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Analysis of the Pennsylvania Minimum Wage Increases in 2007



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Preface

The General Assembly of Pennsylvania, in 2006, via Senate Bill No. 1090, amended the Minimum Wage Act and raised the state's minimum wage from \$5.15 an hour to \$6.25 on January 1, 2007 and to \$7.15 on July 1, 2007. The minimum wage had last been raised in 1997. The federal minimum wage is \$5.85 (as of July 24, 2007) and will be raised to \$6.55 in 2008 and to \$7.25 in 2009.

The amended Minimum Wage Act directs the Department of Labor & Industry to produce an annual report by March 1st of each year detailing data on the previous calendar year's demographics and any other relevant factors of those workers who are 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 highlights statistical information on Pennsylvanians who earn at or below minimum wage; analyzes the demographic characteristics of hourly workers making at or near the minimum wage; 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. A comparison is made between the years 2006 and 2007 to determine the impact of the minimum wage increases on Pennsylvania workers, businesses and economy.

Two wage increases occurred in Pennsylvania in 2007: one on January 1st (to \$6.25) and the other on July 1st (to \$7.15). Therefore, to perform a comparison to 2006, and to minimize the effects of monthly employment seasonality, an average of the two wages is used (\$6.70) to annualize the minimum wage increases in 2007. However, for select analyses, the two wage levels are also used. The federal minimum wage was increased to \$5.85 on July 24, 2007 from \$5.15. As with Pennsylvania, in select analyses, the two wages and an average of the two wages are used (\$5.50).

The primary data source used for this report is the Current Population Survey (CPS), a nationwide monthly survey of about 50,000 households (approximately 2,000 in Pennsylvania) conducted by the Bureau of the Census for the 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 will focus on those aged 16 years and above.

Federal and state law provides for several exemptions and lower minimums to the minimum wage for certain employers. Lower minimums are allowed for tipped employees, businesses with less than 10 full-time (or equivalent) employees, and those employees under age 20 making a training wage for the first 60 days of employment. In addition, there are exemptions for certain employment classifications (e.g. farm labor, domestic services, etc.). The CPS data lacks direct indicators to permit removal of those individuals affected by these exemptions and lower minimums from the sample.

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

Finally, Pennsylvania's wage data and its analysis in this report should be used with some caution due to the small size of the CPS sample.

Summary

The purpose of the minimum wage is to set a minimum threshold of wages for workers. To that end, Pennsylvania increased the minimum wage twice in 2007: from \$5.15 an hour to \$6.25 on January 1, and to \$7.15 on July 1. This report describes the characteristics of minimum wage earners and the industries that employ them.

Hourly Worker Population

- The two minimum wage increases in 2007 directly affected 132,800 Pennsylvania workers (the difference between those earning below \$7.15 in 2006 and 2007), or nearly 4 percent of those who make hourly rates and over 2 percent of total employment. (The 132,800 workers are a 2007 annual average from the Current Population Survey.)
- Pennsylvania's total employment increased in 2007, and while the proportion of those making hourly rates declined, the decline was less than 1 percent.

Worker Characteristics

- Pennsylvania's earners at or below the minimum wage tend to be from one or more of the following groups:
 - Female
 - White
 - 16- to 24-year olds
 - High school graduates or less
 - Never married
- Females, 16- to 24-year-olds, those with less than a high school diploma, and the never married comprise a higher proportion of Pennsylvania's minimum wage earners than all Pennsylvanians.
- The unemployment rate among females increased 0.2 percentage points from 4.3 percent to 4.5 percent from 2006 to 2007. Likewise, the unemployment rate increased among 16- to 24-year-olds 1.7 percentage points from 7.3 percent to 9.0 percent. For workers with less than a high school diploma, the unemployment rate went up 1 percentage point from 7.8 percent to 8.8 percent.
- The proportion of males, blacks, 16- to 19-year-olds, those with less than a high school diploma, and the never married earning the state's minimum wage or below increased in 2007 with the 2007 minimum wage increases.

- Pennsylvania's workers who earn above the minimum wage are equally male or female, and tend to be from one or more of the following groups:
 - White
 - 45- to 54-year-olds
 - High school graduates
 - Married
- The federal minimum wage increase (\$5.15 to \$5.85) had little impact on the demographic characteristics of minimum wage earners in the nation.

Industry Characteristics

- The industries most likely to employ workers at or below the minimum wage are leisure and hospitality, and retail trade. These industries employed 66 percent of all minimum wage earners in 2007. However, nearly all industries contain some minimum wage workers.
- Seventy percent of those hourly workers earning at or below the minimum wage worked part-time in 2007.
- The industries most likely to employ hourly workers above the minimum wage are manufacturing, retail trade and health care services. These industries employed 38 percent of all those making above the minimum wage in 2007.
- Seventy-seven percent of those hourly workers earning above the minimum wage worked full-time in 2007.
- Industry data shows a less than 1 percent decline in retail trade and manufacturing employment over the short term (1 to 3 months later) after January and July 2007. Leisure and hospitality employment increased by less than 1 percent (1 to 3 months later) after January and July 2007.
- The 1997 minimum wage increase coincided with very strong total employment growth 1-month and 3-months later in excess of the 10-year average changes after the increase. The 1996 minimum wage increase coincided with a small total employment decline after 1-month. However, total employment rebounded sharply in excess of the 10-year average change after 3-months. Three months after the final minimum wage increase in July 2007 shows total employment growth in excess of the 10-year average.

Inflation and Poverty

- In 2006, Pennsylvania's minimum wage was at 26 percent of the average wage, an all-time low. The increase in the minimum wage to \$7.15 in 2007 brought the minimum wage up to 34 percent of the average wage. This is below the original level of 50 percent of the average wage set in 1938.

- Inflation negatively impacts minimum wage. Adjusting for inflation, the 2007 minimum wage increase to \$7.15 will be worth \$7.00 in 2008, \$6.80 in 2009, and \$6.60 in 2010.
- If the minimum wage remains unchanged at \$7.15, its percent of the federal poverty threshold for a two-person family will dip below the 100 percent level in 2011 (assuming full-time employment).
- A person working full-time at \$7.15 per hour earns \$14,872 per year. This exceeded the 2006 poverty threshold for one person (\$10,294) and two persons (\$13,167). However, this fell short of three-person households (\$16,079).

Other States

- In 2006, 23 states had higher minimum wage rates than Pennsylvania. In 2007 (as of July), only nine states had higher rates. Of those states having higher minimums, the rates ranged from \$7.25 to \$7.93. Thirteen states will have higher minimum wages than Pennsylvania in 2008, which will range from \$7.25 to \$8.07.
- Of all its neighboring states, Pennsylvania is tied with New Jersey and New York in having the highest minimum wage (\$7.15).
- Of Pennsylvania's neighboring states, only West Virginia plans on raising its minimum wage (to \$7.25) before the next federal minimum of \$7.25 takes effect in 2009.
- By 2009, Arizona, Colorado, Florida, Missouri, Montana, Nevada, Ohio, Oregon, Vermont and Washington (10 states total) will have their minimum wage rates tied to the Consumer Price Index to provide an automatic increase for inflation purposes.

Conclusion

- The two minimum wage increases in 2007 directly affected 132,800 Pennsylvania workers (the difference between those earning below \$7.15 in 2006 and 2007), or nearly 4 percent of those who make hourly rates and over 2 percent of total employment.
- Pennsylvania's earners at or below the minimum wage tend to be from one of the following groups - female, white, 16- to 24-year-olds, high school graduates or less, or never married.
- The industries most likely to employ workers at or below the minimum wage are leisure and hospitality, and retail trade. Part-time workers make up the majority of those hourly workers earning the minimum wage.
- Inflation negatively impacts minimum wage. Adjusting for inflation, the 2007 minimum wage increase to \$7.15 will be worth \$7.00 in 2008, \$6.80 in 2009, and \$6.60 in 2010.

- Industry data shows a less than 1 percent decline in retail trade and manufacturing employment over the short term (1 to 3 months later) after January and July 2007. Leisure and hospitality employment increased by less than 1 percent (1 to 3 months later) after January after July 2007.
- The 1997 minimum wage increase coincided with very strong total employment growth 1-month and 3-months later in excess of the 10-year average changes after the increase. The 1996 minimum wage increase coincided with a small total employment decline after 1-month. However, total employment rebounded sharply in excess of the 10-year average change after 3-months. Three months after the final minimum wage increase in July 2007 shows total employment growth in excess of the 10-year average. This suggests that other factors affecting employment may be notably more important than the minimum wage.
- State level changes in employment and unemployment were relatively small because the demand for labor in large part created a market where most individuals made at or above the minimum wage.

HOURLY WORKER POPULATION

Pennsylvania
Employed Wage & Salary Workers Paid Hourly Rates
2006 Average Compared to 1st Half ^{1/} 2007 Average
(Numbers of workers in thousands)

Total, 16 Years and Over	2006				1st Half 2007 ^{1/}				Percentage Point Chg. 2006 to 2007	
	US	Pct.	PA	Pct.	US	Pct.	PA	Pct.	US	PA
Total Employment	144,427		6,018		145,366		6,024			
Total Paid Hourly Rates	76,514	100%	3,456	100%	74,644	100%	3,403	100%		
Less than \$5.15	1,283	1.7%	60.6	1.8%	1,217	1.6%	57.0	1.7%	-0.1%	-0.1%
At \$5.15	409	0.5%	34.6	1.0%	318	0.4%	3.4	0.1%	-0.1%	-0.9%
\$5.16 - \$5.84	897	1.2%	50.2	1.5%	632	0.8%	29.9	0.9%	-0.4%	-0.6%
At \$5.85	20	0.0%	2.8	0.1%	39	0.1%	0.0	0.0%	0.1%	-0.1%
\$5.86 - \$6.24	1,610	2.1%	88.9	2.6%	1,271	1.7%	67.3	2.0%	-0.4%	-0.6%
At \$6.25	329	0.4%	20.7	0.6%	302	0.4%	52.4	1.5%	0.0%	0.9%
\$6.26 - \$7.14	5,359	7.0%	202.1	5.8%	4,262	5.7%	198.4	5.8%	-1.3%	0.0%
At \$7.15	73	0.1%	2.5	0.1%	163	0.2%	8.3	0.2%	0.1%	0.1%
\$7.16 - \$8.14	7,338	9.6%	294.1	8.5%	7,562	10.1%	280.5	8.2%	0.5%	-0.3%
\$8.15 - \$9.14	6,477	8.5%	265.8	7.7%	6,290	8.4%	258.5	7.6%	-0.1%	-0.1%
\$9.15 or more	52,718	68.9%	2,434	70.4%	52,588	70.5%	2,448	71.9%	1.6%	1.5%

^{1/} Average of January to June 2007
U.S. Census Bureau: Current Population Survey

The increase in the minimum wage to \$6.25 in January 2007 potentially affected 237,100 Pennsylvania workers (all those earning below \$6.25 in 2006), or 7 percent of those who make hourly rates and almost 4 percent of total employment. However, 79,500 workers were directly affected by the minimum wage increase (the difference between those earning below \$6.25 in 2006 and 2007) or over 2 percent of those who make hourly rates and 1 percent of total employment.

Pennsylvania earners at or below the minimum wage numbered 95,200 in 2006, or nearly 3 percent of hourly workers. In the first half of 2007, there were 210,000 workers making minimum wage or below, or 6 percent of hourly workers. Of those, 52,400 worked at the minimum wage while 157,600 worked for less. During the first half of 2007, by comparison, 2 percent of hourly workers in the U.S. earned at or below the federal minimum wage (\$5.15 and below).

In 2007, Pennsylvania has a higher percentage of those earning hourly rates than the U.S., 56 percent versus 51 percent. Pennsylvania and U.S. total employment increased in the first half of 2007. However, the proportion of those making hourly rates declined by 1 percent in Pennsylvania and nearly 2 percent in the U.S.

Pennsylvania
Employed Wage & Salary Workers Paid Hourly Rates
2006 Average Compared to 2nd Half ^{1/} 2007 Average
(Numbers of workers in thousands)

Total, 16 Years and Over	2006				2nd Half 2007 ^{1/}				Percentage Point Chg. 2006 to 2007	
	US	Pct.	PA	Pct.	US	Pct.	PA	Pct.	US	PA
Total Employment	144,427		6,018		146,727		6,096			
Total Paid Hourly Rates	76,514	100%	3,456	100%	77,102	100%	3,465	100%		
Less than \$5.15	1,283	1.7%	60.6	1.8%	1,316	1.7%	65.8	1.9%	0.0%	0.1%
At \$5.15	409	0.5%	34.6	1.0%	67	0.1%	1.7	0.0%	-0.4%	-1.0%
\$5.16 - \$5.84	897	1.2%	50.2	1.5%	427	0.6%	10.0	0.3%	-0.6%	-1.2%
At \$5.85	20	0.0%	2.8	0.1%	206	0.3%	3.6	0.1%	0.3%	0.0%
\$5.86 - \$6.24	1,610	2.1%	88.9	2.6%	1,052	1.4%	35.6	1.0%	-0.7%	-1.6%
At \$6.25	329	0.4%	20.7	0.6%	184	0.2%	0.0	0.0%	-0.2%	-0.6%
\$6.26 - \$7.14	5,359	7.0%	202.1	5.8%	3,716	4.8%	129.2	3.7%	-2.2%	-2.1%
At \$7.15	73	0.1%	2.5	0.1%	271	0.4%	62.1	1.8%	0.3%	1.7%
\$7.16 - \$8.14	7,338	9.6%	294.1	8.5%	7,907	10.3%	325.2	9.4%	0.7%	0.9%
\$8.15 - \$9.14	6,477	8.5%	265.8	7.7%	6,651	8.6%	288.2	8.3%	0.1%	0.6%
\$9.15 or more	52,718	68.9%	2,434	70.4%	55,305	71.7%	2,543	73.4%	2.8%	3.0%

^{1/} Average of July to December 2007
U.S. Census Bureau: Current Population Survey

The increase in the minimum wage to \$7.15 in July 2007 potentially affected an additional 222,800 Pennsylvania workers (all those earning from \$6.25 to \$7.14 in 2006), or 6 percent of those who make hourly rates and almost 4 percent of total employment. However, 93,600 workers were directly affected by the minimum wage increase (the difference between those earning from \$6.25 to \$7.14 in 2006 and 2007), or nearly 3 percent of those who make hourly rates and over 1 percent of total employment.

In the second half of 2007, there were 308,000 Pennsylvania workers making minimum wage or below, or nearly 9 percent of hourly workers and 5 percent of total employment. Of those, 62,100 worked at the minimum while 245,900 worked for less. During the second half of 2007, by comparison, nearly 3 percent of hourly workers in the U.S. earned at or below the federal minimum wage (\$5.85 and below) or over 1 percent of total employment.

Pennsylvania and U.S. employment increased in the second half of 2007. The proportion of those making hourly rates declined in both areas. This was a smaller decrease than in the first half of 2007.

Pennsylvania
Employed Wage & Salary Workers Paid Hourly Rates
2006 Average Compared to 2007 Average
(Numbers of workers in thousands)

Total, 16 Years and Over	2006				2007				Percentage Point Chg. 2006 to 2007	
	US	Pct.	PA	Pct.	US	Pct.	PA	Pct.	US	PA
Total Employment	144,427		6,018		146,047		6,060			
Total Paid Hourly Rates	76,514	100%	3,456	100%	75,873	100%	3,434	100%		
Less than \$5.15	1,283	1.7%	60.6	1.8%	1,267	1.7%	61.4	1.8%	0.0%	0.0%
At \$5.15	409	0.5%	34.6	1.0%	192	0.3%	2.5	0.1%	-0.2%	-0.9%
\$5.16 - \$5.84	897	1.2%	50.2	1.5%	529	0.7%	19.9	0.6%	-0.5%	-0.9%
At \$5.85	20	0.0%	2.8	0.1%	122	0.2%	1.8	0.1%	0.3%	0.0%
\$5.86 - \$6.24	1,610	2.1%	88.9	2.6%	1,161	1.5%	51.5	1.5%	-0.6%	-1.1%
At \$6.25	329	0.4%	20.7	0.6%	243	0.3%	26.2	0.8%	-0.1%	0.2%
\$6.26 - \$7.14	5,359	7.0%	202.1	5.8%	3,987	5.3%	163.8	4.8%	-1.7%	-1.0%
At \$7.15	73	0.1%	2.5	0.1%	217	0.3%	35.2	1.0%	0.2%	0.9%
\$7.16 - \$8.14	7,338	9.6%	294.1	8.5%	7,735	10.2%	302.9	8.8%	0.6%	0.3%
\$8.15 - \$9.14	6,477	8.5%	265.8	7.7%	6,471	8.5%	273.3	8.0%	0.0%	0.3%
\$9.15 or more	52,718	68.9%	2,434	70.4%	53,947	71.1%	2,495	72.7%	2.2%	2.3%

U.S. Census Bureau: Current Population Survey

The two minimum wage increases in 2007 potentially affected 459,900 Pennsylvania workers (all those earning below \$7.15 in 2006), or over 13 percent of those who make hourly rates and nearly 8 percent of total employment. However, 132,800 workers were directly affected by the minimum wage increases (the difference between those earning below \$7.15 in 2006 and 2007), or nearly 4 percent of those who make hourly rates and over 2 percent of total employment.

Pennsylvania and U.S. total employment increased in 2007, and while the proportion of those making hourly rates declined in both areas, the decline was less than 1 percent in Pennsylvania and only 1 percent in the U.S.

The proportion of hourly workers making above the minimum wage increased in 2007.

WORKER CHARACTERISTICS

Pennsylvania Demographic Characteristics of Workers at the Minimum Wage or Below 2006 Average Compared 2007 Average (Numbers of workers in thousands)										
	2006				2007				Percentage Point Chg. 2006 to 2007	
	US ^{1/}	Pct.	PA ^{1/}	Pct.	US ^{2/}	Pct.	PA ^{3/}	Pct.	US	PA
TOTAL	1,693		95.2		1,818		199.7			
Gender										
Male	569	34%	21.5	23%	616	34%	69.2	35%	0%	12%
Female	1124	66%	73.7	77%	1,202	66%	130.5	65%	0%	-12%
Race										
Black, non-Hispanic	173	10%	4.0	4%	208	12%	16.8	8%	2%	4%
Hispanic	223	13%	1.7	2%	250	14%	7.2	4%	0%	2%
Other, non-Hispanic	69	4%	1.1	1%	93	5%	2.3	1%	1%	0%
White, non-Hispanic	1,228	73%	88.3	93%	1,267	70%	173.5	87%	-3%	-6%
Age										
16-19	436	26%	23.6	25%	428	24%	66.7	33%	-2%	8%
20-24	430	25%	21.8	23%	448	25%	38.2	19%	0%	-4%
25-34	358	21%	21.0	22%	410	23%	37.7	19%	2%	-3%
35-44	190	11%	11.2	12%	229	13%	11.2	6%	2%	-6%
45-54	150	9%	7.4	8%	160	9%	23.0	12%	0%	4%
55-64	72	4%	4.6	5%	92	5%	14.1	7%	1%	2%
65 and over	56	3%	5.5	6%	51	3%	8.8	4%	0%	-2%
Education										
Less than a high school diploma	477	28%	25.9	27%	492	27%	72.0	36%	-1%	9%
High school graduates, no college	535	32%	29.2	31%	567	31%	70.9	36%	-1%	5%
Some college, no degree	435	26%	23.4	25%	516	28%	36.6	18%	2%	-7%
Associate degree	119	7%	10.7	11%	91	5%	9.8	5%	-2%	-6%
Bachelor's degree or higher	127	8%	6.0	6%	151	8%	10.4	5%	0%	-1%
Marital Status										
Married Spouse Present	381	23%	26.5	28%	405	22%	41.8	21%	0%	-7%
Married Status Other	228	13%	12.7	13%	252	14%	25.3	13%	0%	0%
Never Married	1,083	64%	55.9	59%	1,161	64%	132.7	66%	0%	7%

^{1/}Minimum wage at \$5.15
^{2/}An average of the US minimum wages in 2007 (\$5.15 and \$5.85) - \$5.50
^{3/}An average of the two PA minimum wage raises in 2007 (\$6.25 and \$7.15) - \$6.70
Totals may not sum due to rounding.
U.S. Census Bureau: Current Population Survey

Female workers make up 65 percent of those earning at or below the minimum wage in Pennsylvania. However, the 2007 minimum wage increase raised the proportion of males earning the minimum by 12 percentage points. As a result, Pennsylvania's male and female proportion of minimum wage earners is similar to that of the nation in 2007.

The majority of Pennsylvania workers making the minimum wage are white (87 percent). Blacks make up the next highest percentage of minimum wage earners (8 percent), followed by Hispanics (4 percent), and other races (1 percent). The minimum wage increase boosted the percentage of blacks and Hispanics earning the minimum wage. Other than whites, Pennsylvania has a smaller proportion than the nation in all other racial categories of minimum wage workers.

Minimum wage workers tend to be young, 16- to 34-years-old (71 percent), with the heaviest concentration among 16- to 19-year-olds (33 percent). The minimum wage increase mainly expanded the proportion of those minimum wage earners age 16- to 19-years-old. The state has a higher percentage of older workers (45 and over) earning minimum wage than the U.S. as a whole.

Pennsylvania workers with a high school diploma or less make up 72 percent of those earning at or below the minimum wage. The 2007 minimum wage increases raised the percentage of those with a high school education or less among Pennsylvania's minimum wage workers. The nation has a larger proportion of college-educated workers earning at or below the minimum wage than Pennsylvania.

Most minimum wage earners have never been married (66 percent). After the minimum wage increases in 2007, never-married individuals comprised a higher proportion of minimum wage workers than before. The marital status of Pennsylvania's minimum wage earners is similar to that of the nation in 2007.

Unlike the Pennsylvania minimum wage increases, the federal minimum wage increase (\$5.15 to \$5.85) had little impact on the demographic characteristics of minimum wage workers in the nation.

Pennsylvania Demographic Characteristics of Workers Above the Minimum Wage 2006 Average Compared 2007 Average (Numbers of workers in thousands)										
	2006				2007				Percentage Point Chg. 2006 to 2007	
	US ^{1/}	Pct.	PA ^{1/}	Pct.	US ^{2/}	Pct.	PA ^{3/}	Pct.	US	PA
TOTAL	74,821		3,361		74,055		3,234			
Gender										
Male	37,624	50%	1,657	49%	37,174	50%	1,600	49%	0%	0%
Female	37,197	50%	1,704	51%	36,880	50%	1,635	51%	0%	0%
Race										
Black, non-Hispanic	9,340	13%	302.4	9%	9,382	13%	289.3	9%	0%	0%
Hispanic	12,898	17%	146.0	4%	12,918	17%	135.3	4%	0%	0%
Other, non-Hispanic	4,107	6%	59.8	2%	4,167	6%	59.6	2%	0%	0%
White, non-Hispanic	48,477	65%	2,853	85%	47,588	64%	2,750	85%	-1%	0%
Age										
16-19	5,251	7%	236.2	7%	5,007	7%	190.2	6%	0%	-1%
20-24	10,532	14%	436.5	13%	10,393	14%	404.8	13%	0%	0%
25-34	16,661	22%	637.2	19%	16,502	22%	600.3	19%	0%	0%
35-44	16,206	22%	704.5	21%	15,797	21%	675.5	21%	-1%	0%
45-54	15,522	21%	730.7	22%	15,391	21%	766.6	24%	0%	2%
55-64	8,330	11%	487.5	15%	8,521	12%	464.4	14%	1%	-1%
65 and over	2,320	3%	128.7	4%	2,445	3%	132.5	4%	0%	0%
Education										
Less than a high school diploma	12,282	16%	382.0	11%	11,710	16%	316.9	10%	0%	-1%
High school graduates, no college	27,232	36%	1,578	47%	27,134	37%	1,556	48%	1%	1%
Some college, no degree	16,604	22%	548.6	16%	16,467	22%	520.2	16%	0%	0%
Associate degree	7,874	11%	354.4	11%	7,633	10%	362.8	11%	-1%	0%
Bachelor's degree or higher	10,829	15%	498.4	15%	11,111	15%	478.0	15%	0%	0%
Marital Status										
Married Spouse Present	35,919	48%	1,678	50%	35,488	48%	1,632	50%	0%	1%
Married Status Other	12,904	17%	520.4	15%	12,860	17%	542.0	17%	0%	1%
Never Married	25,998	35%	1,163	35%	25,707	35%	1,060	33%	0%	-1%

^{1/}Minimum wage at \$5.15

^{2/}An average of the US minimum wages in 2007 (\$5.15 and \$5.85) - \$5.50

^{3/}An average of the two PA minimum wage raises in 2007 (\$6.25 and \$7.15) - \$6.70

Totals may not sum due to rounding.

U.S. Census Bureau: Current Population Survey

The minimum wage increases in 2007 hardly changed the characteristics of Pennsylvania earners above the minimum wage.

Male and female workers are evenly divided among hourly workers above the minimum wage. On the other hand, earners at or below the minimum wage tend to be female.

The state's racial proportion for earners above the minimum wage is essentially the same as the racial distribution of workers at the minimum wage. This may indicate that the 2007 minimum wage increases brought minimum wage earners up to a more representative level of the hourly work force earning just above the minimum wage.

The heaviest concentration of workers making above the minimum wage are 35- to 54-years-old. This proportion differs from minimum wage workers who tend to be younger.

Pennsylvania workers having a high school diploma account for the highest percentage of above minimum wage earners (48 percent). Earners above the minimum wage tend to be more educated than workers receiving the minimum.

Fifty percent of workers earning above the minimum wage are married. On the other hand, earners at or below the minimum wage tend to be never married.

Pennsylvania Demographic Characteristics of All Employed Individuals 2006 Average Compared 2007 Average (Numbers of workers in thousands)										
	2006				2007				Percentage Point Chg. 2006 to 2007	
	US	Pct.	PA	Pct.	US	Pct.	PA	Pct.	US	PA
TOTAL	144,427		6,018		146,047		6,060			
Gender										
Male	77,502	53%	3,198	53%	78,254	54%	3,188	53%	1%	0%
Female	66,926	47%	2,819	47%	67,792	46%	2,872	47%	-1%	0%
Race										
Black, non-Hispanic	15,192	11%	502.1	8%	15,458	11%	499.7	8%	0%	0%
Hispanic	19,631	14%	206.7	3%	20,396	14%	211.2	4%	0%	0%
Other, non-Hispanic	9,017	6%	135.6	2%	9,326	6%	137.8	2%	0%	0%
White, non-Hispanic	100,586	70%	5,173	86%	100,867	69%	5,211	86%	-1%	0%
Age										
16-19	6,154	4%	282.0	5%	5,904	4%	270.9	5%	0%	0%
20-24	13,871	10%	571.4	10%	13,954	10%	558.8	9%	0%	-1%
25-34	31,027	22%	1,146	19%	31,532	22%	1,175	19%	0%	0%
35-44	34,578	24%	1,388	23%	34,310	24%	1,335	22%	0%	-1%
45-54	34,122	24%	1,449	24%	34,634	24%	1,528	25%	0%	1%
55-64	19,378	13%	923.5	15%	20,097	14%	929.2	15%	1%	0%
65 and over	5,297	4%	258.2	4%	5,616	4%	263.6	4%	0%	0%
Education										
Less than a high school diploma	16,776	12%	514.2	9%	16,175	11%	514.7	9%	-1%	0%
High school graduates, no college	42,371	29%	2,294	38%	42,791	29%	2,316	38%	0%	0%
Some college, no degree	27,954	19%	889.7	15%	28,060	19%	842.9	14%	0%	-1%
Associate degree	13,762	10%	582.3	10%	13,645	9%	593.2	10%	-1%	0%
Bachelor's degree or higher	43,564	30%	1,737	29%	45,376	31%	1,794	30%	1%	1%
Marital Status										
Married Spouse Present	80,863	56%	3,398	56%	81,902	56%	3,398	56%	0%	0%
Married Status Other	23,560	16%	872.9	15%	23,685	16%	912.6	15%	0%	0%
Never Married	40,005	28%	1,757	29%	40,460	28%	1,750	29%	0%	0%

Totals may not sum due to rounding.
U.S. Census Bureau: Current Population Survey

Males make up a slightly higher proportion of all employed than females. This tendency differs from the greater likelihood that earners at the minimum wage or below are apt to be female.

Pennsylvania's racial proportion of all employed individuals is essentially the same as the distribution of workers at the minimum wage.

The heaviest concentration of the employed is among 25- to 54-year-olds. This differs from minimum wage workers who tend to be 16- to 24-year-olds. In addition, the number of employed 16- to 24-year-olds declined from 2006 to 2007.

The plurality of Pennsylvania's employed are high school graduates (38 percent), followed by those having a bachelor's degree or higher (30 percent). Among Pennsylvania's employed, 54 percent have at least some college as compared to 28 percent for minimum wage earners.

Fifty-six percent of the employed are married. This differs from minimum wage earners who tend to be never married. The marital status of Pennsylvania's employed is similar to that of the nation.

Pennsylvania Demographic Characteristics of All Individuals Age 16 Years and Over 2006 Average Compared 2007 Average (Numbers of workers in thousands)										
	2006				2007				Percentage Point Chg. 2006 to 2007	
	US	Pct.	PA	Pct.	US	Pct.	PA	Pct.	US	PA
TOTAL	228,815		9,801		231,867		9,829			
Gender										
Male	110,605	48%	4,681	48%	112,173	48%	4,707	48%	0%	0%
Female	118,210	52%	5,120	52%	119,694	52%	5,122	52%	0%	0%
Race										
Black, non-Hispanic	26,116	11%	903.1	9%	26,529	11%	922.1	9%	0%	0%
Hispanic	30,103	13%	330.5	3%	31,383	14%	317.0	3%	1%	0%
Other, non-Hispanic	14,284	6%	236.4	2%	14,865	6%	224.8	2%	0%	0%
White, non-Hispanic	158,311	69%	8,331	85%	159,090	69%	8,365	85%	0%	0%
Age										
16-19	16,678	7%	690.2	7%	16,985	7%	681.1	7%	0%	0%
20-24	20,265	9%	839.6	9%	20,427	9%	843.4	9%	0%	0%
25-34	39,230	17%	1,448	15%	39,751	17%	1,462	15%	0%	0%
35-44	42,753	19%	1,714	17%	42,401	18%	1,692	17%	-1%	0%
45-54	42,911	19%	1,821	19%	43,554	19%	1,875	19%	0%	0%
55-64	31,375	14%	1,482	15%	32,536	14%	1,503	15%	0%	0%
65 and over	35,603	16%	1,807	18%	36,215	16%	1,773	18%	0%	0%
Education										
Less than a high school diploma	41,600	18%	1,513	15%	40,607	18%	1,466	15%	0%	0%
High school graduates, no college	69,867	31%	3,902	40%	70,635	31%	3,913	40%	0%	0%
Some college, no degree	41,858	18%	1,396	14%	42,811	18%	1,356	14%	1%	0%
Associate degree	18,368	8%	725.3	7%	18,458	8%	754.6	8%	0%	1%
Bachelor's degree or higher	57,121	25%	2,265	23%	59,356	26%	2,339	24%	1%	1%
Marital Status										
Married Spouse Present	120,327	53%	5,103	52%	122,222	53%	5,068	52%	0%	0%
Married Status Other	44,932	20%	1,881	19%	44,762	19%	1,919	20%	-1%	1%
Never Married	63,556	28%	2,817	29%	64,883	28%	2,842	29%	0%	0%

Totals may not sum due to rounding.
U.S. Census Bureau: Current Population Survey

(For the following comparisons please refer to the table: Pennsylvania Demographics Characteristics of Workers at the Minimum Wage or Below on page 19)

Females make up a higher proportion of minimum wage earners (65 percent) than the overall population (52 percent).

Pennsylvania's racial proportion of minimum wage workers is essentially the same as the general population.

16- to 24-year-olds make up a much higher proportion of minimum wage or below earners than the population, 52 percent versus 16 percent.

Minimum wage earners have a higher percentage of those with less than a high school diploma than the population, 36 percent versus 15 percent. Conversely, the population has a higher proportion of those with a bachelor's degree or higher than minimum wage earners, 24 percent versus 5 percent.

Never married individuals comprise a higher percentage of those earning at the minimum wage or below than they do within the general Pennsylvania population, 66 percent versus 29 percent.

Pennsylvania
Demographic Characteristics of All Unemployed Individuals
2006 Average Compared 2007 Average
(Numbers of workers in thousands)

	2006						2007						Percentage Point Rate Chg. 2006 to 2007	
	US	Pct.	Rate	PA	Pct.	Rate	US	Pct.	Rate	PA	Pct.	Rate	US	PA
TOTAL	7,001		4.6%	296.0		4.7%	7,078		4.6%	272.0		4.3%	0.0%	-0.4%
Gender														
Male	3,770	54%	4.6%	168.5	57%	5.0%	3,868	55%	4.7%	138.9	51%	4.2%	0.1%	-0.8%
Female	3,231	46%	4.6%	127.5	43%	4.3%	3,210	45%	4.5%	133.2	49%	4.5%	-0.1%	0.2%
Race														
Black, non-Hispanic	1,453	21%	8.7%	44.0	15%	8.1%	1,349	19%	8.0%	35.0	13%	6.6%	-0.7%	-1.5%
Hispanic	1,016	15%	4.9%	16.8	6%	7.5%	1,180	17%	5.5%	9.9	4%	4.5%	0.6%	-3.0%
Other, non-Hispanic	384	5%	4.1%	7.0	2%	4.9%	4,134	6%	4.3%	6.1	2%	4.3%	0.2%	-0.6%
White, non-Hispanic	4,148	59%	4.0%	228.1	77%	4.2%	415	58%	3.9%	221.0	81%	4.1%	0.0%	-0.1%
Age														
16-19	748	11%	10.8%	22.6	8%	7.4%	735	10%	11.1%	29.9	11%	10.0%	0.3%	2.6%
20-24	1,258	18%	8.3%	45.0	15%	7.3%	1,228	17%	8.1%	51.5	19%	8.5%	-0.2%	1.2%
25-34	1,608	23%	4.9%	62.2	21%	5.2%	1,612	23%	4.9%	67.5	25%	5.5%	0.0%	0.3%
35-44	1,370	20%	3.8%	69.0	23%	4.7%	1,365	19%	3.8%	41.8	15%	3.1%	0.0%	-1.6%
45-54	1,196	17%	3.4%	53.2	19%	3.5%	1,227	17%	3.4%	44.9	17%	2.9%	0.0%	-0.6%
55-64	635	9%	3.2%	30.1	10%	3.2%	705	10%	3.4%	26.9	10%	2.8%	0.2%	-0.4%
65 and over	187	3%	3.4%	13.8	5%	5.1%	206	3%	3.5%	9.6	4%	3.5%	0.1%	-1.6%
Education														
Less than a high school diploma	1,581	23%	8.6%	43.6	15%	7.8%	1,596	23%	9.0%	49.6	18%	8.8%	0.4%	1.0%
High school graduates, no college	2,501	36%	5.6%	121.9	41%	5.1%	2,444	35%	5.4%	115.4	42%	4.8%	-0.2%	-0.3%
Some college, no degree	1,391	20%	4.7%	51.8	18%	5.5%	1,423	20%	4.8%	48.3	18%	5.4%	0.1%	-0.1%
Associate degree	487	7%	3.4%	22.6	8%	3.7%	504	7%	3.6%	21.5	8%	3.5%	0.2%	-0.2%
Bachelor's degree or higher	1,042	15%	2.3%	56.2	19%	3.1%	1,111	16%	2.4%	37.7	14%	2.0%	0.1%	-1.1%
Marital Status														
Married Spouse Present	2,340	33%	2.8%	105.6	36%	3.0%	2,473	35%	2.9%	89.7	33%	2.6%	0.1%	-0.4%
Married Status Other	1,321	19%	5.3%	47.9	16%	5.2%	1,368	19%	5.5%	42.9	16%	4.5%	0.2%	-0.7%
Never Married	3,339	48%	7.7%	142.5	48%	7.6%	3,237	46%	7.4%	139.4	51%	7.4%	-0.3%	-0.2%

Totals may not sum due to rounding.
U.S. Census Bureau: Current Population Survey

The unemployment rate among females increased 0.2 percentage points from 4.3 percent to 4.5 percent from 2006 to 2007. The state's overall rate declined 0.4 percentage points from 4.7 percent to 4.3 percent.

Likewise, the unemployment rate increased among 16- to 24-year-olds 1.7 percentage points from 7.3 percent to 9.0 percent. (The data for this calculation is not shown.)

Also the unemployment rate went up among those with less than a high school diploma 1 percentage point from 7.8 percent to 8.8 percent.

Minimum wage workers tend to be female, 16- to 24-years-old, or having less than a high school diploma.

INDUSTRY CHARACTERISTICS

Pennsylvania Industry Characteristics of Workers at the Minimum Wage or Below 2006 Average Compared 2007 Average (Numbers of workers in thousands)										
	2006				2007				Percentage Point Chg. 2006 to 2007	
	US ^{1/}	Pct.	PA ^{1/}	Pct.	US ^{2/}	Pct.	PA ^{3/}	Pct.	US	PA
TOTAL	1,693		95.2		1,818		199.7			
Industry (Employment)										
Agriculture, forestry, fishing, and hunting	18.6	1%	1.1	1%	12.9	1%	7.1	4%	0%	3%
Mining	0.0	0%	0.0	0%	0.0	0%	0.0	0%	0%	0%
Construction	12.6	1%	0.0	0%	36.3	2%	3.0	2%	1%	2%
Manufacturing	40.1	2%	0.8	1%	37.2	2%	3.2	2%	0%	1%
Wholesale Trade	10.8	1%	0.8	1%	10.0	1%	0.0	0%	0%	-1%
Retail Trade	129.3	8%	9.2	10%	158.0	9%	37.5	19%	1%	9%
Transportation and utilities	22.0	1%	0.8	1%	26.4	2%	2.6	1%	1%	0%
Information	15.6	1%	0.9	1%	22.6	1%	7.1	4%	0%	3%
Financial activities	19.5	1%	0.0	0%	23.8	1%	2.1	1%	0%	1%
Professional and business services	56.3	3%	1.0	1%	52.6	3%	3.7	2%	0%	1%
Educational services	61.5	4%	4.6	5%	56.0	3%	5.7	3%	-1%	-2%
Hospitals	14.0	1%	0.0	0%	19.9	1%	4.5	2%	0%	2%
Health care services, except hospitals	58.8	4%	0.9	1%	65.6	4%	11.3	6%	0%	5%
Social assistance	47.7	3%	2.8	3%	54.8	3%	6.3	3%	0%	0%
Arts, entertainment, and recreation	48.3	3%	2.1	2%	59.0	3%	4.2	2%	0%	0%
Accommodation	36.9	2%	4.2	5%	41.0	2%	4.7	2%	0%	-3%
Food services and drinking places	988.2	58%	53.2	56%	1,028.0	57%	86.1	43%	-1%	-13%
Other services	90.7	5%	10.7	11%	79.8	4%	8.0	4%	-1%	-7%
Public administration	21.4	1%	2.0	2%	34.1	2%	2.4	1%	1%	-1%
Work Status										
Full-time	683.6	40%	22.1	23%	813.3	45%	60.6	30%	5%	7%
Part-time	1,009	60%	73.1	77%	1,005	55%	139.2	70%	-5%	-7%

^{1/}Minimum wage at \$5.15
^{2/}An average of the US minimum wages in 2007 (\$5.15 and \$5.85) - \$5.50
^{3/}An average of the two PA minimum wage raises in 2007 (\$6.25 and \$7.15) - \$6.70
Totals may not sum due to rounding.
U.S. Census Bureau: Current Population Survey

The industries most likely to employ workers at or below the minimum wage are leisure and hospitality (consists of: arts, entertainment, and recreation; accommodation; and food services and drinking places) and retail trade. These industries employed 66 percent of all minimum wage earners in 2007. However, nearly all industries contain some minimum wage workers. The 2007 minimum wage increases most affected the percentage of minimum wage earners in the following industries: food services and drinking places (-13 percentage points); retail trade (+9 percentage points); other services (-7 percentage points); and, health care services (+5 percentage points).

The federal minimum wage increase (\$5.15 to \$5.85) hardly changed the industry characteristics of minimum wage workers in the nation.

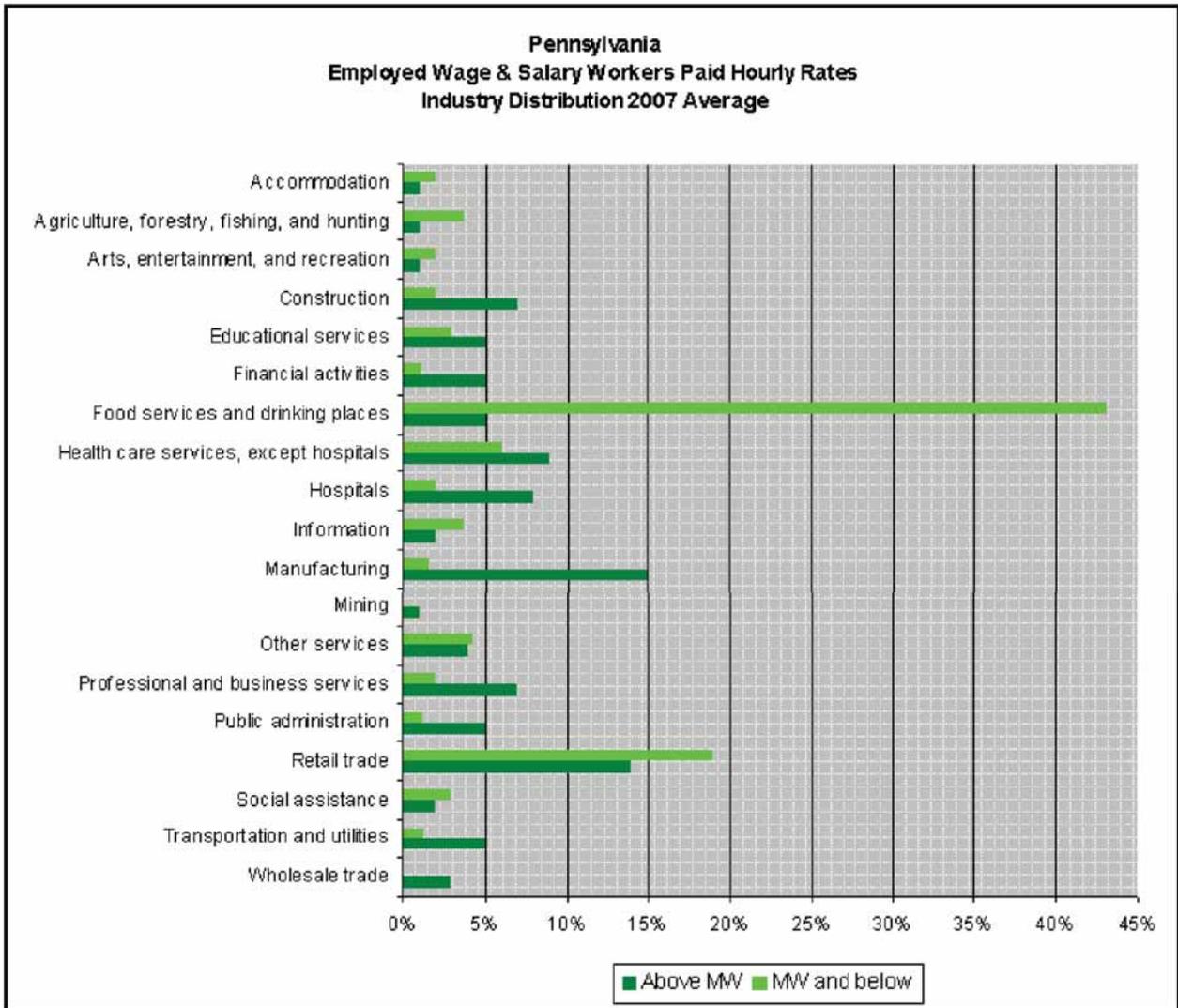
Seventy percent of those hourly workers earning at or below the minimum wage worked part-time in 2007. The minimum wage increases lowered this proportion by 7 percentage points from 2006.

Pennsylvania Industry Characteristics of Workers Above the Minimum Wage 2006 Average Compared 2007 Average (Numbers of workers in thousands)										
	2006				2007				Percentage Point Chg. 2006 to 2007	
	US ^{1/}	Pct.	PA ^{1/}	Pct.	US ^{2/}	Pct.	PA ^{3/}	Pct.	US	PA
TOTAL	74,821		3,361		74,055		3,234			
Industry (Employment)										
Agriculture, forestry, fishing, and hunting	662	1%	18.7	1%	705	1%	24.5	1%	0%	0%
Mining	415	1%	14.7	<1%	439	1%	17.3	1%	0%	<1%
Construction	6,434	9%	237.4	7%	6,305	9%	224.7	7%	0%	0%
Manufacturing	10,232	14%	520.0	16%	9,882	13%	472.3	15%	-1%	-1%
Wholesale Trade	1,983	3%	91.3	3%	1,984	3%	99.0	3%	0%	0%
Retail Trade	10,864	15%	493.9	15%	10,580	14%	448.7	14%	-1%	-1%
Transportation and utilities	4,091	6%	171.3	5%	4,125	6%	171.5	5%	0%	0%
Information	1,600	2%	51.8	2%	1,623	2%	63.8	2%	0%	0%
Financial activities	3,552	5%	143.2	4%	3,489	5%	149.1	5%	0%	1%
Professional and business services	5,781	8%	244.9	7%	5,917	8%	229.2	7%	0%	0%
Educational services	4,163	6%	183.5	6%	4,125	6%	175.6	5%	0%	-1%
Hospitals	4,107	6%	231.3	7%	4,072	5%	268.6	8%	-1%	1%
Health care services, except hospitals	5,518	7%	294.9	9%	5,474	7%	304.3	9%	0%	0%
Social assistance	1,559	2%	74.2	2%	1,563	2%	72.5	2%	0%	0%
Arts, entertainment, and recreation	1,447	2%	61.9	2%	1,536	2%	40.9	1%	0%	-1%
Accommodation	1,026	1%	34.3	1%	979	1%	31.2	1%	0%	0%
Food services and drinking places	5,196	7%	209.8	6%	5,190	7%	170.4	5%	0%	-1%
Other services	3,035	4%	134.0	4%	3,875	4%	122.5	4%	0%	0%
Public administration	3,152	4%	150.2	5%	3,191	4%	148.2	5%	0%	0%
Work Status										
Full-time	58,606	78%	2,567	76%	57,766	78%	2,498.3	77%	0%	1%
Part-time	16,216	22%	794.6	24%	16,289	22%	736.0	23%	0%	-1%
^{1/} Minimum wage at \$5.15 ^{2/} An average of the US minimum wages in 2007 (\$5.15 and \$5.85) - \$5.50 ^{3/} An average of the two PA minimum wage raises in 2007 (\$6.25 and \$7.15) - \$6.70 <i>Totals may not sum due to rounding.</i> U.S. Census Bureau: Current Population Survey										

The Pennsylvania industries most likely to employ hourly workers above the minimum wage are manufacturing, retail trade and health care services. These industries employed 38 percent of all those making above the minimum wage in 2007.

The industry distribution of those making above the minimum wage was little changed in Pennsylvania and the nation from 2006 to 2007.

Seventy-seven percent of those hourly workers earning above the minimum wage worked full-time in 2007.



The minimum wage is an average of the two minimum wage raises in 2007 (\$6.25 and \$7.15) - \$6.70
 U.S. Census Bureau: Current Population Survey

A notably higher proportion of earners at or below the minimum wage work in leisure and hospitality (arts, entertainment, and recreation; accommodation; and food services and drinking places), retail trade, agriculture, and information than (hourly) workers above the minimum wage.

Working in manufacturing, construction, hospitals, professional and business services, financial activities, public administration, and transportation and utilities are a notably higher proportion of above minimum wage workers than minimum wage workers.

Pennsylvania
Employed^{1/} Change in Jobs by Industry
January and July 2007
(Numbers in thousands)

	January MW Increase								July MW Increase							
	PA Emp Chg				US Emp Chg				PA Emp Chg				US Emp Chg			
	1 mo later	Pct Chg	3 mo later	Pct Chg	1 mo later	Pct Chg	3 mo later	Pct Chg	1 mo later	Pct Chg	3 mo later ^{4/}	Pct Chg	1 mo later	Pct Chg	3 mo later ^{4/}	Pct Chg
TOTAL	2.7	0.05	8.2	0.14	90.0	0.07	387.0	0.28	1.8	0.03	10.3	0.18	93.0	0.07	307.0	0.22
Agriculture, forestry, fishing, and hunting	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Natural Resources & Mining	0.3	1.42	0.5	2.36	5.0	0.71	11.0	1.55	0.3	1.42	0.4	1.89	2.0	0.28	4.0	0.55
Construction	0.4	0.15	-1.9	-0.72	-77.0	-100	-47.0	-0.61	0.1	0.04	-0.9	-0.35	-29.0	-0.38	-63.0	-0.82
Manufacturing	-3.0	-0.45	-3.2	-0.48	-17.0	-0.12	-58.0	-0.41	-1.7	-0.26	-2.7	-0.41	-45.0	-0.32	-75.0	-0.53
Wholesale Trade	0.5	0.21	1.2	0.50	11.0	0.18	29.7	0.50	0.5	0.21	0.9	0.37	6.2	0.10	31.9	0.53
Retail Trade	-1.9	-0.29	-0.1	-0.02	7.1	0.05	19.4	0.13	-1.3	-0.20	-1.9	-0.29	-4.2	-0.03	-21.8	-0.14
Transportation and utilities	0.6	0.26	1.5	0.64	-3.0	-0.06	-0.5	-0.01	0.7	0.30	-0.6	-0.25	2.8	0.06	21.8	0.43
Information	-0.7	-0.64	-1.3	-1.20	13.0	0.42	25.0	0.81	-0.3	-0.28	-0.4	-0.37	-4.0	-0.13	0.0	0.00
Financial activities	0.5	0.15	0.0	0.00	6.0	0.07	8.0	0.09	-0.6	-0.18	-0.7	-0.21	-13.0	-0.15	-39.0	-0.46
Professional and business services	3.4	0.50	3.9	0.57	36.0	0.20	55.0	0.31	1.4	0.20	1.5	0.22	31.0	0.17	107.0	0.60
Educational services	1.4	0.13	6.2	0.58	36.0	0.20	144.0	0.80	2.7	0.25	9.5	0.88	62.0	0.34	127.0	0.69
Leisure and hospitality	1.1	0.22	2.4	0.49	29.0	0.22	85.0	0.63	-0.4	-0.08	1.1	0.22	23.0	0.17	110.0	0.81
Other services	0.5	0.19	0.8	0.31	10.0	0.18	26.0	0.48	-0.3	-0.11	0.3	0.11	-2.0	-0.04	-4.0	-0.07
Public administration	-0.4	-0.05	-1.8	-0.24	34.0	0.15	89.0	0.40	0.7	0.09	3.8	0.51	63.0	0.28	108.0	0.49
10-year Ave. Total Change	3.7	0.07	12.3	0.22	116.6	0.09	392.8	0.30	-1.9	-0.03	2.1	0.04	91.4	0.07	301.6	0.23
10-year Ave. Manufacturing	-1.9	-0.25	-5.3	-0.68	-27.3	-0.17	-84.4	-0.53	-2.5	-0.34	-6.4	-0.85	-25.1	-0.17	-90.6	-0.58
10-year Ave. Retail Change	0.1	0.01	0.6	0.10	12.0	0.08	29.9	0.20	-1.1	-0.17	-1.4	-0.20	1.5	0.01	14.5	0.10
10-year Ave. Educ & Health Serv Chg	1.9	0.21	5.5	0.57	32.5	0.20	106.5	0.66	1.7	0.17	4.5	0.45	36.9	0.22	109.8	0.67
10-year Ave. Leisure & Hospitality Chg	0.8	0.18	1.8	0.41	11.0	0.09	53.9	0.44	0.4	0.08	1.8	0.38	18.0	0.15	57.2	0.46
September 1997 MW Increase ^{2/} Total Chg	21.8	0.40	41.0	0.76	339.0	0.27	944.0	0.76	----	----	----	----	----	----	----	----
August 1996 MW Increase ^{3/} Total Chg	-0.3	0.01	32.8	0.62	218.0	0.18	748.0	0.62	----	----	----	----	----	----	----	----

^{1/}Seasonally Adjusted

^{2/}To \$5.15. 1 month and 3 months later from September 1997.

^{3/}To \$4.75. 1 month and 3 months later from August 1996.

^{4/} October preliminary data

Totals may not sum due to rounding.

Current Employment Statistics Survey

The purpose of this chart is to see if Pennsylvania's employment declined in response to the two minimum wage increases in 2007. The data is seasonally adjusted. Therefore, effects due to reoccurring seasonal patterns (e.g. holidays, weather, schools) have been removed leaving the underlying trend and other non-seasonal movements (such as a possible response to the minimum wage increase) intact in the data series.

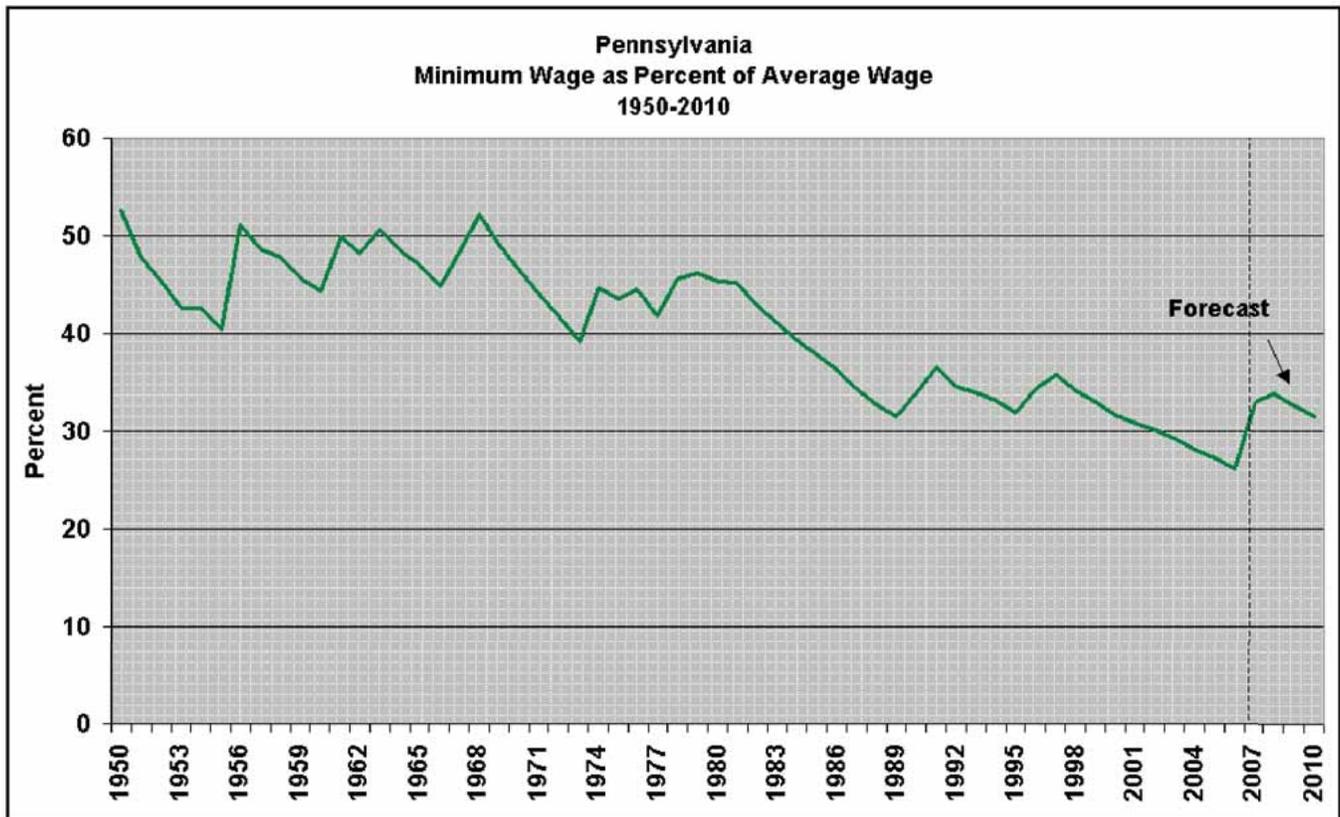
Looking first at the January increase, 1-month and 3-month Pennsylvania employment change was positive (+2,700 and +8,200). However employment growth was less than the 10-year statewide average changes (+3,700 and +12,300). The nation exhibited the same overall trend. The next step is to review the performance of industries where most minimum wage workers are found, which are primarily retail trade and leisure and hospitality. Pennsylvania retail trade declined in both the 1-month and 3-month later time frames (-1,900 and -100). This change was counter to the 10-year retail average changes (+100 and +600). However, while national retail trade exhibited 1-month and 3-month growth, the growth was less than the 10-year average changes. Pennsylvania leisure and hospitality had stronger than average growth over both the 1-month and 3-month later time frames, the same held true in the nation.

Checking the July increase, 1-month and 3-month Pennsylvania employment change was also positive (+1,800 and +10,300). In addition, employment growth was more than the 10-year statewide average changes (-1,900 and +2,100). Pennsylvania retail trade declined in both the 1-month and 3-month later time frames (-1,300 and -1,900). This change was more severe than the 10-year retail average changes (-1,100 and -1,400). National retail trade also exhibited 1-month and 3-month later loss. This ran counter to its 10-year average of growth. Pennsylvania leisure and hospitality declined over the 1-month later change (-400), but gained over the 3-month later change (+1,100). Both of these changes were worse than the 10-year average changes (+400 and +1,800). This trend ran counter to the nation, which exhibited stronger than normal growth over both time frames.

A comparison of the 2007 increases to the previous two minimum wage increases in 1997 and 1996 shows mixed results. The 1997 increase coincided with very strong total employment growth 1-month and 3-months later in excess of the 10-year average changes after the minimum wage increase. The 1996 increase coincided with a small total employment decline after 1-month later. However, total employment rebounded sharply in excess of the 10-year average change after 3-months. Three months after the final minimum wage increase in July 2007 shows total employment growth in excess of the 10-year average.

In summary, the data shows a less than 1 percent decline in retail trade employment over the short term (1 to 3 months later) after January and July 2007. Leisure and hospitality employment increased by less than 1 percent (1 to 3 months later) after January and July 2007.

INFLATION AND POVERTY



Average Wage forecast based on ten-year average.

The minimum wage in 2007 is an average of the two minimum wage raises in 2007 (\$6.25 and \$7.15) - \$6.70

The original level of the minimum wage was set in 1938 at 50 percent of the average manufacturing wage (now calculated as statewide average wage due to the decline in manufacturing). However, in 1969 a gradual decline in the minimum wage as a percent of the average wage began.

In 2006, Pennsylvania's minimum wage was at 26 percent of the average wage, an all-time low.

The increase in the minimum wage to \$7.15 in 2007 brought the minimum wage up to 34 percent of the average wage. This is below the original level of 50 percent of the average wage.

In order to be at 50 percent of the average wage and to counter the effects of inflation (inflation forecast based on ten-year average), the minimum wage in 2007 needed to be \$10.20, and would need to be \$10.60 in 2008, \$11.00 in 2009, and \$11.40 in 2010.



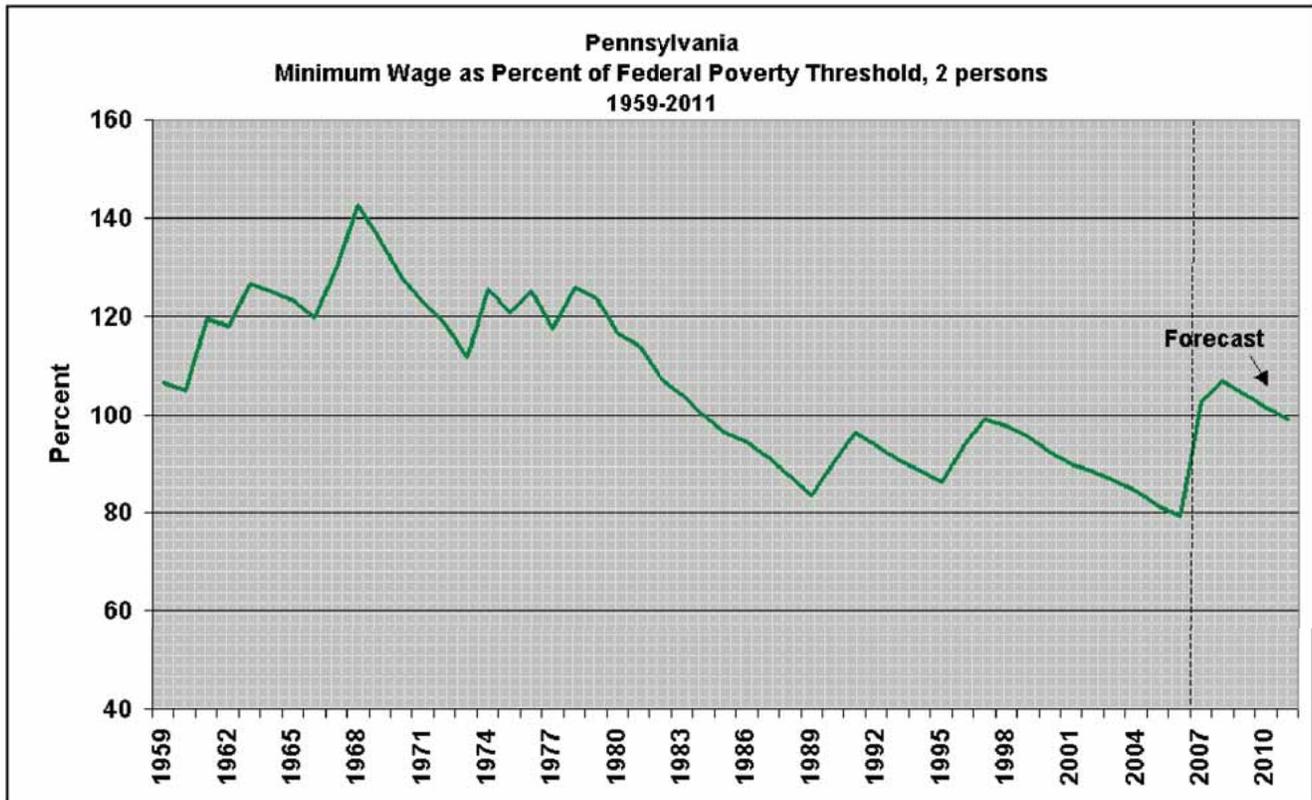
^{1/}Indexed to 2007

Inflation forecast based on ten-year average applied to the minimum wage

The minimum wage in 2007 is an average of the two minimum wage raises in 2007 (\$6.25 and \$7.15) - \$6.70

Inflation negatively impacts minimum wage. Adjusting for inflation, the 2007 minimum wage increase to \$7.15 will be worth \$7.00 in 2008, \$6.80 in 2009, and \$6.60 in 2010.

In 2007 dollars, the current minimum wage of \$7.15 was worth more than \$9.50 in 1968. Pennsylvania's minimum wage (and the federal minimum wage) remained unchanged from September 1997 to the end of 2006, while prices rose considerably. In 2006, the purchasing power of the \$5.15 minimum wage was less than at any time since the 1950s.

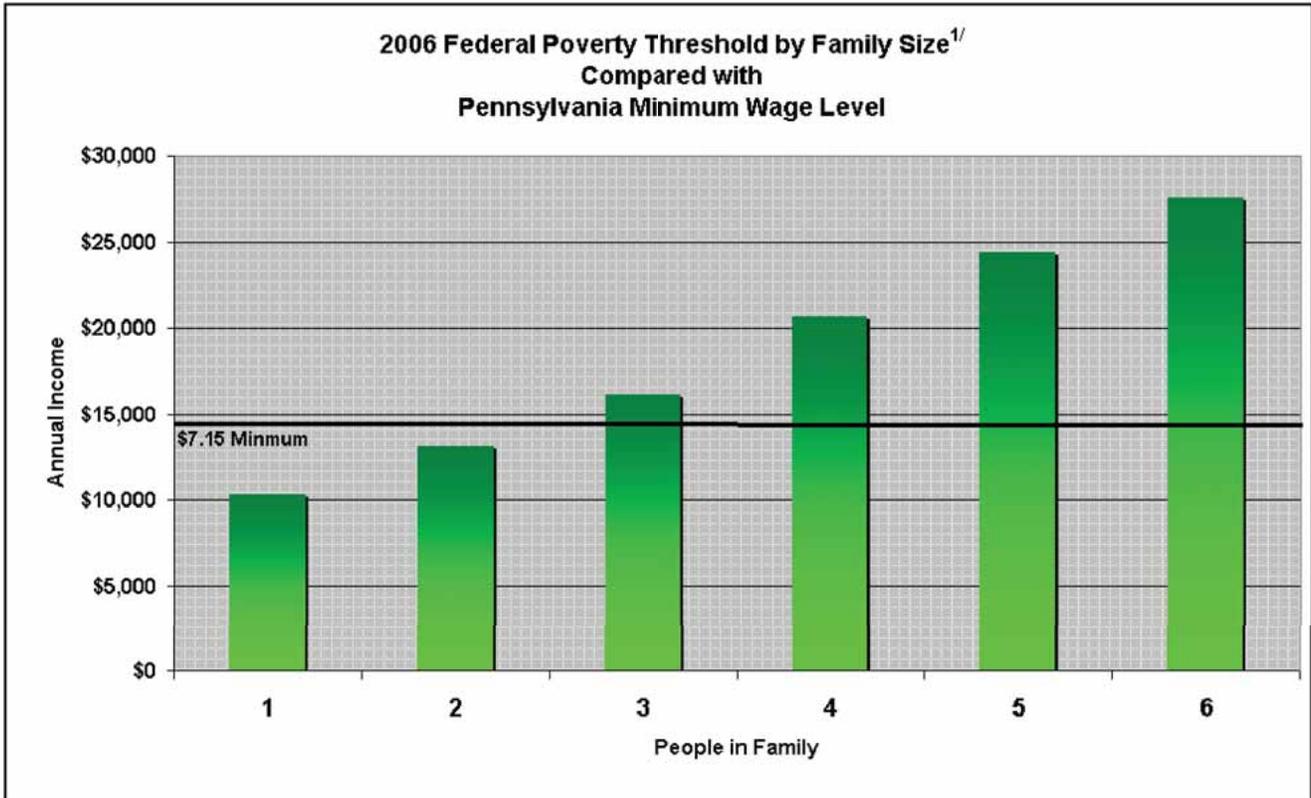


Inflation forecast based on ten-year average applied to the poverty wage
 The minimum wage in 2007 is an average of the two minimum wage raises in 2007 (\$6.25 and \$7.15) - \$6.70
 U.S. Census Bureau

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 \$10,710, or 81 percent of the federal poverty level, an all-time low.

In 2007, with the two minimum wage increases, the annual income for an individual in Pennsylvania making the minimum wage (\$6.70 – an average of the two increases) was \$13,936, or 103 percent of the federal poverty threshold for a two person household.

If the minimum wage remains unchanged at \$7.15 (actually it will increase to \$7.25 in 2009 because of the new federal minimum), its percent of the federal poverty level for a two-person household will dip below the 100 percent level in 2011 (assuming full-time employment).



^{1/}Average-weighted threshold
U.S. Census Bureau

A person working full-time at \$7.15 per hour earns \$14,872 per year. This exceeded the 2006 poverty threshold for one-person (\$10,294) and two-persons (\$13,167). However, this fell short of three-person households (\$16,079).

Therefore, a single parent with two children, working full-time at \$7.15 would earn wages below the poverty threshold. However, a two-parent family with two children, with both parents working full-time at the minimum wage would have exceeded the poverty level for a four-person household (\$20,614).

OTHER STATES

Minimum Wage Rates by State

Area	2006	2007	2008	2009	Area	2006	2007	2008	2009
Federal	\$5.15	\$5.85	\$6.55	\$7.25	Federal	\$5.15	\$5.85	\$6.55	\$7.25
Alabama	\$5.15	\$5.85	\$6.55	\$7.25	Montana ^{1/}	\$5.15	\$6.15	\$6.55	CPI
Alaska	\$7.15	\$7.15	\$7.15	\$7.25	Nebraska	\$5.15	\$5.85	\$6.55	\$7.25
Arizona ^{1/}	\$5.15	\$6.75	\$6.90	CPI	Nevada ^{1/}	\$6.15	\$6.33	CPI	CPI
Arkansas	\$6.25	\$6.25	\$6.55	\$7.25	New Hampshire	\$5.15	\$6.50	\$7.25	\$7.25
California	\$6.75	\$7.50	\$8.00	\$8.00	New Jersey	\$7.15	\$7.15	\$7.15	\$7.25
Colorado ^{1/}	\$5.15	\$6.85	\$7.02	CPI	New Mexico	\$5.15	\$5.85	\$6.55	\$7.50
Connecticut	\$7.40	\$7.65	\$7.65	\$7.65	New York	\$6.75	\$7.15	\$7.15	\$7.25
Delaware	\$6.15	\$6.65	\$7.15	\$7.25	North Carolina	\$5.15	\$6.15	\$6.55	\$7.25
Florida ^{1/}	\$6.40	\$6.67	\$6.79	CPI	North Dakota	\$5.15	\$5.85	\$6.55	\$7.25
Georgia	\$5.15	\$5.85	\$6.55	\$7.25	Ohio ^{1/}	\$5.15	\$6.85	\$7.00	CPI
Hawaii	\$6.75	\$7.25	\$7.25	\$7.25	Oklahoma	\$5.15	\$5.85	\$6.55	\$7.25
Idaho	\$5.15	\$5.85	\$6.55	\$7.25	Oregon ^{1/}	\$7.50	\$7.80	\$7.95	CPI
Illinois	\$6.50	\$7.50	\$7.75	\$8.00	Pennsylvania	\$5.15	\$7.15	\$7.15	\$7.25
Indiana	\$5.15	\$5.85	\$6.55	\$7.25	Rhode Island	\$7.10	\$7.40	\$7.40	\$7.40
Iowa	\$5.15	\$6.20	\$7.25	\$7.25	South Carolina	\$5.15	\$5.85	\$6.55	\$7.25
Kansas	\$5.15	\$5.85	\$6.55	\$7.25	South Dakota	\$5.15	\$5.85	\$6.55	\$7.25
Kentucky	\$5.15	\$5.85	\$6.55	\$7.25	Tennessee	\$5.15	\$5.85	\$6.55	\$7.25
Louisiana	\$5.15	\$5.85	\$6.55	\$7.25	Texas	\$5.15	\$5.85	\$6.55	\$7.25
Maine	\$6.75	\$7.00	\$7.00	\$7.25	Utah	\$5.15	\$5.85	\$6.55	\$7.25
Maryland	\$6.15	\$6.15	\$6.55	\$7.25	Vermont ^{1/}	\$7.25	\$7.53	\$7.68	CPI
Massachusetts	\$6.75	\$7.50	\$8.00	\$8.00	Virginia	\$5.15	\$5.85	\$6.55	\$7.25
Michigan	\$6.95	\$7.15	\$7.40	\$7.40	Washington ^{1/}	\$7.63	\$7.93	\$8.07	CPI
Minnesota	\$6.15	\$6.15	\$6.55	\$7.25	West Virginia	\$5.85	\$6.55	\$7.25	\$7.25
Mississippi	\$5.15	\$5.85	\$6.55	\$7.25	Wisconsin	\$5.70	\$6.50	\$6.55	\$7.25
Missouri ^{1/}	\$6.50	\$6.50	\$6.65	CPI	Wyoming	\$5.15	\$5.85	\$6.55	\$7.25

^{1/}Minimum wage tied to inflation rate - Consumer Price Index (CPI)
 U.S. Department of Labor
 Data accurate as of January 8, 2008

In 2006, 23 states had higher minimum wage rates than Pennsylvania. In 2007 (as of July), only nine states had higher rates. Of those states having higher minimums, the rates ranged from \$7.25 to \$7.93. Thirteen states will have a higher minimum wage than Pennsylvania in 2008, ranging from \$7.25 to \$8.07.

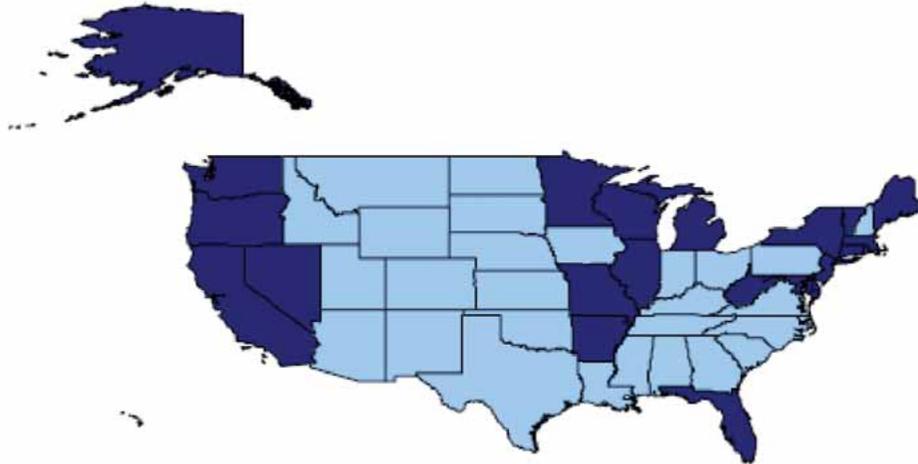
Twenty-seven states were still at the federal minimum wage (\$5.15) in 2006. In 2007, only 21 states were at the new federal minimum wage (\$5.85).

Of all its neighboring states (shaded above), Pennsylvania is tied with New Jersey and New York in having the highest minimum wage (\$7.15).

Of Pennsylvania's neighboring states, only West Virginia plans on raising its minimum wage (to \$7.25) before the next federal minimum of \$7.25 takes effect in 2009.

By 2009, Arizona, Colorado, Florida, Missouri, Montana, Nevada, Ohio, Oregon, Vermont and Washington (10 states total) will have their minimum wage rates tied to the Consumer Price Index to provide an automatic increase for inflation purposes.

2006 Pennsylvania and Other States Minimum Wage Comparison

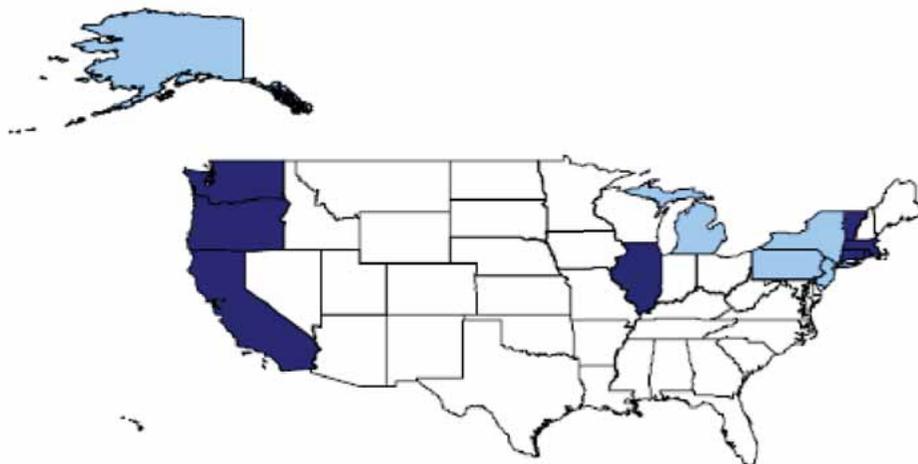


- Same as PA's minimum wage
- Higher than PA's minimum wage

Note: PA's minimum wage= \$5.15

As of 1/8/2008

2007 Pennsylvania and Other States Minimum Wage Comparison

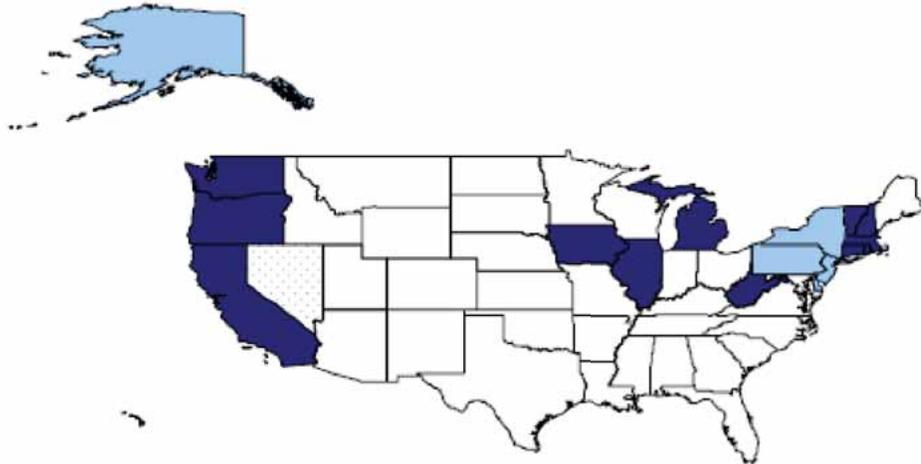


- Lower than PA's minimum wage
- Same as PA's minimum wage
- Higher than PA's minimum wage

Note: PA's minimum wage= \$7.15

As of 1/8/2008

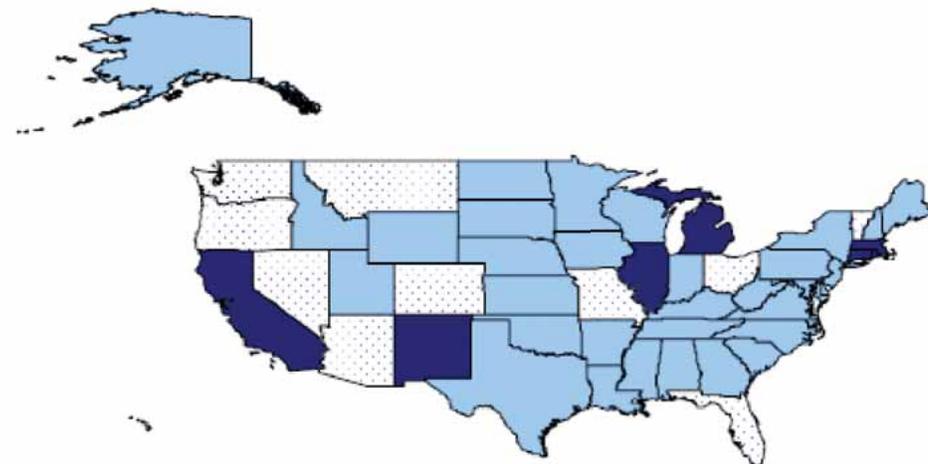
2008 Pennsylvania and Other States Minimum Wage Comparison



- Lower than PA's minimum wage
 - Same as PA's minimum wage
 - Higher than PA's minimum wage
 - Tied to the Cost of Living Increases
- Note: PA's minimum wage = \$7.15

As of 1/8/2008

2009 Pennsylvania and Other States Minimum Wage Comparison



- Same as PA's minimum wage
 - Higher than PA's minimum wage
 - Tied to the Cost of Living Increases
- Note: PA's minimum wage = \$7.25

As of 1/8/2008

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.
- Bureau of the Census – The Bureau of the Census, in the U.S. Department of Commerce, collects general statistical information from individuals and establishments in order to compile statistics.
- Census - A census is an enumeration of all the people 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 most modern democracies, the United States conducts a complete enumeration every ten years, under the auspices of the Bureau of the Census, which publishes detailed reports.
- Current Employment Statistics (CES) – Each month the Current Employment Statistics (CES) program surveys about 160,000 businesses and government agencies, representing approximately 400,000 individual worksites, 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 United States Census Bureau for the Bureau of Labor Statistics (BLS). The BLS uses the data to provide a monthly report on the 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 which includes the 12th day of the month, (a) did any work as paid employees, worked in their own business or profession or on their own farm, or worked 15 hours or more as unpaid workers in an enterprise operated by a member of their family, 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 24th, 2007, the minimum wage increased from \$5.15 to \$5.85. On July 24th, 2008, the minimum wage will increase from \$5.85 to \$6.55. On July 24th, 2009, the final increase will be made, from \$6.55 to \$7.25.

- Federal Poverty Level – The set minimum amount of income that a family needs for food, clothing, transportation, shelter and other necessities. In the United States, this level is determined by the Department of Health and Human Services. Federal Poverty Level (FPL) varies according to family size. The number is adjusted for inflation and reported annually in the form of poverty guidelines.
- 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, recordkeeping, 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 has been defined as a 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.
- Minimum wage – Minimum wage is the lowest level at which workers may be compensated by their employers and is established by the FLSA at the federal level, and by the Minimum Wage Act in Pennsylvania.
- Poverty Threshold – The set minimum amount of income that a family needs for food, clothing, transportation, shelter and other necessities as determined by the Bureau of the Census. Poverty Thresholds vary according to family size. The number is adjusted for inflation and reported annually.
- Unemployed – Unemployed persons are persons aged 16 years and older who had no employment during the reference week, were available for work, except for temporary illness, and had made specific efforts to find employment sometime during the 4-week period ending with the reference week. Persons who were waiting to be recalled to a job from which they had been laid off need not have been looking for work to be classified as unemployed.

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