. These figures compare with 76.8 percent and 4.3 percent, respectively, for the U.S. The proportion of workers at the lower end decreased slightly in Pennsylvania, while that of the upper tail increased by two percentage points. For the U.S. overall, the proportion of minimum-wage or below workers fell by 0.4 percentage points, while the proportion of workers earning more than \$2.00 above the minimum wage increased by 1.4 percentage points. There seemed to be a shift from below minimum wage to minimum wage and from "near minimum wage" (between \$7.26 and \$9.25) to more than \$2.00 above minimum wage, in Pennsylvania.

# COMPARISON OF MINIMUM WAGE WORKER CHARACTERISTICS TO OTHER POPULATIONS

<b>Pennsylvania and U.S. 2013 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 Employed	Population 16 and over	
	PA <sup>1</sup>	US <sup>1</sup>	Near	Total	PA	PA	US
			PA	PA			
<b>TOTAL</b>	<b>190.8</b>	<b>3,325</b>	<b>519.0</b>	<b>3,280.9</b>	<b>6,001.5</b>	<b>10,208.0</b>	<b>245,679</b>
<b>Gender</b>							
Male	34.7%	38%	39.9%	49.6%	52.3%	48.0%	48%
Female	65.3%	62%	60.1%	50.4%	47.7%	52.0%	52%
<b>Race</b>							
Black, non-Hispanic	8.8%	14%	10.6%	10.2%	9.0%	10.0%	12%
Hispanic	12.4%	19%	9.7%	5.6%	4.8%	5.2%	15%
Other, non-Hispanic	4.6%	7%	4.4%	3.1%	3.6%	3.8%	8%
White, non-Hispanic	74.3%	60%	75.3%	81.0%	82.7%	81.1%	65%
<b>Age</b>							
16-19	26.0%	25%	19.8%	4.3%	3.4%	6.3%	7%
20-24	32.2%	26%	25.0%	12.2%	8.8%	8.5%	9%
25-34	16.2%	21%	17.1%	21.0%	20.1%	15.7%	17%
35-44	8.8%	11%	10.3%	17.8%	19.9%	14.8%	16%
45-54	10.2%	9%	12.1%	22.5%	24.3%	18.8%	18%
55-64	2.5%	5%	10.1%	17.3%	18.0%	16.9%	16%
65 and over	4.1%	3%	5.5%	4.9%	5.6%	19.1%	18%
<b>Education</b>							
Less than a high school diploma	24.8%	28%	19.1%	7.7%	6.4%	12.7%	15%
High school graduates, no college	34.9%	30%	42.8%	43.6%	33.9%	37.5%	29%
Some college, no degree	26.1%	28%	23.4%	16.3%	14.2%	14.0%	19%
Associate degree	4.6%	6%	6.5%	13.6%	11.6%	9.1%	9%
Bachelor's degree or higher	9.7%	8%	8.3%	18.8%	33.8%	26.6%	28%
<b>Marital Status</b>							
Married Spouse Present	17.7%	21%	27.7%	49.8%	55.3%	50.1%	50%
Marital Status Other	12.9%	12%	13.1%	15.2%	14.9%	19.2%	20%
Never Married	69.4%	67%	59.2%	35.0%	29.9%	30.6%	30%

<sup>1</sup>Both the U.S. and PA minimum wages were \$7.25 during 2013.

Totals may not sum due to rounding.

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

## Gender

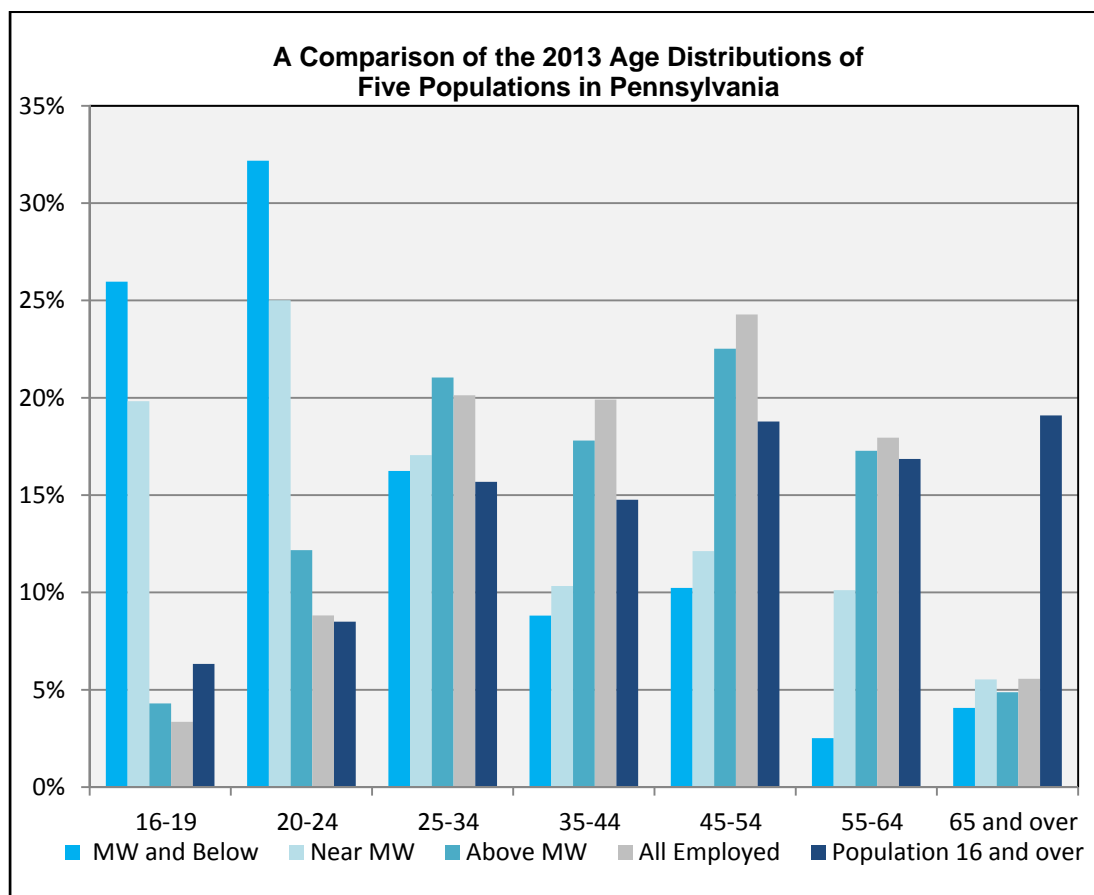
The gender composition of Pennsylvania's minimum-wage workers, in 2013, was similar to that of other minimum-wage workers in the U.S., but differed considerably from other populations within Pennsylvania and the country overall, with the exception of those whose wage exceeded the minimum wage by \$2.00 or less, which we classify as "near-minimum wage." 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 2013, females outnumbered males by 1.9 to 1 (65.3 percent to 34.7 percent). Similarly the ratio of females-to-males among the near-minimum-wage earners was 1.5 to 1 (60.1 percent to 39.9 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 in the population or 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 behind that of Hispanics, who were overrepresented relative to their populations of those 16 years and older as well as those who were employed. The distribution in this category, of those earning “near-minimum wage” was similar to that of the minimum-wage distribution.

## Age



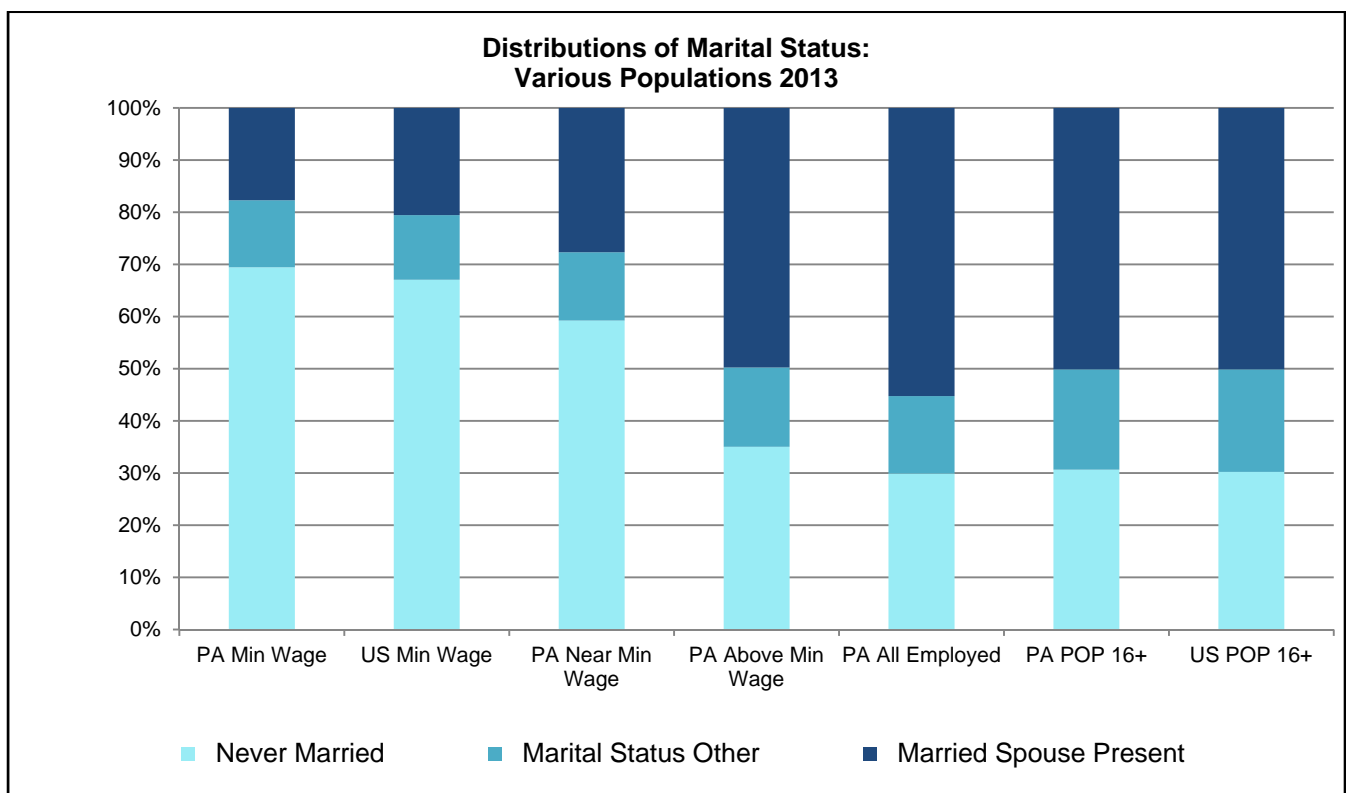
Source: U.S. Census Bureau, Current Population Survey

During 2013, 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 population of all employed. Over 58 percent of Pennsylvania’s minimum-wage population was under 25 years of age, while only 12.2 percent of all employed were in that age group. Over 35 percent of Pennsylvania’s minimum-wage workers were between 25 and 54 years of age, while the corresponding percentage for all employed was over 64 percent. Minimum-wage workers who were 55 years old or older constituted only 6.6 percent of that population while for the all employed population it was 23.6 percent. (This age group constituted almost 36 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 2013 distribution of educational attainment for minimum-wage earners in Pennsylvania was similar to such workers in the nation, 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 60 percent of those earning the minimum wage or less in 2013, as compared to about 40 percent for all employed. At the other end of the distribution, only 9.7 percent of minimum-wage workers had at least a bachelor's degree, while the percentage for all employed was almost 34 percent. Among the Pennsylvania populations depicted, the educational distribution of the near-minimum wage earners was most similar to that of the minimum-wage population.

## **Marital Status**



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

A sizable majority (over 69 percent) of minimum-wage earners never had been married, while the remainder is split between those who are married with spouse present (17.7 percent) and those with a marital status of other (divorced, separated, and widowed with 12.9 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 the minimum wage.

<b>Pennsylvania and U.S. Selected Groups of Hourly Wage and Salary Workers</b> <b>2013</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	Total	
	PA	US		PA	US
<b>TOTAL</b>	<b>190.8</b>	<b>3,325</b>	<b>519.0</b>	<b>3,280.9</b>	<b>76,008</b>
<b>Family Makeup</b>					
<b>No Children (Single or Married)</b>	81%	78%	77%	71%	69%
<b>Married Parent</b>	8%	10%	12%	21%	22%
<b>Single Parent</b>	11%	12%	10%	7%	10%
<b>1 child</b>	5%	7%	6%	4%	5%
<b>2 children</b>	5%	3%	3%	2%	3%
<b>3 children</b>	0%	1%	1%	1%	1%
<b>4 or more children</b>	1%	1%	0%	0%	0%
<b>Household Annual Income</b>					
<b>\$9,999 or less</b>	10%	10%	6%	3%	5%
<b>\$10,000 to 19,999</b>	14%	16%	12%	6%	9%
<b>\$20,000 to 29,999</b>	9%	14%	11%	10%	12%
<b>\$30,000 to 39,999</b>	16%	12%	11%	12%	13%
<b>\$40,000 to 49,999</b>	9%	8%	13%	11%	10%
<b>\$50,000 to 59,999</b>	6%	8%	8%	9%	9%
<b>\$60,000 To 74,999</b>	7%	9%	9%	14%	12%
<b>\$75,000 To 99,999</b>	10%	10%	11%	15%	13%
<b>\$100,000 To 149,999</b>	11%	9%	13%	14%	11%
<b>\$150,000 and Over</b>	8%	5%	6%	6%	6%

<sup>1</sup> PA and U.S. minimum wages in 2013 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 81 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 both single (8 percent) and married (11 percent) parents constituted a slightly smaller percentage. 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 (more than a 2 to 1 multiple of the percentage for minimum-wage workers in Pennsylvania), and smaller percentages of those without children.

In 2013, 48 percent of the single parents among Pennsylvania's minimum-wage workers had only one child, while less than 5.5 percent of them had three or more children.

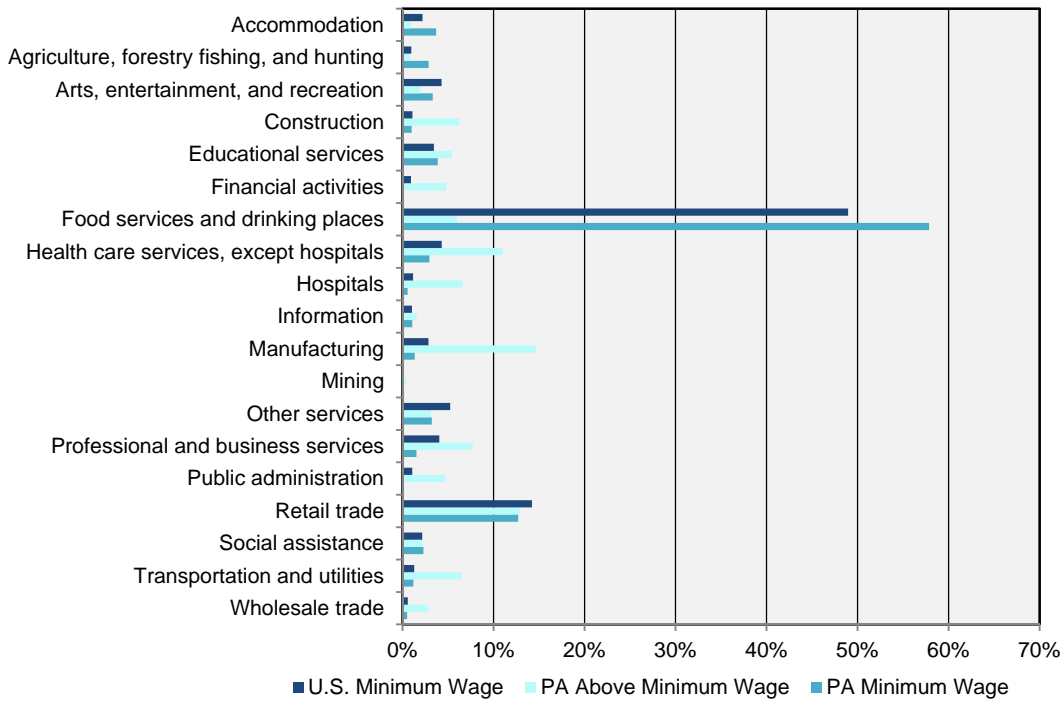
The household income of those who earned the minimum wage or less varied greatly. Fifty-nine percent of such households had household incomes less than \$50,000 per year and 34 percent made less than \$30,000 per year. In contrast, 28 percent had annual family incomes of \$75,000 or more, and 18 percent made \$100,000 or more per year. This distribution was similar to minimum-wage workers in the U.S., where 60 percent earned less than \$50,000 per year, and 30 percent had annual family incomes of \$75,000 or more a year.



# INDUSTRIAL AND OCCUPATIONAL DISTRIBUTIONS



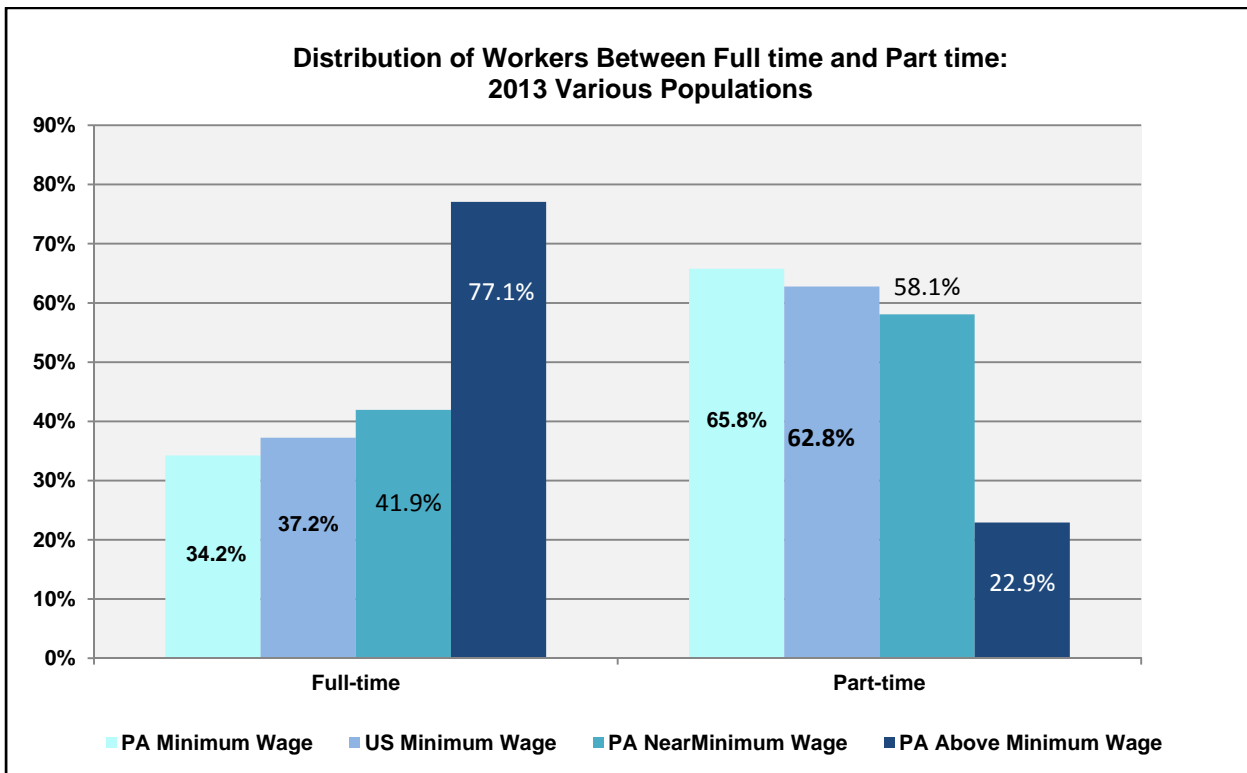
### A Comparison of Industry Distributions in 2013 of Various Populations: Pennsylvania and the United States



PA and U.S. minimum wages in 2013 were both at \$7.25  
Source: U.S. Census Bureau, Current Population Survey

In Pennsylvania, the industries most likely to employ workers at or below the minimum wage were food services and drinking places, retail trade, and educational services. These industries employed more than 74 percent of all minimum-wage earners in 2013, with food services and drinking places by itself accounting for almost 58 percent. However, more than 80 percent of the industry groups contained some minimum-wage workers. More than two out of three 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, and other services.

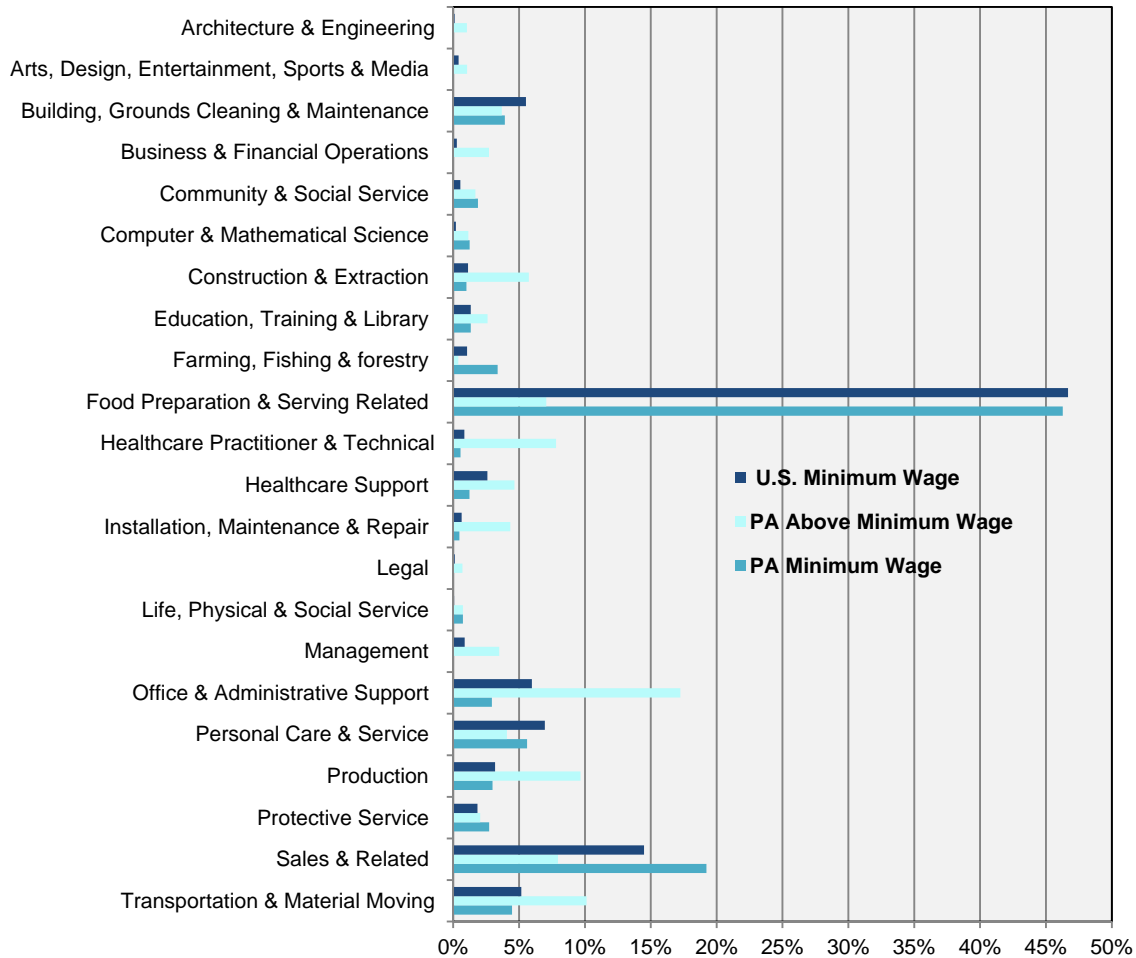
The retail trade industry in Pennsylvania employs a large number of hourly-paid workers across all wage levels, and therefore accounted for a large proportion of workers earning more than the minimum wage (12.9 percent), as well as those earning the minimum wage or less. Retail trade, in combination with manufacturing and non-hospital health care services, accounted for more than 38 percent of all those earning above the minimum wage in 2013. 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.



PA and U.S. minimum wages in 2013 were both at \$7.25  
Source: U.S. Census Bureau, Current Population Survey

The Census Bureau classifies as full time, any worker who worked 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 2013, slightly more than one out of every three minimum-wage earners in Pennsylvania worked full time, while close to two out of three of those workers were employed on a part-time basis. These ratios were similar to minimum-wage workers in the nation as a whole as well as Pennsylvania workers earning near (but above) the minimum wage. The proportions for all hourly workers earning above the minimum wage in Pennsylvania were reversed and even more extreme, with over three out of four of such workers working on a full-time basis.

**2013 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 2013.  
Source: U.S. Census Bureau, Current Population Survey

In 2013, a plurality (more than 46 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 (19 percent), personal care & service (6 percent), and transportation & material moving (5 percent). These same occupations were the top four for U.S. workers earning at or below the minimum wage; however, office & administrative support replaced transportation & material moving for fourth place. Minimum-wage workers in Pennsylvania were slightly more concentrated in these top three occupations than those of the U.S., with over 71 percent in them, compared with 68 percent for the United States.

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 (17 percent), transportation & material moving (10 percent) and production (10 percent). However, food preparation & serving-related occupations accounted for only 7 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 2013 Compared to Annual Average 2012 and 2008</b> <b>(Total numbers of workers in thousands, all other numbers in percent)</b>					
Demographic Characteristics	2008	2012	2013	Percentage Point Change	
	PA <sup>1</sup>	PA <sup>2</sup>	PA <sup>2</sup>	2008 to 2013	2012 to 2013
<b>TOTAL</b>	262.6	194.5	190.8	-	-
<b>Gender</b>					
Male	40%	34%	35%	-5%	1%
Female	60%	66%	65%	5%	-1%
<b>Race</b>					
Black, non-Hispanic	6%	9%	9%	2%	0%
Hispanic	4%	6%	12%	8%	6%
Other, non-Hispanic	4%	7%	5%	0%	-2%
White, non-Hispanic	85%	78%	74%	-11%	-4%
<b>Age</b>					
16-19	31%	26%	26%	-5%	0%
20-24	23%	31%	32%	9%	1%
25-34	16%	23%	16%	0%	-7%
35-44	9%	7%	9%	0%	2%
45-54	9%	8%	10%	2%	2%
55-64	7%	4%	3%	-4%	-1%
65 and over	5%	2%	4%	-1%	2%
<b>Education</b>					
Less than a high school diploma	28%	26%	25%	-4%	-1%
High school graduates, no college	36%	30%	35%	-1%	5%
Some college, no degree	22%	30%	26%	4%	-4%
Associate degree	7%	5%	5%	-3%	0%
Bachelor's degree or higher	6%	8%	10%	4%	2%
<b>Marital Status</b>					
Married Spouse Present	17%	14%	18%	1%	4%
Marital Status Other	18%	13%	13%	-5%	0%
Never Married	65%	73%	69%	4%	-4%

<sup>1</sup>The minimum wage in 2008 was \$7.15 for the complete year.

<sup>2</sup>The minimum wage in 2012 and 2013 was \$7.25 and was unchanged during those years.

Totals and Differences may not sum due to rounding.

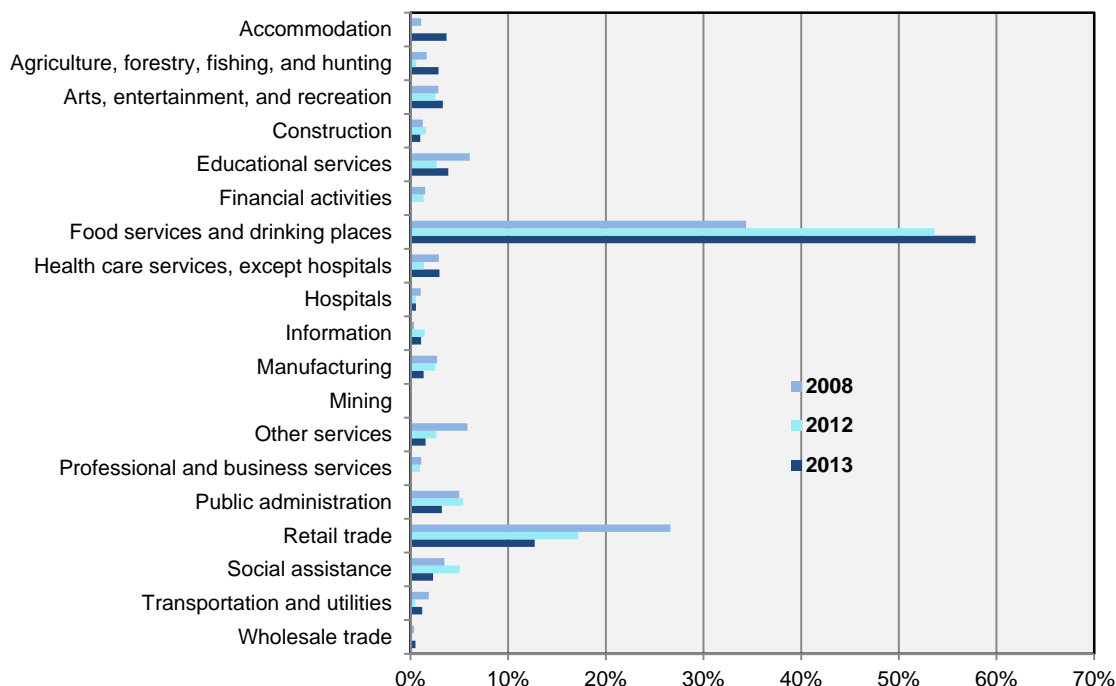
Source: U.S. Census Bureau: Current Population Survey

In December of 2007, a national recession began, making 2008 the first full year of the recession. The number of minimum-wage workers fell by 71,800 (27.3 percent) over the next five years. Over this period, total employment fell by 1.1 percent, while the number of those paid an hourly rate was virtually unchanged (an increase of 0.4 percent). The minimum wage in Pennsylvania was raised twice in 2007 (from \$5.15/hour), first to \$6.25 on January 1, and then to \$7.15 on July 1. It was raised again in July of 2009 to its current level of \$7.25. The absolute decrease in the number of minimum-wage workers from 2008 most likely reflects the decrease in overall employment combined with a decrease in the minimum wage compared to the average wage in Pennsylvania. This latter effect is supported by the fact that the number of minimum-wage workers fell from 2012 to 2013, while both the number of the employed and those paid an hourly wage rose over that period.

In 2013, males comprised 35 percent of minimum-wage workers, a lower percentage than existed in 2008, but an increase of one percentage point from 2012.

From 2008 to 2013, the population of minimum-wage earners became younger (a greater percentage under 25 years of age, due to the age 20-24 group rising by more than the decrease in the age 16-19 group) and more formally educated (fewer with a high school diploma or less and more with at least a bachelor's degree). There was also a shift (5 percent) away from marital status other to never married (4 percent) and to married with spouse present (1 percent).

### A Comparison of Industry Distributions of Pennsylvania's Workers Earning At or Below the Minimum wage: 2013 vs. 2012 and 2008<sup>1</sup>



<sup>1</sup> The minimum wage was \$7.15 in 2008 and \$7.25 in 2012 and 2013.  
Source: U.S. Census Bureau: Current Population Survey

In 2008 and 2013, the industries most likely to employ workers at or below the minimum wage were food services and drinking places, and retail trade. Educational services, which ranked third in 2008, regained that position after falling to fifth place in 2012. Accommodation, which in 2008 had a fairly low percentage of the minimum-wage population, surged to fourth place in 2013. The predominance of food services and drinking places increased over the interval, going from 34.4 percent in 2008, to 57.9 percent in 2013. While the number of workers earning at or below the minimum wage declined by over 27 percent from 2008 to 2013, the absolute number of these workers employed in the food service and drinking places industry was more than 22 percent higher in 2013 than it was in 2008. Retail trade fell in both absolute and relative terms from 2008 to 2012, and again from 2012 to 2013. 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 (4.3 percent); educational services (2.2 percent); and, other services (1.8 percent).

Between 2008 and 2012, the proportion of hourly workers earning the minimum wage or less who worked part time increased from 69.5 percent to 73.0 percent, but fell to 65.8 percent in 2013. The proportion of such workers who worked part time in 2013 is the lowest since at least 2006.

Occupational Characteristics of Hourly Wage & Salary Workers at the Minimum wage or Below Pennsylvania Annual Average 2013 Compared to Annual Average 2012 and 2008 (Total numbers of workers in thousands, all others are in percents)					
Occupation	2008	2012	2013	Percentage Point Change	
	PA <sup>1</sup>	PA <sup>2</sup>	PA <sup>2</sup>	2008 to 2013	2012 to 2013
TOTAL	262.6	194.5	190.8	-	-
Architecture & Engineering	1%	0%	0%	-1%	0%
Arts, Design, Entertainment, Sports & Media	0%	0%	0%	0%	0%
Building, Grounds Cleaning & Maintenance	6%	3%	4%	-2%	1%
Business & Financial Operations	0%	0%	0%	0%	0%
Community & Social Service	0%	1%	2%	2%	1%
Computer & Mathematical Science	0%	1%	1%	1%	0%
Construction & Extraction	1%	1%	1%	0%	0%
Education, Training & Library	0%	1%	1%	1%	0%
Farming, Fishing & forestry	2%	0%	3%	1%	3%
Food Preparation & Serving Related	39%	47%	46%	7%	-1%
Healthcare Practitioner & Technical	1%	1%	1%	0%	0%
Healthcare Support	2%	2%	1%	-1%	-1%
Installation, Maintenance & Repair	0%	0%	0%	0%	0%
Legal	1%	0%	0%	-1%	0%
Life, Physical & Social Service	0%	0%	1%	1%	1%
Management	0%	0%	0%	0%	0%
Office & Administrative Support	10%	4%	3%	-8%	-1%
Personal Care & Service	6%	7%	6%	0%	-1%
Production	3%	1%	3%	0%	2%
Protective Service	1%	2%	3%	1%	1%
Sales & Related	21%	19%	19%	-1%	0%
Transportation & Material Moving	6%	11%	4%	-1%	-7%

<sup>1</sup>The PA minimum wage in 2008 was \$7.15.

<sup>2</sup>The PA minimum wage in both 2012 and 2013 was \$7.25.

Totals and changes may not add up due to rounding.

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

In 2008, a plurality (39 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 (21 percent), office & administrative support (10 percent), personal care & service (6 percent) and transportation & material moving occupations (6 percent).

From 2008 to 2013, the proportion of Pennsylvania minimum-wage earners who worked in food preparation & serving-related occupations increased by seven percentage points and those in community & social service increased by two percentage points. The occupations whose proportions decreased by the largest percentage were office and administrative support occupations, which fell by eight percentage points and building, grounds cleaning & maintenance, which fell by two percentage points. The share of minimum-wage earners in the transportation & material moving occupations decreased by seven percentage points from 2012 to 2013.

<b>Pennsylvania Family and Household Income Characteristics of Hourly Wage &amp; Salary Workers</b> <b>At the Minimum wage or Below</b> <b>Comparison of 2013 to 2012 and 2008</b>					
Characteristic	2008	2012	2013	Percentage Point Change	
	PA <sup>1</sup>	PA <sup>2</sup>	PA <sup>2</sup>	2008 to 2013 (5 Year)	2012 to 2013 (1 year)
TOTAL (in thousands)	262.6	194.9	190.8	-	-
Family Makeup (in Percent)					
No Children (Single or Married)	84%	77%	81%	-3%	4%
Married Parent	7%	7%	8%	1%	1%
Single Parent	8%	16%	11%	2%	-5%
1 child	5%	9%	5%	0%	-4%
2 children	2%	6%	5%	3%	-1%
3 children	1%	0%	0%	-1%	0%
4 or more children	0%	0%	1%	1%	1%
Household Annual Income (in Percent) <sup>3</sup>					
\$9,999 or less	-	8%	10%	-	2%
\$10,000 to 19,999	-	12%	14%	-	2%
\$20,000 to 29,999	-	13%	9%	-	-4%
\$30,000 to 39,999	-	11%	16%	-	5%
\$40,000 to 49,999	-	6%	9%	-	3%
\$50,000 to 59,999	-	9%	6%	-	-3%
\$60,000 To 74,999	-	10%	7%	-	-3%
\$75,000 To 99,999	-	17%	10%	-	-7%
\$100,000 To 149,999	-	9%	11%	-	2%
\$150,000 and Over	-	6%	8%	-	2%

<sup>1</sup>The PA minimum wage in 2008 was \$7.15.

<sup>2</sup>The PA minimum wage in both 2012 and 2013 was \$7.25.

<sup>3</sup>The U.S. Census Bureau changed the Household Annual Income variable in 2010 making 2008 data non-comparable to that of 2012 and 2013.

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

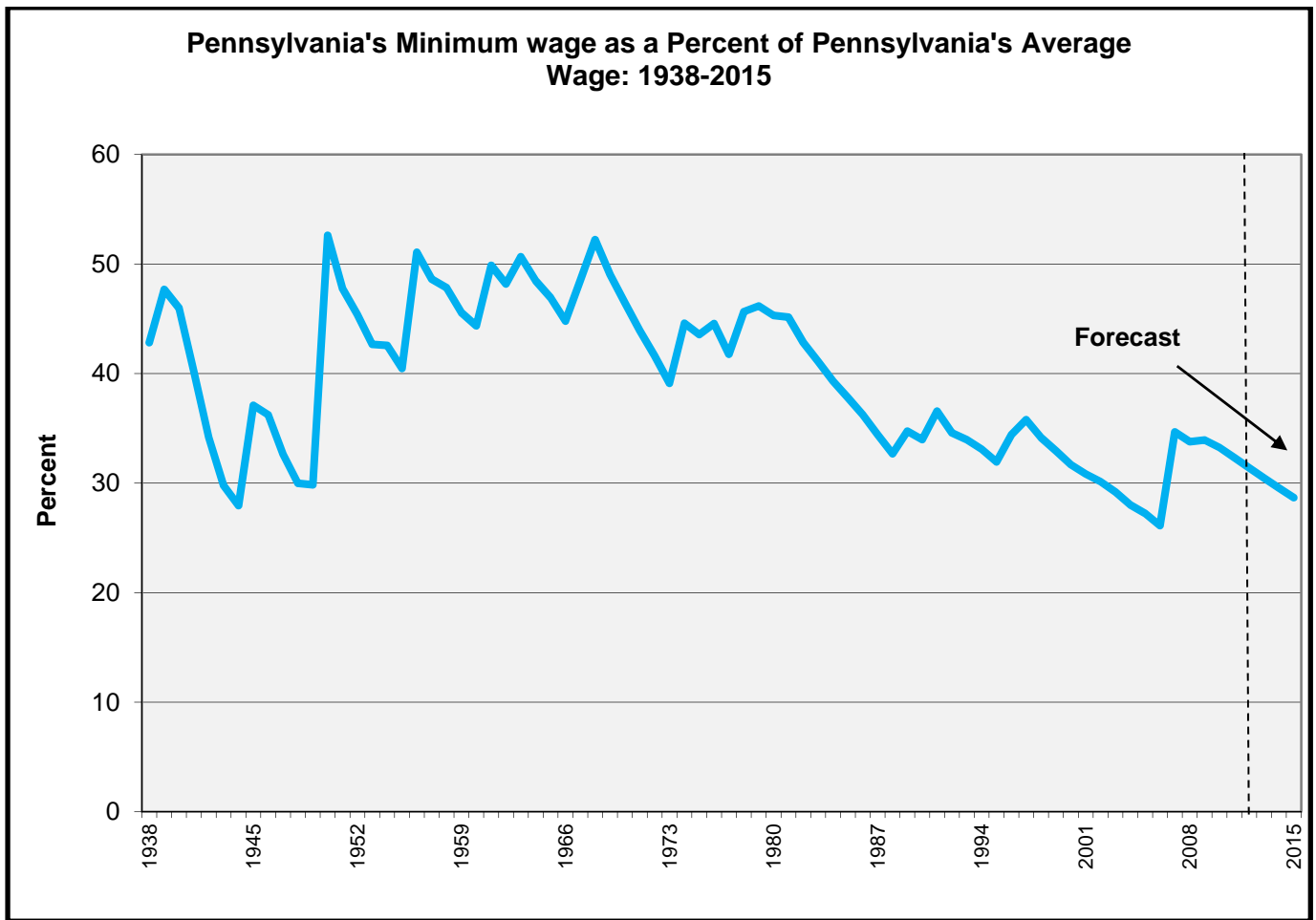
Workers having no children made up 81 percent of those earning the minimum wage or less in Pennsylvania in 2013, which was slightly lower than the percentage in 2008, but four percentage points higher than in 2012. Conversely, the proportion of such workers who were single parents decreased by five percentage points from 2012 to 2013. Overall the distribution of family characteristics (marital status and number of children) was very similar in 2013 to what it was five years prior in 2008.

From 2012 to 2013, the percentage of minimum-wage workers whose household income was less than \$30,000 increased by one percentage point to 34 percent. At the same time, the percentage of such workers with household income of at least \$75,000 decreased by four percentage points to 28 percent. The share of minimum-wage workers whose household income was between \$30,000 and \$49,999 climbed by nine percentage points.





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

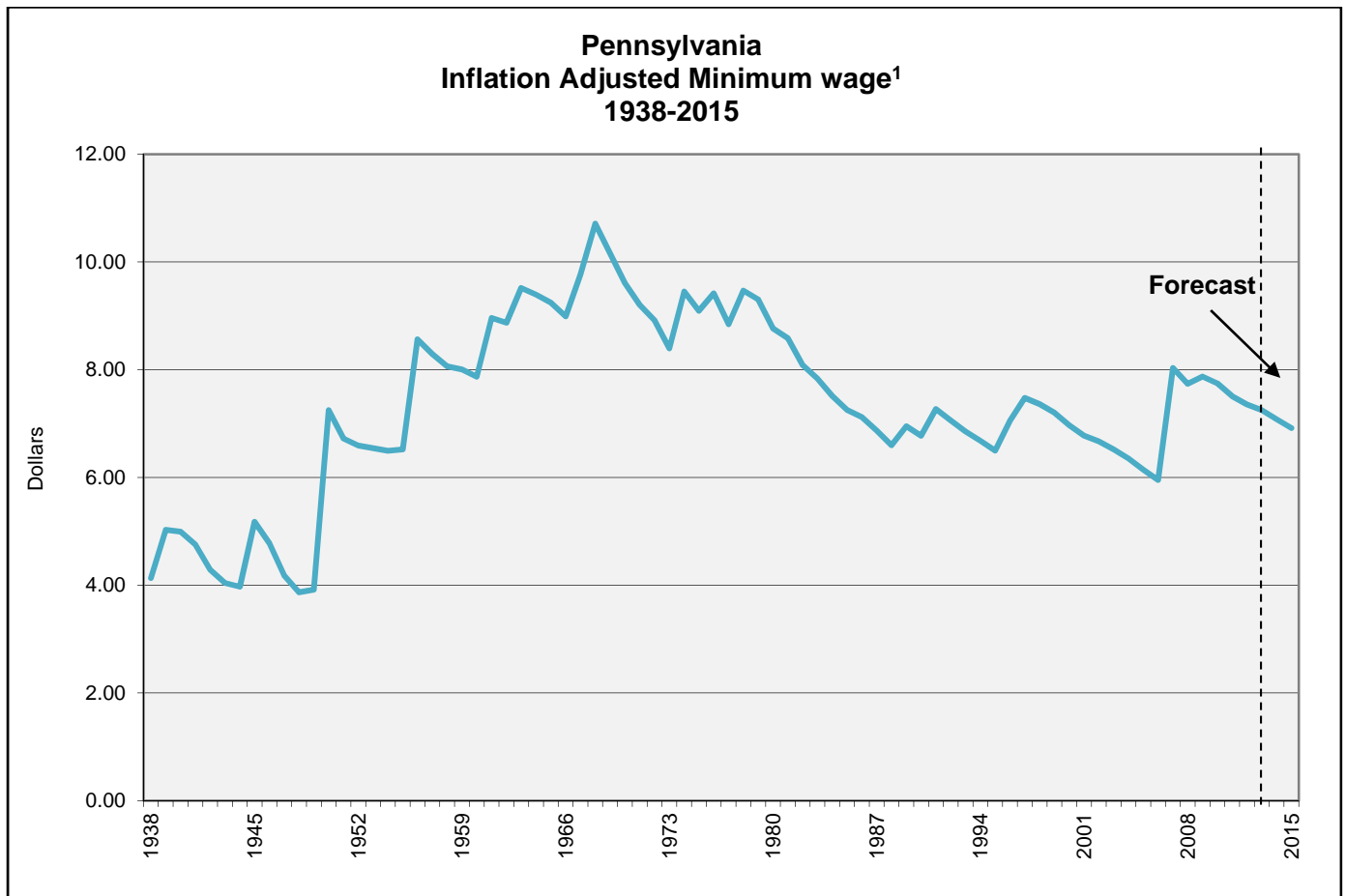


The Average Wage forecast was based on its ten-year arithmetic average.  
The minimum wage in 2013 was \$7.25.

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 \$11.55 in 2012. It was projected to rise to \$11.90 in 2013, \$12.26 in 2014 and \$12.64 in 2015.

In 1969, a gradual decline in the minimum wage as a percentage of the Pennsylvania 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).

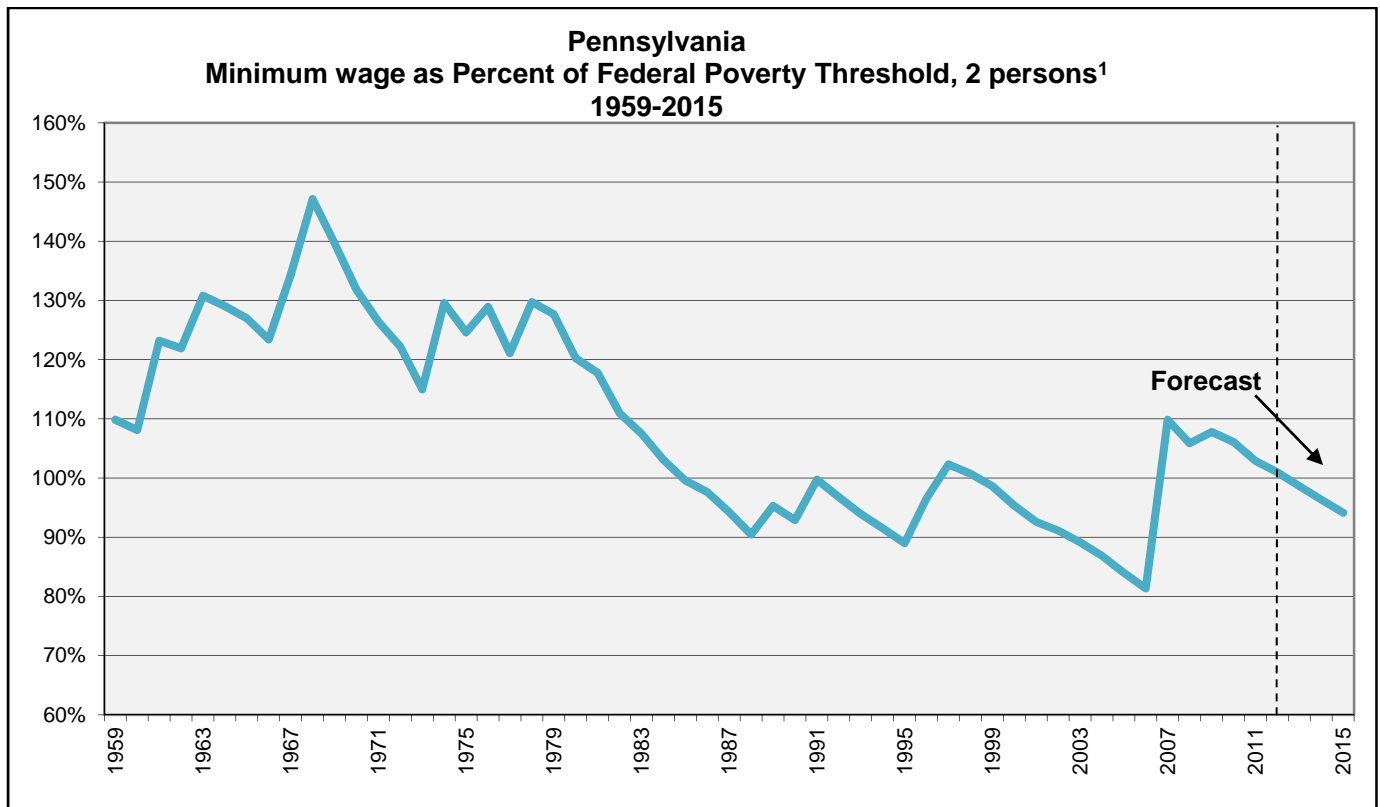
The increase in the minimum wage to \$7.25 in July 2009 brought the minimum wage up to 34 percent of the average wage. In 2012, Pennsylvania's minimum wage was 31 percent of the average wage, 19 percentage points below the original level of 50 percent of the average wage. If the minimum wage stays at its current level and the average wage grows at its projected 10 year average rate, the minimum wage will drop below 29 percent of the average Pennsylvania wage by 2015.



<sup>1</sup>Indexed to 2013 dollars  
The inflation forecast was based on its 10-year arithmetic average applied to the minimum wage  
The minimum wage in 2013 was \$7.25.

Inflation adversely affects the purchasing power of an unchanging minimum wage. The value of the 2013 minimum wage of \$7.25 as measured in 2013 dollars was, of course, \$7.25. However, adjusting for projected inflation, it is projected to fall to \$7.08 in 2014 and \$6.91 in 2015.

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 \$10.71 in 2013 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)

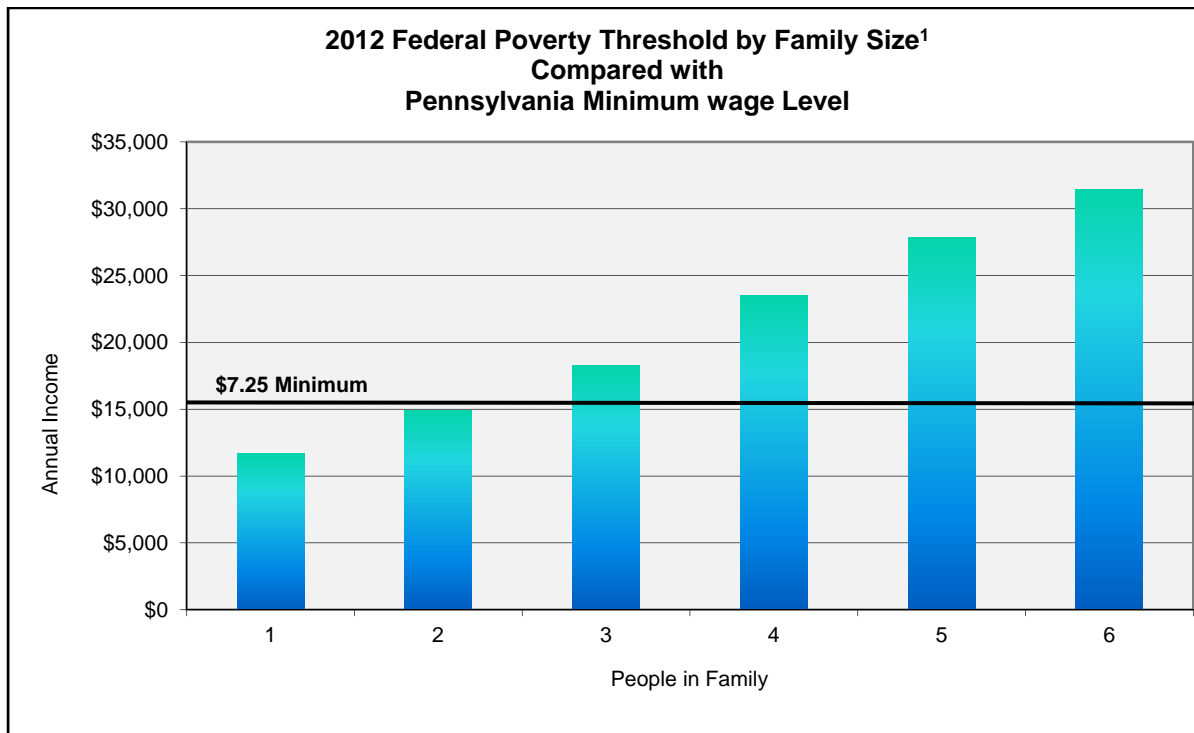
The inflation forecast was based on its 10-year average applied to the poverty threshold.

Source: U.S. Census Bureau

In 2006, the Federal Poverty Threshold for a two-person household was \$13,167, and the annual income for an individual working full time 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 percent of the poverty threshold.

In 2012, the annual income for an individual in Pennsylvania making the minimum wage (\$7.25) was \$15,080 or 101 percent of the 2012 Federal Poverty Threshold for a two-person household (\$14,937).

If the minimum wage remains unchanged at \$7.25 in 2014, the earnings of an individual working full time at that wage almost certainly will dip below 100 percent of the Federal Poverty Threshold for a two-person household.



<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 2012. This income exceeded the 2012 Federal Poverty Threshold for one-person (\$11,720) and two-person households (\$14,937). However, it fell short of the poverty threshold for three person households (\$18,284) and was 101 percent of the poverty threshold for two person households.

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 (\$23,492).



# OTHER STATES



## Minimum wage Rates by State

Area	2012	2013	2014	Change 2012-2013	Change 2013-2014	Area	2012	2013	2014	Change 2012-2013	Change 2013-2014
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>	\$7.65	\$7.80	\$7.90	\$0.15	\$0.10
Alaska	\$7.75	\$7.75	\$7.75	-	-	Nebraska	\$7.25	\$7.25	\$7.25	-	-
Arizona <sup>1</sup>	\$7.65	\$7.80	\$7.90	\$0.15	\$0.10	Nevada <sup>1</sup>	\$8.25	\$8.25	\$8.25	-	-
Arkansas	\$7.25	\$7.25	\$7.25	-	-	New Hampshire	\$7.25	\$7.25	\$7.25	-	-
California <sup>2</sup>	\$8.00	\$8.00	\$9.00	-	\$1.00	New Jersey	\$7.25	\$7.25	\$8.25	-	\$1.00
Colorado <sup>1</sup>	\$7.64	\$7.78	\$8.00	\$0.14	\$0.22	New Mexico	\$7.50	\$7.50	\$7.50	-	-
Connecticut	\$8.25	\$8.25	\$8.70	-	\$0.45	New York	\$7.25	\$7.25	\$8.00	-	\$0.75
Delaware	\$7.25	\$7.25	\$7.25	-	-	North Carolina	\$7.25	\$7.25	\$7.25	-	-
Florida <sup>1</sup>	\$7.67	\$7.79	\$7.93	\$0.12	\$0.14	North Dakota	\$7.25	\$7.25	\$7.25	-	-
Georgia	\$7.25	\$7.25	\$7.25	-	-	Ohio <sup>1</sup>	\$7.70	\$7.85	\$7.95	\$0.15	\$0.10
Hawaii	\$7.25	\$7.25	\$7.25	-	-	Oklahoma	\$7.25	\$7.25	\$7.25	-	-
Idaho	\$7.25	\$7.25	\$7.25	-	-	Oregon <sup>1</sup>	\$8.80	\$8.95	\$9.10	\$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	\$7.40	\$7.75	\$8.00	\$0.35	\$0.25
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	\$7.25	-	-
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	\$7.25	-	-	Vermont <sup>1</sup>	\$8.46	\$8.60	\$8.73	\$0.14	\$0.13
Massachusetts	\$8.00	\$8.00	\$8.00	-	-	Virginia	\$7.25	\$7.25	\$7.25	-	-
Michigan	\$7.40	\$7.40	\$7.40	-	-	Washington <sup>1</sup>	\$9.04	\$9.19	\$9.32	\$0.15	\$0.13
Minnesota	\$7.25	\$7.25	\$7.25	-	-	West Virginia	\$7.25	\$7.25	\$7.25	-	-
Mississippi	\$7.25	\$7.25	\$7.25	-	-	Wisconsin	\$7.25	\$7.25	\$7.25	-	-
Missouri <sup>1</sup>	\$7.25	\$7.35	\$7.50	\$0.10	\$0.15	Wyoming	\$7.25	\$7.25	\$7.25	-	-

<sup>1</sup> Minimum wage tied to inflation rate – Consumer Price Index (CPI)

<sup>2</sup> California's increase will become effective on July 1, 2014.

The data for 2014 was accurate as of January 27, 2014. Data for the Federal government and states that abut Pennsylvania are shaded in gray.

Source: U.S. Department of Labor and state websites

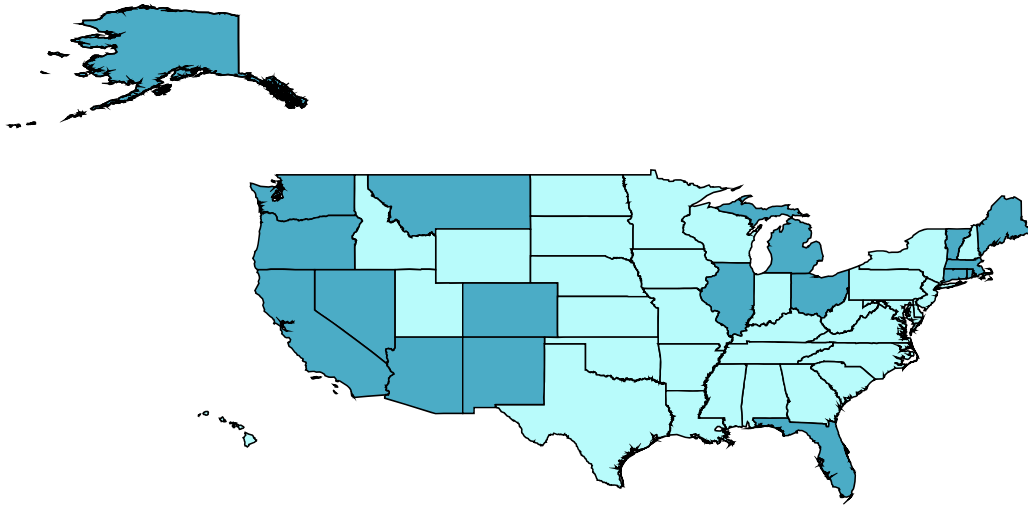
In 2013, 19 states had higher minimum wage rates than Pennsylvania, ranging from \$7.35 to \$9.19. As of January 1, 2014, New York and New Jersey joined that group, raising the number to 21.

In 2013, the remaining 31 states (including Pennsylvania) all effectively had a minimum wage of \$7.25 per hour, which is the federal minimum wage. Of these 31 states, 22 (including Pennsylvania) had a minimum-wage requirement equal to the federal rate, four states had a formal minimum 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 nine 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 2014, New York and New Jersey will also have higher minimum wages.

Arizona, Colorado, Florida, Missouri, Montana, Nevada, 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 2013 and 2014 (so far), all of these states except Nevada increased their minimum wages. Effective January 1, 2014, Connecticut and Rhode Island raised their rates to \$8.70 and \$8.00 respectively. California is raising its rate to \$9.00, as of July 1, 2014.

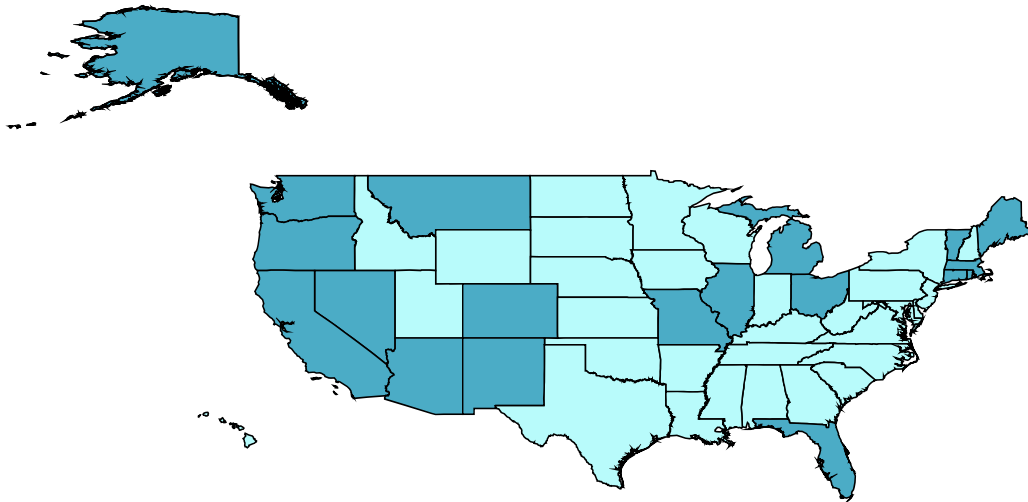
## 2012 Pennsylvania and Other States Minimum Wage Comparison



■ Same as PA's minimum wage  
■ Higher than PA's minimum wage  
 Note: PA's minimum wage= \$7.25

As of 1/27/2014

## 2013 Pennsylvania and Other States Minimum Wage Comparison



■ Same as PA's minimum wage  
■ Higher than PA's minimum wage  
 Note: PA's minimum wage= \$7.25

As of 1/27/2014



# 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 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, overtime pay, record keeping 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 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.
- 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.

**CENTER FOR WORKFORCE INFORMATION & ANALYSIS  
DEPARTMENT OF LABOR & INDUSTRY  
651 BOAS STREET, ROOM 220  
HARRISBURG, PA 17121  
[WWW.PAWORKSTATS.PA.GOV](http://WWW.PAWORKSTATS.PA.GOV)**

