

ANALYSIS OF THE PENNSYLVANIA MINIMUM WAGE

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ADVISORY
BOARD



MARCH 2022

Commonwealth of Pennsylvania

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Preface

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

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

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Introduction

This report contains statistical information on Pennsylvanians **who earn hourly wages, including those who earn the minimum wage or less**, analyzes 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.

Wage rates used in this report refer to the wage rates earned by hourly workers at their main jobs, excluding overtime pay, tips and commissions. A portion of workers reported as making minimum wage or below may have received additional compensation such as tips. Employers are legally obligated to supplement the earnings of tipped employees, as necessary, to ensure that hourly rates are never below the minimum wage.

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 \$7.25 since then. While the nominal minimum wage has not changed since 2009, changes in the economy and other factors have impacted those earning the minimum wage or less.

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

Both federal and state law provide for several exemptions and lower thresholds to the minimum wage for certain employers and certain job classifications. Farm workers, some seasonal workers, and newspaper deliverers are exempt from both state and federal minimum wage law while lower minimum wages are allowed for tipped employees and full-time students. Other exemptions that were based on the number of employees employed by the business or the age of the worker have expired. The CPS data lack direct indicators to permit removal of exempt individuals.

The cohort of workers earning above but close to the minimum wage are considered “near minimum wage,” a category without a precise range. A formal analysis of this cohort began with the 2013 report at which time it was defined as \$7.26 to \$9.25. From 2015 to 2017, it was defined as between \$7.26 and \$10.10. It has been defined as \$7.26 to \$12.00 since the 2018 report due to recent interest in a minimum wage of \$12.00. As “near minimum wage” is not standard, one should not compare characteristics of this group to previous reports.

Pennsylvania's minimum wage data and analyses in this report should be used with some caution due to the small size of the CPS sample. It should also be noted that the report utilizes the most current annual data available at the time of publication. Demographic data from the CPS and inflation data from the Consumer Price Index (CPI) are from 2021, the calendar year of the report. However, the most recent data on poverty thresholds and the state's average wage are lagged a year and based on 2020 data, because the data for the most current calendar year will not be released until later this year.

Note: This report has been prepared using available data from the U.S. Bureau of the Census and the federal Bureau of Labor Statistics. While it is a comprehensive analysis of data collected on at or below minimum wage workers in the state and the nation, there are limitations of the data. Details of the reliability of CPS estimates, in general, can be found at, https://www.bls.gov/cps/eetech_methods.pdf, while limitations of subnational (e.g., state) data can be found at <https://www.bls.gov/opub/geographic-profile/home.htm>.

While reliable data on minimum wage and price levels go back at least as far as the inception of the Federal Minimum Wage Law (1938), reliable historical demographic data of the minimum wage or below populations of years prior to 1994 are not readily available and might not be comparable with the current minimum wage or below population due to definitional and methodological changes over time. These would include changes in categories of race and ethnicity, industry and occupational classifications, and methods of collecting and weighting samples. Reliable estimates of the current percentage of at or below 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 or below population, it was not specifically designed to do so and therefore may lead to both overcounting and undercounting of certain segments of the minimum wage or below population. For instance, tipped employees, such as servers, may legally be paid a lower cash minimum wage, which is usually referred to as the tipped minimum wage (\$2.83 per hour in Pennsylvania since 1997), due to the employer being able to offset the cash wage paid with a tip credit; however, employers are legally obligated to supplement their earnings if necessary to ensure that hourly rates are never below 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. This may lead to undercounting the number of workers earning at or below the minimum wage.

Further, many characteristics of the minimum wage or below 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 conducting of an additional survey.

The previously mentioned caveats regarding potential shortcomings of the CPS are still operative. In addition, the consequences of the pandemic that manifested itself in 2020 created complications in data collection that exacerbated these issues. These included decreased employment generally and particularly in certain industries, changes in the wage distribution, etc. which may make the 2020 data less typical and makes comparisons of 2021 to the prior year harder to interpret. The decreased employment of workers earning the minimum wage or below (and other subgroups) also makes the sample sizes smaller, making estimates less reliable.

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 earners at or below the minimum wage and the industries that employ them.

Wage Distribution of All Hourly Workers

- In 2021, there were an estimated 63,800 Pennsylvania workers earning minimum wage or less. This is the lowest number of at or below minimum wage workers on record in this annual report series. It is 10,600 (14.2 percent) lower than the previous low of 2020 when it was 74,400. Workers earning minimum wage or less represented 2.0 percent of all hourly workers and 1.1 percent of all workers.
- From 2020 to 2021, Pennsylvania's hourly employment increased by 91,300 (+2.9 percent), while Pennsylvania's overall employment increased by 26,200 (+0.4 percent). U.S. hourly employment increased by 2,807,000 (+3.8 percent), while the nation's overall employment increased by 4,778,000 (+3.2 percent). The proportion of all workers receiving hourly rates in 2021 increased slightly in both Pennsylvania and the nation from 2020. In 2021, the percentage of the employed earning hourly rates was higher in Pennsylvania (55 percent) than in the U.S. overall (50 percent).
- In 2021, there were an estimated 586,000 Pennsylvania workers earning near minimum wage (\$7.26-\$12.00). This was 107,100 (-15.4 percent) lower than in 2020 when it was 693,100.
- Labor markets in the U.S. and Pennsylvania continued rebounding in both employment and wages from the pandemic-induced recession. The increase in employment and hourly workers was concentrated in higher wage workers which contributed to both the absolute and relative changes in the wage distribution. The volumes and proportions of hourly workers in the lower wage categories fell, while increasing for those above \$12.00 an hour. The median wage in Pennsylvania increased from \$16.50 in 2020 to \$17.00 in 2021, while it rose from \$16.32 to \$17.00 in the nation.
- Pennsylvania had a higher percentage (2.0 percent) of workers at or below the federal minimum wage of \$7.25 than the nation (1.4 percent). About six out of every 10 wage earners in both Pennsylvania and the U.S. were in the highest wage category (of above \$15.00). Pennsylvania's share of wage earners in this category rose by 2.1 percentage points to 59.0 percent, while the nation's percentage rose 3.9 percentage points to 60.0 percent.

Comparison of Minimum Wage or Below Worker Characteristics to Other Populations

- A majority of Pennsylvania earners at or below the minimum wage in 2021 were from one or more of the following groups vs. its percentage in the population 16 and over:
 - ❑ Female 67% vs. 52%
 - ❑ White 79% vs. 79%
 - ❑ 16-to-24-year-olds 51% vs. 14%
 - ❑ High school graduates or less 64% vs. 45%
 - ❑ Never married 82% vs. 34%
- Females outnumbered males by over two to one (67.2 percent to 32.8 percent) among at or below minimum wage workers in Pennsylvania during 2021.
- Pennsylvania's 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 vs. its percentage in the population 16 and over:
 - ❑ White 76% vs. 79%
 - ❑ 25-to-54-year-olds 55% vs. 45%
 - ❑ High school graduates or more 91% vs. 89%
 - ❑ Married (now or in the past) 56% vs. 66%
- Pennsylvania's workers who earned near minimum wage were from one or more of the following demographic groups vs. its percentage in the population 16 and over:
 - ❑ Female 59% vs. 52%
 - ❑ White 75% vs. 79%
 - ❑ 16-to-34-year-olds 63% vs. 30%
 - ❑ High school graduates or less 58% vs. 45%
 - ❑ Never married 65% vs. 34%
- The proportions of Pennsylvania earners at or below minimum wage who were either female, 16-to-24-year-old, non-high school graduates, or never married were higher than their corresponding proportions in the population. However, the percentages of those demographic groups in the Pennsylvania minimum wage or below population were most similar to the corresponding percentages of minimum wage or below earners in the nation as a whole as well as those earning "near minimum wage" in Pennsylvania. Whites, who constituted almost eight out of every 10 minimum wage or below earners in Pennsylvania, were almost identically represented relative to their proportion in the total Pennsylvania population.
- Workers having no children of their own under age 18 made up 75 percent of those earning the minimum wage or less in Pennsylvania. Married parents constituted 14 percent of minimum wage or below workers in Pennsylvania and 11 percent were single parents. In 2021, almost two out of every three single parents in the Pennsylvania minimum wage or below population had one child.
- Over 41 percent of those who earned the minimum wage or less were in families with less than \$50,000 per year and 19 percent were in families whose combined income was less than \$30,000 per year. In contrast, almost 43 percent had annual family incomes of \$75,000 or more a year and over 30 percent had annual family incomes of \$100,000 or more per year. See chart on page 15.

Industry and Occupational Distributions

- Pennsylvania workers earning at or below the minimum wage in 2021 were most likely to be employed in the following **industries**: food services and drinking places, other services, and arts, entertainment and recreation. Combined, these industries employed 74 percent of all minimum wage or below earners in 2021 with food services and drinking places by itself accounting for 50 percent.
- In 2021, 54 percent of hourly wage workers in Pennsylvania earning the minimum wage or less worked part time. Seventy-six percent of hourly wage workers earning above the minimum wage worked full time.
- The retail trade industry in Pennsylvania employs many hourly-paid workers and accounted for a large proportion of workers earning more than the minimum wage (15 percent) and a higher proportion of those earning the near minimum wage (25 percent). Historically, a large proportion of workers earning the minimum wage or below worked in retail trade, but that was not the case in 2021, possibly due to steadily increasing entry-level wage rates in the industry.
- In 2021, 40 percent of Pennsylvanians who earned the minimum wage or less worked in food preparation & serving related **occupations**. Workers earning the minimum wage or less also were likely to be employed in personal care & service occupations (22 percent) or transportation & material moving occupations (9 percent).
- Food preparation & serving related occupations accounted for only 21 percent of workers earning near minimum wage and 7 percent of those earning above the minimum wage.

Recent Historical Comparisons (One and Five Years)

- The number of at or below minimum wage workers fell by 81,600 (56.1 percent) from 2016 to 2021. The absolute decrease in the number of at or below minimum wage workers from 2016 most likely reflects the relative decrease in the minimum wage compared to the average wage in Pennsylvania which was exacerbated by the pandemic's impact.
- The relative predominance of food services and drinking places in the employment of at or below minimum wage workers grew from 45.7 percent to 50.4 percent over the five-year interval even as it decreased on an absolute scale by 34,300 workers (51.6 percent).
- The occupational category whose number and share of minimum wage or less earners increased the most between 2016 and 2021 was personal care & service occupations which rose by 15 percentage points. The share of minimum wage or below earners in the sales and related occupations fell by 9 percentage points. Over the five-year interval, food preparation & serving related occupations decreased its share by 8 percentage points to 40 percent as the number of such workers declined by 64 percent. On an absolute basis, the business & financial operations occupations, computer & mathematical science occupations and healthcare support occupations also increased. See chart on page 24.

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, a lower percentage than at any point since the enactment of a federal minimum wage in 1938. The increase in the minimum wage to \$7.25 in 2009 brought the minimum wage up to 34 percent of the average wage. By 2020, Pennsylvania's minimum wage had fallen to 24 percent of the average wage, a new all-time low.
- Inflation adversely affects the purchasing power of an unchanging minimum wage. In 2009, the last year in which the minimum wage increased, the purchasing power of the minimum wage was \$9.16 (in 2021 dollars) and has been steadily declining since then. The value of the 2021 minimum wage of \$7.25 is projected to fall to \$7.12 in 2022 and \$6.98 in 2023 after adjusting for estimated inflation.
- In 2020, the annual income for an individual working full time in Pennsylvania making the minimum wage (\$7.25) was \$15,080. This income level exceeded the 2020 Federal Poverty Threshold for a one-person household (\$13,171) but fell short of the poverty threshold for a two-person (\$16,733) and a three-person household (\$20,591).

Other States

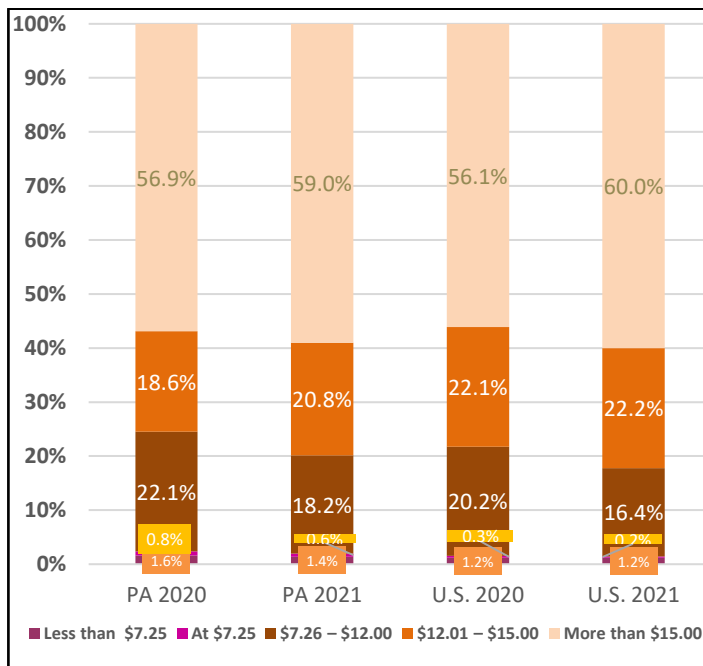
- During 2021, 30 states had higher minimum wage rates than Pennsylvania ranging from \$8.75 to \$14.00 per hour. States' minimum wage rates are discussed on page 34.
- Since the beginning of 2015, all of Pennsylvania's neighboring states have had higher minimum wage rates than Pennsylvania. The 2021 minimum wage rates of Pennsylvania's neighboring states ranged from \$8.75 to \$13.20.
- Michigan, Missouri, Nevada, and New Mexico have scheduled annual increases in their minimum wages until they reach \$12.00. California, Connecticut, Delaware, Florida, Illinois, Maryland, Massachusetts, New Jersey, New York, Rhode Island, Vermont, and Virginia have scheduled increases in the coming years to reach a minimum wage of \$15.00. Fifteen states currently have (or will after their scheduled increases) their minimum wages tied to the Consumer Price Index or other similar measures to provide automatic increases that keep pace with inflation. Twenty-four states raised minimum wages in 2021 and with significant overlap 25 states (including New York) have already done so or are projected to do so in 2022.
- The tipped minimum wage in Pennsylvania has been at \$2.83 since 1997. During 2021, 28 states had higher tipped minimum wage rates than Pennsylvania ranging from \$3.26 to \$14.00 per hour.

Conclusion

- In 2021, there were an estimated 63,800 Pennsylvania workers earning minimum wage or less. This is the lowest number of at or below minimum wage workers on record in this annual report series. It is 10,600 (-14.2 percent) lower than the previous low of 2020 when it was 74,400, at which time the minimum wage was at the 2009 level of \$7.25 per hour. Workers earning minimum wage or less represented 2.0 percent of all hourly workers and 1.1 percent of all workers.
- In 2021, 586,000 Pennsylvania workers (18.2 percent) earned above \$7.25 per hour up to \$12 per hour and another 671,200 (20.8 percent) earned between \$12.01 and 3up to \$15 per hour. Almost six of every 10 Pennsylvania hourly workers earned above \$15.00 per hour.
- 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.
- Pennsylvanians earning from \$7.26 per hour through \$12.00 per hour tended to be from one or more of the following groups: female, White, 16-to-34-year-olds, high school graduates or more, or never married.
- The number of at or below minimum wage workers fell by 81,600 (56.1 percent) from 2016 to 2021. The absolute decrease in the number of at or below minimum wage workers from 2016 most likely reflects the relative decrease in the minimum wage compared to the average wage in Pennsylvania which was exacerbated by the pandemic's impact.
- Workers earning at or below the minimum wage were most likely to be employed in the following **industries**: food services and drinking places, other services, and arts, entertainment, & recreation. Part-time workers accounted for more than one half of hourly workers earning the minimum wage or below.
- Inflation adversely affects the purchasing power of an unchanging minimum wage. In 2009, the last year in which the minimum wage increased, the purchasing power of the minimum wage was \$9.16 (in 2021 dollars) and has been steadily declining since then. The value of the 2021 minimum wage of \$7.25 is projected to fall to \$7.12 in 2022 and \$6.98 in 2023 after adjusting for estimated inflation.
- In 2021, 30 states had higher minimum wage rates than Pennsylvania ranging from \$8.75 to \$14.00. Since January 1, 2015, all of Pennsylvania's neighboring states have minimum wages exceeding Pennsylvania's rate.
- Sixteen states scheduled increases of their minimum wage rates until it reaches either \$12.00 (4) or \$15.00 (12). Fifteen states have (or will have after their scheduled increase) their minimum wage rates tied to the Consumer Price Index or other similar measures.
- The tipped minimum wage in Pennsylvania has been at \$2.83 since 1997. During 2021, 28 states had higher tipped minimum wage rates than Pennsylvania.

WAGE DISTRIBUTION OF ALL HOURLY WORKERS

**Pennsylvania and U.S. Employed Wage & Salary Workers Paid Hourly Rates
2021 Average Compared to 2020 Average (numbers of workers in thousands)**



Source: U.S. Bureau of the Census, Current Population Survey
Both the U.S. minimum wage and the PA minimum wage were \$7.25 during 2020 and 2021.
Totals and differences may not sum due to rounding.

Total, 16 Years and Over	2020		2021	
	US	PA	US	PA
Total Paid an Hourly Rate	73,379	3,130.0	76,186	3,221.3
Total at or below \$7.25	1,119	74.4	1,099	63.8
Less than \$7.25	871	50.2	917	45.0
At \$7.25	248	24.2	183	18.8
\$7.26 – \$12.00	14,856	693.1	12,459	586.0
\$12.01 – \$15.00	16,228	581.7	16,915	671.2
More than \$15.00	41,176	1,780.9	45,712	1,900.3
Median Wage	\$16.32	\$16.50	\$17.00	\$17.00

In 2021, there were an estimated 63,800 Pennsylvania workers earning minimum wage or less. This is the lowest number of at or below minimum wage workers on record in this annual report series. It is 10,600 (-14.2 percent) lower than the previous low in 2020 when it was 74,400. The decrease in 2021 was split almost evenly between those earning at and those earning below the minimum wage. Workers earning minimum wage or less represented 2.0 percent of all hourly workers and 1.1 percent of all workers.

Pennsylvania's hourly employment increased by 91,300 (+2.9 percent), while its overall employment increased by 26,200 (+0.4 percent). U.S. hourly employment increased by 2,807,000 (+3.8 percent), while the nation's overall employment increased by 4,778,000 (+3.2 percent). The proportion of all workers receiving hourly rates increased slightly in both Pennsylvania and the nation from 2020. In 2021, the percentage of the employed earning hourly rates was higher in Pennsylvania (55 percent) than in the U.S. overall (50 percent).

Using broader income categories of minimum wage or below, near minimum wage (\$7.26 - \$12.00), and above minimum wage, the U.S. and Pennsylvania had similar experiences. As the labor market was rebounding (in employment and wages) from the pandemic-induced recession the increase in employment and hourly workers was concentrated in higher wage workers which contributed to both the absolute and relative changes in the wage distribution discussed below. The volumes and proportions of hourly workers in the lower wage categories fell, while increasing for those above \$12.00 an hour. Pennsylvania's share of above \$15.00 per hour workers rose by 2.1 percentage points to 59.0 percent, while the nation's percentage rose 3.9 percentage points to 60.0 percent. The median wage in Pennsylvania increased from \$16.50 to \$17.00, while it rose from \$16.32 to \$17.00 in the nation. Pennsylvania had a higher percentage (2.0 percent) of workers at or below the federal minimum wage of \$7.25 than the nation (1.4 percent). In both Pennsylvania and the nation, the largest percentage point decline amongst the categories was in those earning the near minimum wage.

COMPARISON OF MINIMUM WAGE OR BELOW WORKER CHARACTERISTICS TO OTHER POPULATIONS

Pennsylvania and U.S. 2021 Averages Demographic Characteristics of Various Populations (total numbers of workers in thousands, breakdown by characteristic in percent)							
Demographic Characteristics	Minimum Wage or Below		Above Minimum Wage		All Employed ²	Population 16 and Over	
			Near	Total			
	PA ¹	U.S. ¹	PA	PA	PA	PA	U.S.
TOTAL	63.8	1,099	586.0	3,157.5	5,881.3	10,269.5	261,437
Gender							
Male	32.8%	36.6%	40.8%	49.4%	51.8%	48.3%	48.4%
Female	67.2%	63.4%	59.2%	50.6%	48.2%	51.7%	51.6%
Race							
Black, non-Hispanic	4.7%	12.8%	12.2%	10.9%	9.1%	10.2%	12.1%
Hispanic	2.5%	20.6%	9.5%	8.5%	6.4%	6.6%	17.2%
Other, non-Hispanic	14.1%	9.5%	3.3%	4.3%	4.8%	4.6%	8.8%
White, non-Hispanic	78.6%	57.1%	75.00%	76.2%	79.7%	78.7%	62.0%
Age							
16-19	33.9%	17.5%	23.1%	6.7%	4.3%	6.4%	6.3%
20-24	16.7%	27.1%	24.8%	14.3%	9.6%	7.7%	8.0%
25-34	17.6%	24.7%	15.1%	21.9%	21.9%	16.2%	17.1%
35-44	17.8%	10.7%	9.6%	17.0%	19.5%	14.4%	16.0%
45-54	6.8%	8.7%	6.2%	16.5%	18.7%	14.1%	15.1%
55-64	3.7%	8.0%	12.7%	17.8%	18.8%	16.8%	16.0%
65 and over	3.6%	3.3%	8.3%	5.8%	7.2%	24.4%	21.5%
Education							
Less than a high school diploma	24.6%	15.2%	21.6%	8.6%	6.6%	10.9%	12.3%
High school graduates, no college	39.4%	34.4%	36.7%	38.5%	29.2%	34.4%	28.1%
Some college, no degree	16.2%	27.1%	22.2%	18.0%	13.5%	13.1%	16.4%
Associate degree	9.3%	8.7%	7.8%	12.3%	10.1%	8.8%	9.5%
Bachelor's degree or higher	10.5%	14.6%	11.6%	22.6%	40.7%	32.8%	33.7%
Marital Status							
Married Spouse Present	13.8%	22.6%	26.0%	42.5%	51.1%	48.1%	48.7%
Marital Status Other	4.0%	11.2%	9.4%	13.9%	13.5%	18.3%	18.9%
Never Married	82.2%	66.2%	64.6%	43.6%	35.4%	33.5%	32.4%

¹Both the U.S. and PA minimum wages were \$7.25 during 2021.

²All Employed includes hourly workers (minimum wage or below and above minimum wage) and workers not earning an hourly wage.

Totals may not sum due to rounding.

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

Gender

The gender composition of Pennsylvania's at or below minimum wage workers was most similar to that of other at or below minimum wage workers in the U.S. and to a lesser extent, to those in Pennsylvania earning the near minimum wage (\$7.26 to \$12.00). The overall population of those 16 years and older in both Pennsylvania and the U.S. was almost evenly divided between males and females as was the total population of those earning above the minimum wage in Pennsylvania. The Pennsylvania population of all employed was also almost evenly divided between males and females, but with a higher proportion of males. In contrast, females outnumbered males by 67.2 percent to 32.8 percent among at or below minimum wage workers in Pennsylvania during 2021.

Race

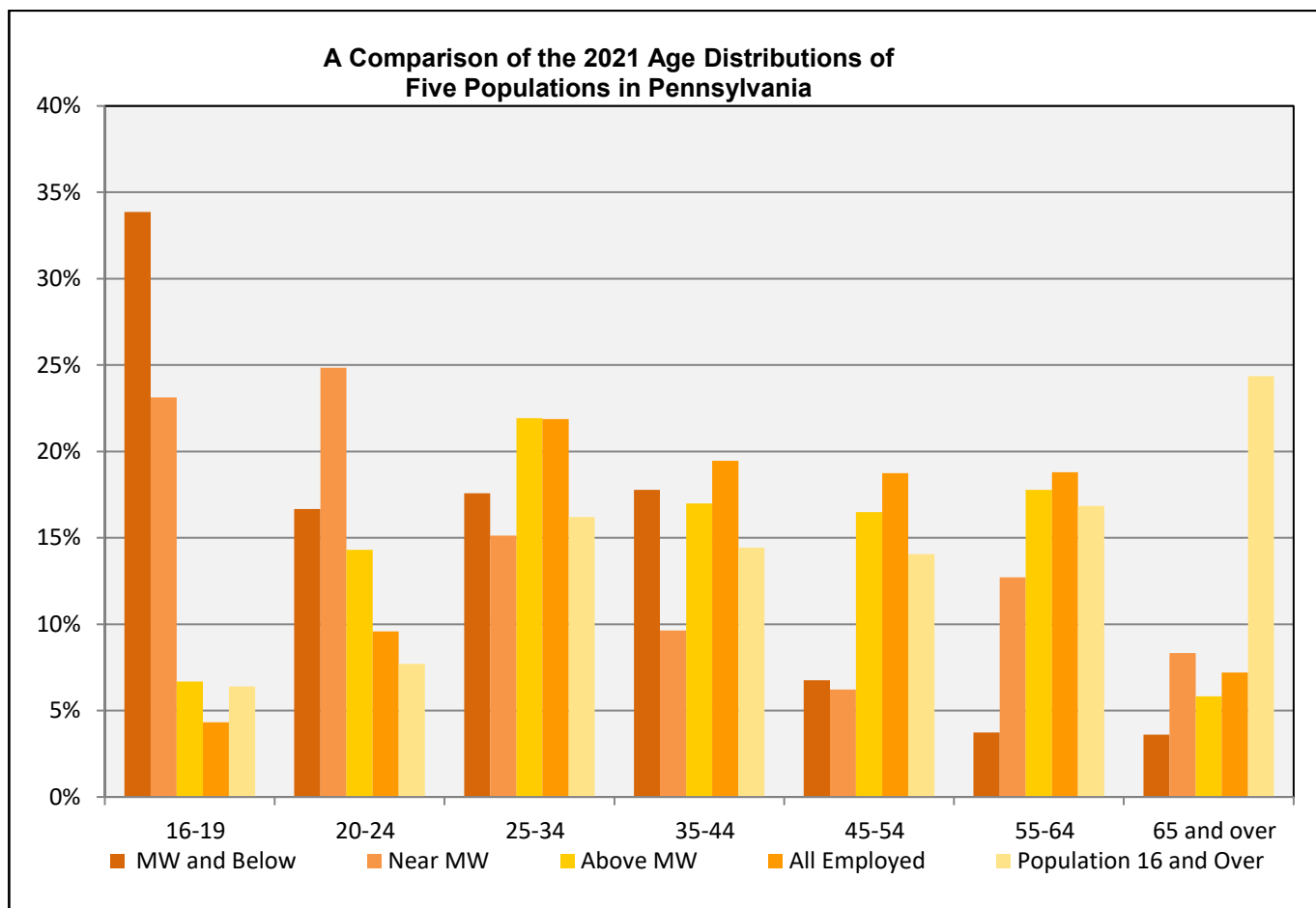
White workers represented a significant majority of Pennsylvania's at or below minimum wage workers, as they did for all of Pennsylvania's other reported wage categories. They were slightly underrepresented in all of the wage categories depicted relative to their percentage of all employed.

The second largest group of minimum wage or below workers was Other non-Hispanics, which is the smallest group among the employed and population of those 16 and over in Pennsylvania. Due to the group being a very small cohort, estimates of its percentage in subgroups (e.g., minimum wage or below earners) are subject to large sampling errors and consequently greater variability over time.

Black workers made up the next highest percentage of all those employed and of the population in Pennsylvania. Their proportion of at or below minimum wage workers was about half of their percentage of the employed in Pennsylvania and that of the population 16 and older.

Nationally among at or below minimum wage workers, Black and Hispanic workers were overrepresented, while White and Other workers were underrepresented relative to their overall populations.

Age



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

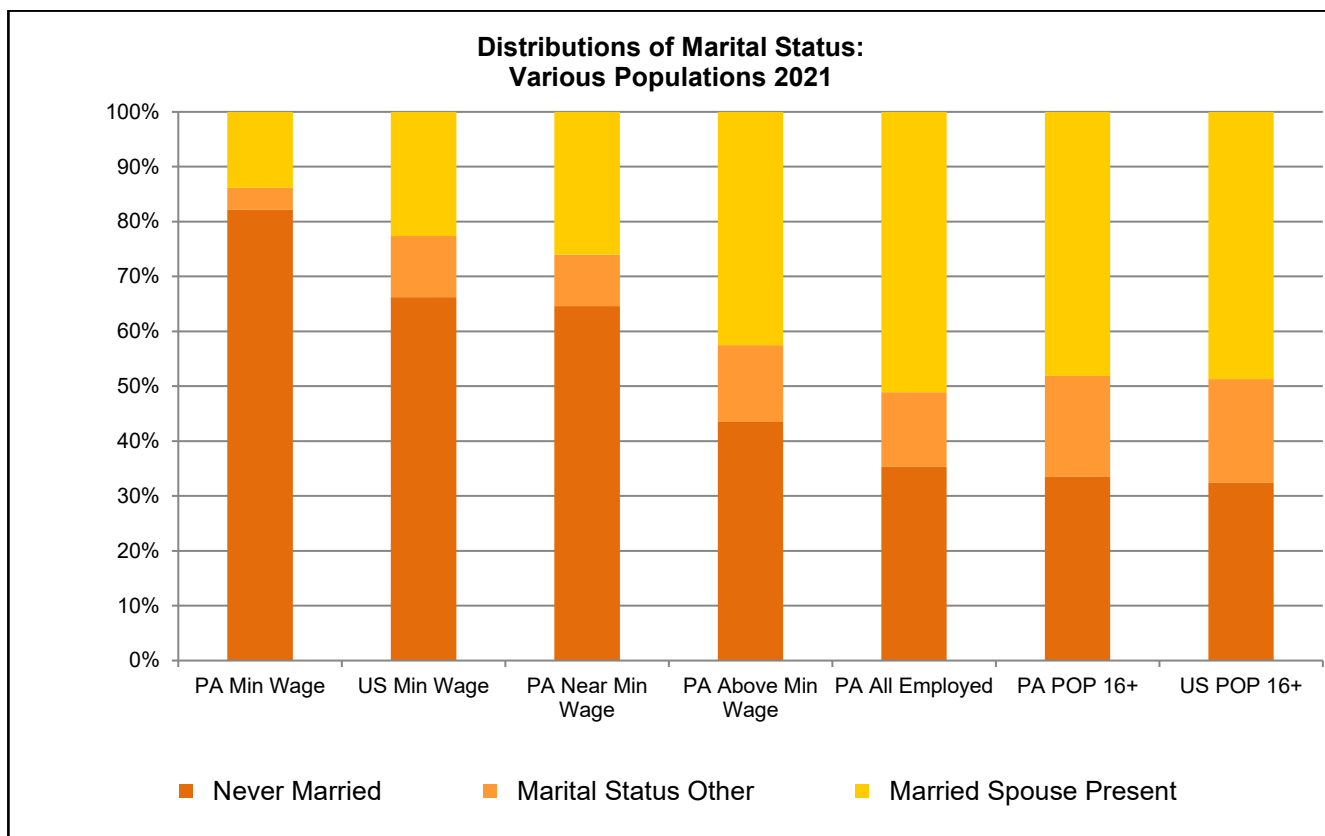
About 51 percent of Pennsylvania's minimum wage or below population was under 25 years of age, while less than 14 percent of all employed were under 25 years of age. Roughly 42 percent of Pennsylvania's minimum wage or below workers were between 25 and 54 years of age, while over 60 percent of the all employed group was in that age range.

Slightly more than 7 percent of minimum wage or below workers were 55 years old or older compared to 26 percent of the all employed population. The 55-64 and 65 and over age groups together constituted over 41 percent of the Pennsylvania population who were at least 16 years old.

Education

In general, at or below minimum wage workers in Pennsylvania tended to be less educated than other employed workers in the state. Those with a high school diploma or less accounted for 64 percent of those earning the minimum wage or less in 2021 as compared to 36 percent for all employed. At the other end of the education spectrum, less than 20 percent of minimum wage or below workers had at least an associate's degree while the percentage of all employed with at least an associate's degree was close to 51 percent. The difference regarding bachelor's degrees was more pronounced. Less than 11 percent of those earning the minimum wage or less had bachelor's degrees compared to almost 42 percent among all employed in Pennsylvania.

Marital Status



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

A sizable majority (82.2 percent) of minimum wage earners had never been married. The remainder was split between those who were married with spouse present at 13.8 percent and those with a marital status of other (divorced, separated, or widowed) at 4.0 percent.

Family Status and Family Income of Workers Paid Hourly Rates: 2021 Selected Groups in Pennsylvania and the U.S. (numbers of workers in thousands)					
Characteristics	At or Below the Minimum Wage		Above the Minimum Wage		Total Hourly Workers
	PA ¹	U.S. ¹	Near PA	Total PA	
TOTAL	63.8	1,099	586.0	3,157.5	76,186
Family Status²					
No Children (Single or Married)	75%	78%	86%	75%	72%
Married Parent	14%	11%	6%	16%	19%
Single Parent	11%	11%	8%	8%	9%
1 child	7%	6%	5%	5%	5%
2 children	2%	1%	2%	2%	3%
3 children	2%	1%	1%	1%	1%
4 or more children	0%	0%	0%	0%	0%
Family Annual Income					
\$9,999 or less	6%	5%	2%	2%	3%
\$10,000 to \$19,999	2%	8%	5%	4%	5%
\$20,000 to \$29,999	11%	11%	9%	6%	8%
\$30,000 to \$39,999	7%	12%	10%	9%	11%
\$40,000 to \$49,999	15%	10%	12%	10%	9%
\$50,000 to \$59,999	9%	7%	11%	10%	9%
\$60,000 To \$74,999	8%	12%	10%	12%	13%
\$75,000 To \$99,999	12%	13%	11%	15%	15%
\$100,000 To \$149,999	19%	12%	16%	19%	16%
\$150,000 and Over	11%	10%	14%	13%	12%

¹ PA and U.S. minimum wages in 2021 were \$7.25.

² Classification of an individual as a parent requires having at least one own child under the age of 18. All references to children also refer to own children under the age of 18. 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. Bureau of the Census, Current Population Survey

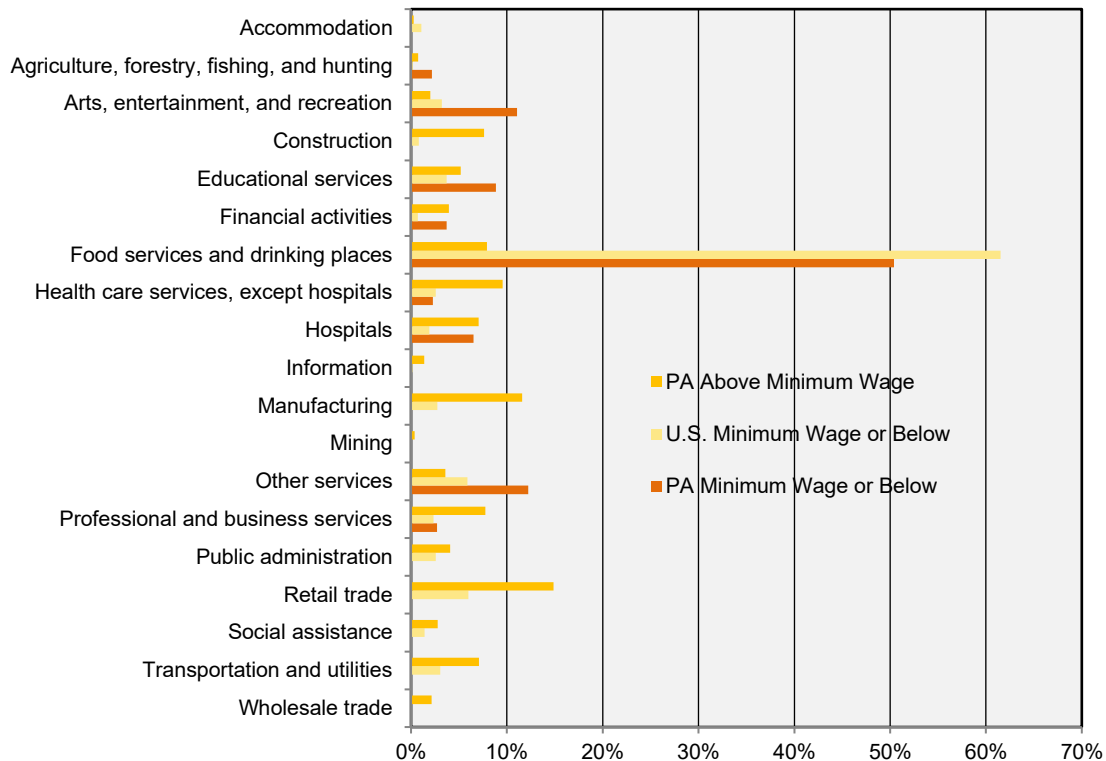
Workers having no children made up 75 percent of those earning the minimum wage or less in Pennsylvania. Among those earning near the minimum wage in Pennsylvania, married parents constituted a smaller percentage (6 percent) than in the other U.S. and Pennsylvania populations depicted above. The family status of those earning near the minimum wage in Pennsylvania was slightly more like the nation's at or below minimum wage population than that of the Pennsylvania's minimum wage or below population.

In 2021, almost two out of every three single parents in the Pennsylvania minimum wage or below population had one child. The remaining percentage was split evenly between those having two children and those with three children.

The family income of those who earned the minimum wage or less in Pennsylvania varied greatly. Slightly more than 41 percent of such workers were in families whose combined income was less than \$50,000 per year and 19 percent were in families with less than \$30,000 per year. In contrast, almost 43 percent had annual family incomes of \$75,000 or more a year and over 30 percent had annual family incomes of \$100,000 or more per year. The family income distribution of near minimum wage workers in Pennsylvania was similar to that of both the U.S. and Pennsylvania minimum wage or below populations with fewer in families whose combined income was less than \$50,000 per year and more in households with annual family incomes of \$150,000 or more per year.

INDUSTRY AND OCCUPATIONAL DISTRIBUTIONS

A Comparison of Industry Distributions in 2021 of Various Populations: Pennsylvania and the United States



Source: U.S. Bureau of the Census, Current Population Survey
PA and U.S. minimum wages in 2021 were both at \$7.25.

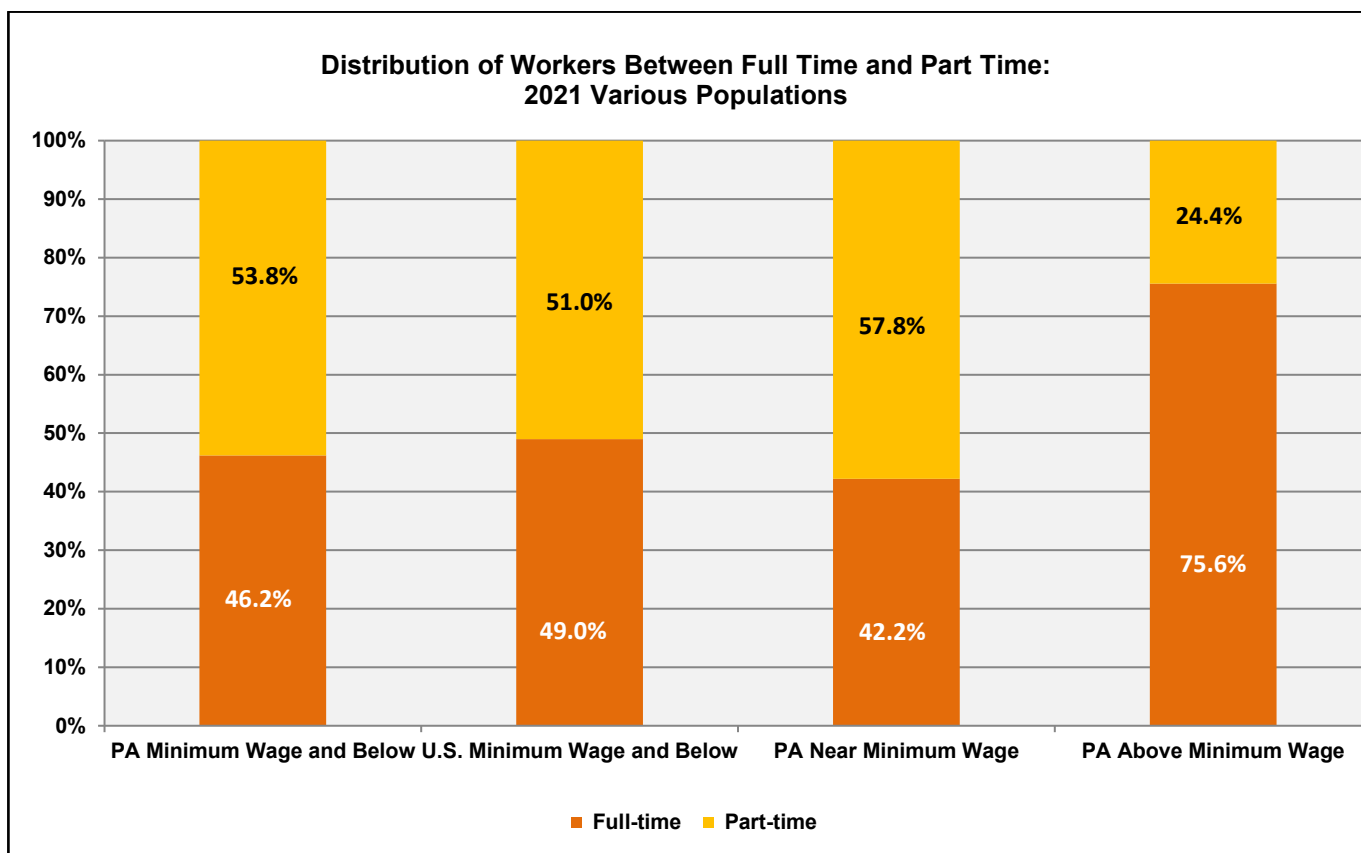
In Pennsylvania, workers earning at or below the minimum wage were most likely to be employed in the following industries: food services and drinking places, other services, and arts, entertainment, & recreation. Combined, these industries employed 74 percent of all minimum wage earners in 2021.

Fifty percent of minimum wage or below earners worked at food services and drinking places. In contrast, only 8 percent of those earning above minimum wage worked in this industry. Workers in this industry may earn above the minimum wage when tips are included; however, they are counted as below minimum wage earners since the measured wage excludes tips.

As the number of minimum wage or below workers has declined, minimum wage workers were represented in fewer industry groups. In 2021, minimum wage workers were present in slightly less than half of the industry groups shown above.

The retail trade industry in Pennsylvania employs many hourly-paid workers and accounted for a large proportion of workers earning more than the minimum wage (15 percent) and a higher proportion of those earning the near minimum wage (25 percent). Historically, a large proportion of workers earning the minimum wage or below were in retail trade, but that was not the case in 2021, possibly due to steadily increasing entry-level wage rates in the industry. Retail trade, in combination with manufacturing and non-hospital health care services, accounted for 38 percent of all those earning above the minimum wage in 2021.

More detailed information on these industry distributions as well as that of the near minimum wage population can be found in the Appendix on page 40.

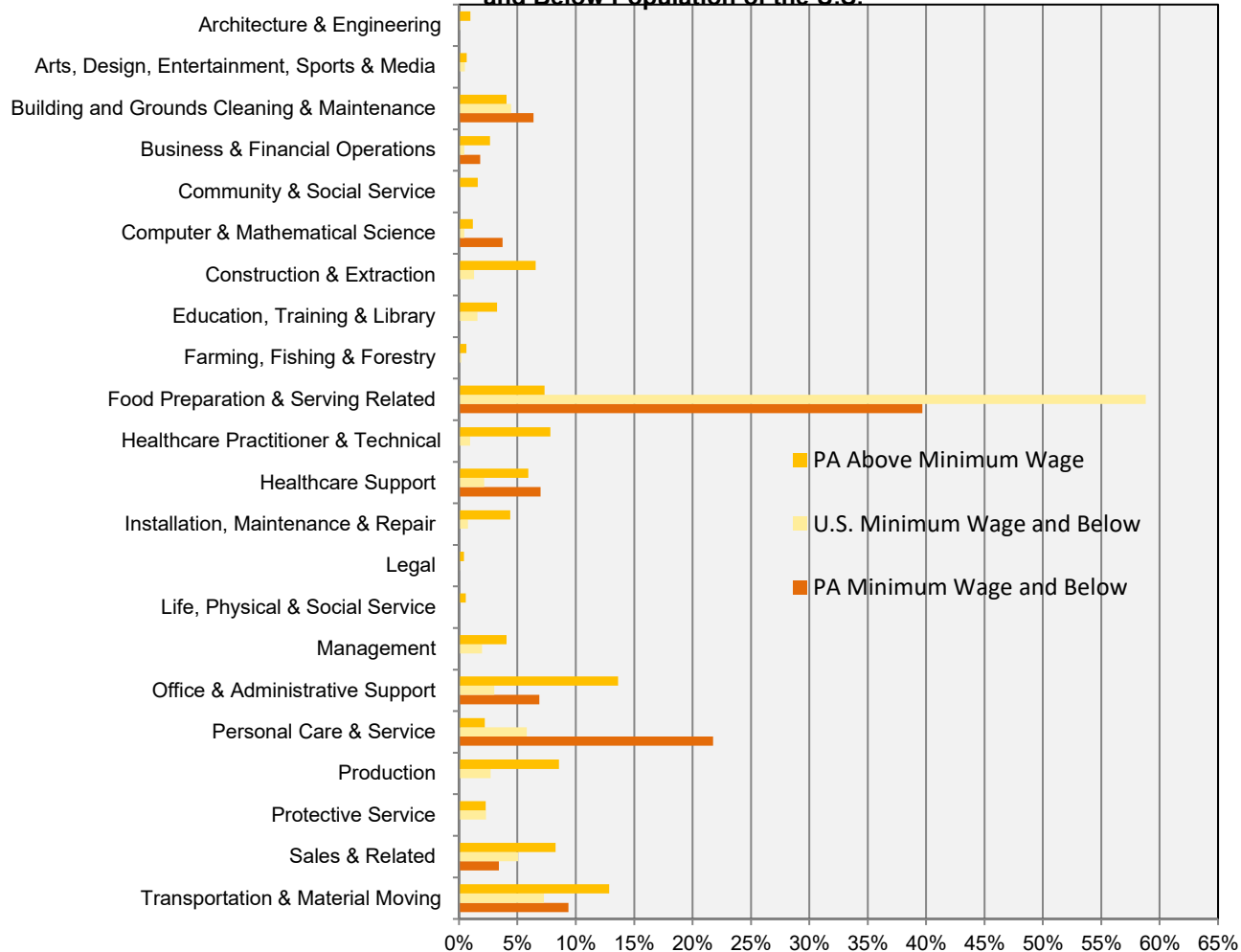


Source: U.S. Bureau of the Census, Current Population Survey
PA and U.S. minimum wages in 2021 were both at \$7.25.

Any worker who works at least 35 hours for pay (aggregate) in the survey week is classified by the Census as full time. This is irrespective of whether those hours were worked at one or more jobs. Conversely, any worker whose cumulative hours worked in the survey week was between one and 34 hours is classified as part time.

In 2021, slightly less than one half of at or below minimum wage earners in Pennsylvania worked full time. More than three out of four of all hourly workers earning above the minimum wage in Pennsylvania worked full time. The ratio of full-time to part-time minimum wage or below workers was closest to that of the nation's minimum wage or below population, while Pennsylvania's near minimum wage workers had the lowest ratio (73 percent).

2021 Occupational Group Distributions: Pennsylvania's Minimum Wage and Below Population Compared to its Above Minimum Wage Population and the Minimum Wage and Below Population of the U.S.



Both the PA and U.S. minimum wages were \$7.25 in 2021.
Source: U.S. Bureau of the Census, Current Population Survey

In 2021, 40 percent of Pennsylvanians who earned the minimum wage or less worked in food preparation & serving related occupations, 22 percent were employed in personal care & service occupations and 9 percent in transportation & material moving occupations. Minimum wage or below workers in the U.S. were more concentrated in the food preparation & serving occupational group than those of Pennsylvania (59 percent compared with 40 percent) but had a more diverse distribution otherwise.

The distribution of occupations for Pennsylvanians who earned above the minimum wage was more diverse than those who earned the minimum wage or less. Their top four occupational groups were office and administrative support (14 percent), transportation & material moving (13 percent), production (9 percent), and sales & related (8 percent). Food preparation & serving related occupations accounted for only 21 percent of workers earning near minimum wage and 7 percent of those earning above the minimum wage. Workers earning above the minimum wage were represented in all 22 of the listed occupational groups, while only 41 percent of them had representation from the at or below minimum wage cohort.

More detailed information on these occupational distributions as well as that of the near minimum wage population can be found in the Appendix on page 41.

RECENT HISTORICAL COMPARISONS (ONE AND FIVE YEARS)

Pennsylvania Demographic Characteristics of Workers Paid Hourly Rates at or Below the Minimum Wage Annual Average 2021 Compared to Annual Average 2020 and 2016 (total numbers of workers in thousands, all other numbers in percent)					
Demographic Characteristics	2016	2020	2021	Percentage Point Change	
	PA ¹	PA ²	PA ²	2016 to 2021	2020 to 2021
TOTAL	145.4	74.4	63.8	-	-
Gender					
Male	41%	23%	33%	-8%	10%
Female	59%	77%	67%	8%	-10%
Race					
Black, non-Hispanic	9%	11%	5%	-4%	-6%
Hispanic	5%	6%	3%	-2%	-3%
Other, non-Hispanic	8%	15%	14%	7%	-1%
White, non-Hispanic	79%	68%	79%	0%	10%
Age					
16-19	22%	27%	34%	12%	7%
20-24	29%	43%	17%	-12%	-26%
25-34	13%	14%	18%	4%	4%
35-44	9%	7%	18%	9%	11%
45-54	11%	4%	7%	-4%	2%
55-64	12%	2%	4%	-8%	2%
65 and over	5%	3%	4%	-1%	1%
Education					
Less than a high school diploma	17%	14%	25%	8%	11%
High school graduates, no college	41%	40%	39%	-1%	-1%
Some college, no degree	34%	35%	16%	-18%	-19%
Associate degree	7%	6%	9%	3%	4%
Bachelor's degree or higher	2%	6%	11%	9%	5%
Marital Status					
Married Spouse Present	17%	11%	14%	-3%	3%
Marital Status Other	13%	3%	4%	-9%	1%
Never Married	70%	86%	82%	12%	-4%

¹ The minimum wage in 2016, 2020, and 2021 was \$7.25 and was unchanged during those years.

Totals and changes may not sum due to rounding.

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

From 2016 through 2021, the minimum wage in Pennsylvania was constant at \$7.25, having last been increased in July 2009. During that period, the number of minimum wage or below workers in Pennsylvania dramatically declined by 81,600 or 56.1 percent. Labor market conditions from 2016 through 2019 improved in Pennsylvania as evidenced by the growth in employment as well as by an increase in average wages. The pandemic and the public response to it in 2020 caused a steep decline in total and hourly employment (particularly in March and April), while average wages increased as many of the jobs lost were low wage. The employment recovery which began in 2020 continued in 2021 and labor shortages (still pandemic related) led to further increases in wages. The increased wages led to the continued trend of fewer minimum wage or below workers as employment remained below its pre-pandemic level.

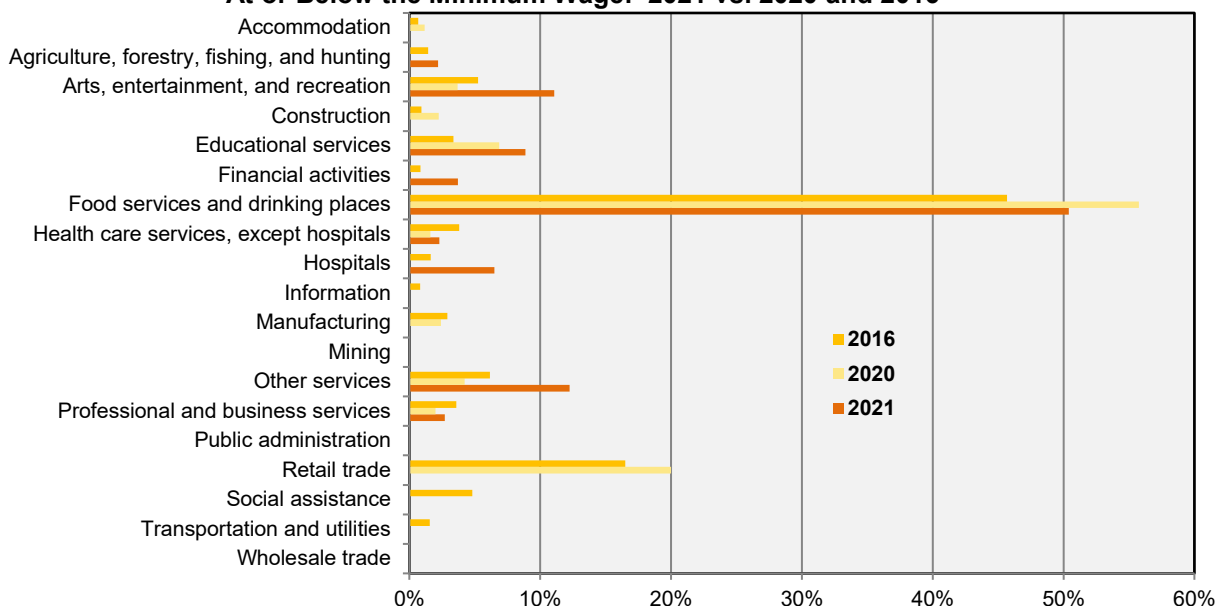
In 2021, males comprised 33 percent of minimum wage or below workers. This represented a decrease of 8 percentage points from 2016 and an increase of 10 percentage point from 2020.

From 2016 to 2021, the proportion of Pennsylvania's minimum wage or below earners under 25 years of age was unchanged, while those over 44 decreased by 13 percentage points.

Over this period, there was also a shift in the composition of minimum wage or below workers towards Other non-Hispanics and away from non-Hispanic Blacks and Hispanics.

The changes from 2020 to 2021 were generally more volatile than those from five years ago due to the drastic pandemic-induced changes in 2020. The small sample of minimum wage or below workers may also explain some of the recent volatility in some of the demographic characteristics.

A Comparison of Industry Distributions of Pennsylvania's Workers Earning At or Below the Minimum Wage: 2021 vs. 2020 and 2016¹



¹ The minimum wage was constant at \$7.25 from 2016 through 2021.

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

In 2016 and 2020, workers earning at or below the minimum wage were most likely to be employed in the industries of food services and drinking places or retail trade. In 2021 food services and drinking places still had the largest number of workers earning at or below the minimum wage while retail trade dropped to zero such workers. The number of workers earning minimum wage or below in retail trade has been falling for a while and dropped by 38 percent from 2016 to 2020. The further decrease in 2021 may be due to steadily increasing beginning wage rates in that industry, particularly among large employers. The relative predominance of food services and drinking places grew from 45.7 percent to 50.4 percent over the five-year interval even as it decreased on an absolute scale by 34,300 workers (51.6 percent).

The decrease in workers earning minimum wage or below from 2016 to 2021 has been accompanied by fewer industry groups having representation of such workers. In 2016 mining, public administration, and wholesale trade were the only three industry groups without representation by such workers. In 2021 they were joined by accommodation, construction, information, manufacturing, retail trade, social assistance, and transportation & utilities. The number of minimum wage or below workers in non-hospital health care services decreased by 73.6 percent over the five-year interval, leading to their relative share declining by 1.5 percentage points. The number of minimum wage or below workers in professional and business services fell by 66.9 percent resulting in its share falling by 0.9 percentage points. The only two industry groups that experienced growth in their absolute number of minimum wage or below workers over the five-year period were educational services and hospitals.

Between 2016 and 2021, the proportion of hourly workers earning the minimum wage or less who worked part time decreased from 71.6 percent to 53.8 percent as their absolute number fell by 67.0 percent.

**Occupational Characteristics of Wage & Salary Workers Paid Hourly Rates at or Below the Minimum Wage
Pennsylvania Annual Average 2021 Compared to Annual Average 2020 and 2016
(total numbers of workers in thousands, all others are in percent)**

Occupation	2016	2020	2021	Percentage Point Change	
	PA ¹	PA ¹	PA ¹	2016 to 2021	2020 to 2021
TOTAL	145.4	74.4	63.8	-	-
Architecture & Engineering	0%	0%	0%	0%	0%
Arts, Design, Entertainment, Sports & Media	0%	0%	0%	0%	0%
Building and Grounds Cleaning & Maintenance	5%	3%	6%	1%	3%
Business & Financial Operations	0%	0%	2%	2%	2%
Community & Social Service	0%	0%	0%	0%	0%
Computer & Mathematical Science	0%	0%	4%	4%	4%
Construction & Extraction	0%	0%	0%	0%	0%
Education, Training & Library	1%	2%	0%	-1%	-2%
Farming, Fishing & Forestry	1%	0%	0%	-1%	0%
Food Preparation & Serving Related	48%	62%	40%	-8%	-22%
Healthcare Practitioner & Technical	1%	0%	0%	-1%	0%
Healthcare Support	3%	2%	7%	4%	5%
Installation, Maintenance & Repair	0%	0%	0%	0%	0%
Legal	0%	0%	0%	0%	0%
Life, Physical & Social Service	0%	0%	0%	0%	0%
Management	1%	2%	0%	-1%	-2%
Office & Administrative Support	9%	3%	7%	-2%	4%
Personal Care & Service	7%	2%	22%	15%	19%
Production	3%	5%	0%	-3%	-5%
Protective Service	0%	0%	0%	0%	0%
Sales & Related	12%	15%	3%	-9%	-12%
Transportation & Material Moving	9%	5%	9%	0%	4%

¹ The PA minimum wage in 2016, 2020, and 2021 was \$7.25.

Totals and changes may not add up due to rounding.

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

In 2016, almost half (48 percent) of Pennsylvanians who earned the minimum wage or less worked in food preparation & serving related occupations. Another 12 percent of Pennsylvanians who earned the minimum wage or less were employed in sales & related occupations. From 2016 to 2021, the proportion of Pennsylvania minimum wage or below earners who worked in food preparation & serving related occupations decreased by 8 percentage points as it declined by 64 percent on an absolute level. Sales & related occupations decreased by 9 percentage points, which was the largest relative decrease.

The occupational category whose percentage of minimum wage or below earners increased the most over the five-year interval was personal care & service occupations which rose by 15 percentage points. This occupational group also had the largest absolute increase of such workers. On an absolute basis, the business & financial operations occupations, computer & mathematical science occupations and healthcare support occupations also increased.

The relative changes from 2020 to 2021 were generally larger than the changes over the five-year period. The large decrease in the number of minimum wage and below workers caused by the pandemic in 2020 caused dramatic changes in the occupational distribution of such workers in 2020. Consequently, the changes from 2020 to 2021 as the labor market started to rebound often retraced some of the changes that occurred from 2019 to 2020. In addition to the differential impact of the pandemic on various occupational groups, such volatility may also be due to small sample sizes caused by the large decrease in the total number of workers earning the minimum wage or below.

Pennsylvania Family Status and Family Income Characteristics of Workers Paid Hourly Rates At or Below the Minimum Wage Comparison of 2021, 2020, and 2016					
Characteristic	2016	2020	2021	Percentage Point Change	
	PA ¹	PA ¹	PA ¹	2016 to 2021	2020 to 2021
TOTAL (in thousands)	145.4	74.4	63.8	-	-
Family Status ² (in Percent)					
No Children (Single or Married)	85%	84%	75%	-9%	-9%
Married Parent	9%	6%	14%	5%	8%
Single Parent	7%	10%	11%	4%	1%
1 child	4%	5%	7%	3%	2%
2 children	3%	3%	2%	-1%	-2%
3 children	0%	2%	2%	2%	1%
4 or more children	0%	0%	0%	0%	0%
Family Annual Income (in Percent)					
\$9,999 or less	16%	4%	6%	-9%	3%
\$10,000 to \$19,999	11%	11%	2%	-10%	-9%
\$20,000 to \$29,999	11%	11%	11%	0%	0%
\$30,000 to \$39,999	12%	12%	7%	-5%	-5%
\$40,000 to \$49,999	8%	4%	15%	7%	12%
\$50,000 to \$59,999	7%	5%	9%	2%	3%
\$60,000 To \$74,999	11%	19%	8%	-3%	-12%
\$75,000 To \$99,999	7%	12%	12%	5%	0%
\$100,000 To \$149,999	11%	15%	19%	8%	4%
\$150,000 and Over	5%	7%	11%	6%	5%

¹ The PA minimum wage in 2016, 2020, and 2021 was \$7.25.

² Classification of an individual as a parent requires having at least one own child under the age of 18. All references to children also refer to own children under the age of 18. 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.

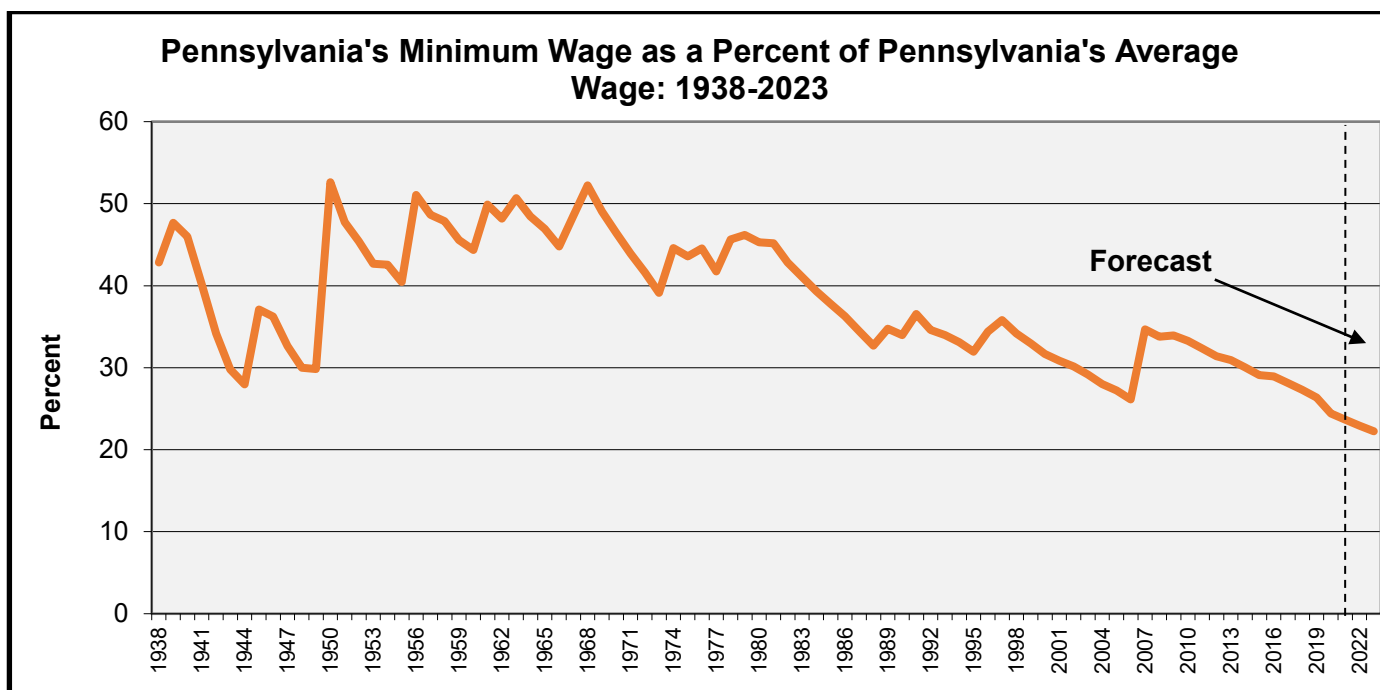
Source: U.S. Bureau of the Census, Current Population Survey

The biggest change in family composition of minimum wage or below workers from 2016 to 2021 was the decrease (9 percentage points) of those having no children. From 2016 to 2020, there was virtually no change in the percentage of those without children, while the change occurred from 2020 to 2021. Most of the change from 2020 was made up by an increase of 8 percentage points in married parents. The year-to-year changes in the last few years have exhibited greater volatility than in the past. This is most likely due to smaller sample sizes which was exacerbated by the impact of the pandemic as discussed below.

On a relative basis, the distribution of family income of minimum wage and below workers shifted from the lower incomes and towards the higher incomes over the last five years. From 2016 to 2021, the percentage of minimum wage or below workers whose family income was less than \$30,000 decreased by 20 percentage points to 19 percent, a 7-percentage point decrease from 2020. At the same time, the percentage of such workers with family income of at least \$100,000 was 31 percent which was 14 percentage points higher than in 2016 and 9 percentage points higher than in 2020. The lowest family income cohort (with family income under \$10,000) fell by 9 percentage points compared to five years prior but increased by 3 percentage points compared to 2020.

Given the relatively small CPS sample size of total minimum wage or below workers, the smaller subsamples for some of the characteristics above can lead to volatility in making comparisons over time. In 2020, the pandemic caused a dramatic decline in the employment of low wage workers which was concentrated in certain industries, occupations, and demographic groups. In 2021 employment continued to rebound (but not to pre-pandemic levels) as wage rates increased further due to labor shortages. These increases were more pronounced in low wage jobs. Therefore, it is difficult to determine whether these results are simply statistical anomalies due to small sample sizes or caused by the aftermath of pandemic induced changes.

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 2020 was \$7.25.

The original level of the minimum wage was set in 1938 at 25 cents which was 50 percent of the national average manufacturing wage. According to Jonathan Grossman, a Department of Labor historian, "... The act applied only to interstate commerce and to accommodate various interests, exemption after exemption was granted. A 'guesstimate'¹ is that one fifth of the American labor force,...were covered by the FLSA."² 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, as shown in the above chart. Adjusted for projected wage inflation using its 10-year average, 50 percent of the average wage was \$14.85 in 2020. It is projected to rise to \$15.31 in 2021, \$15.80 in 2022, and \$16.29 in 2023.

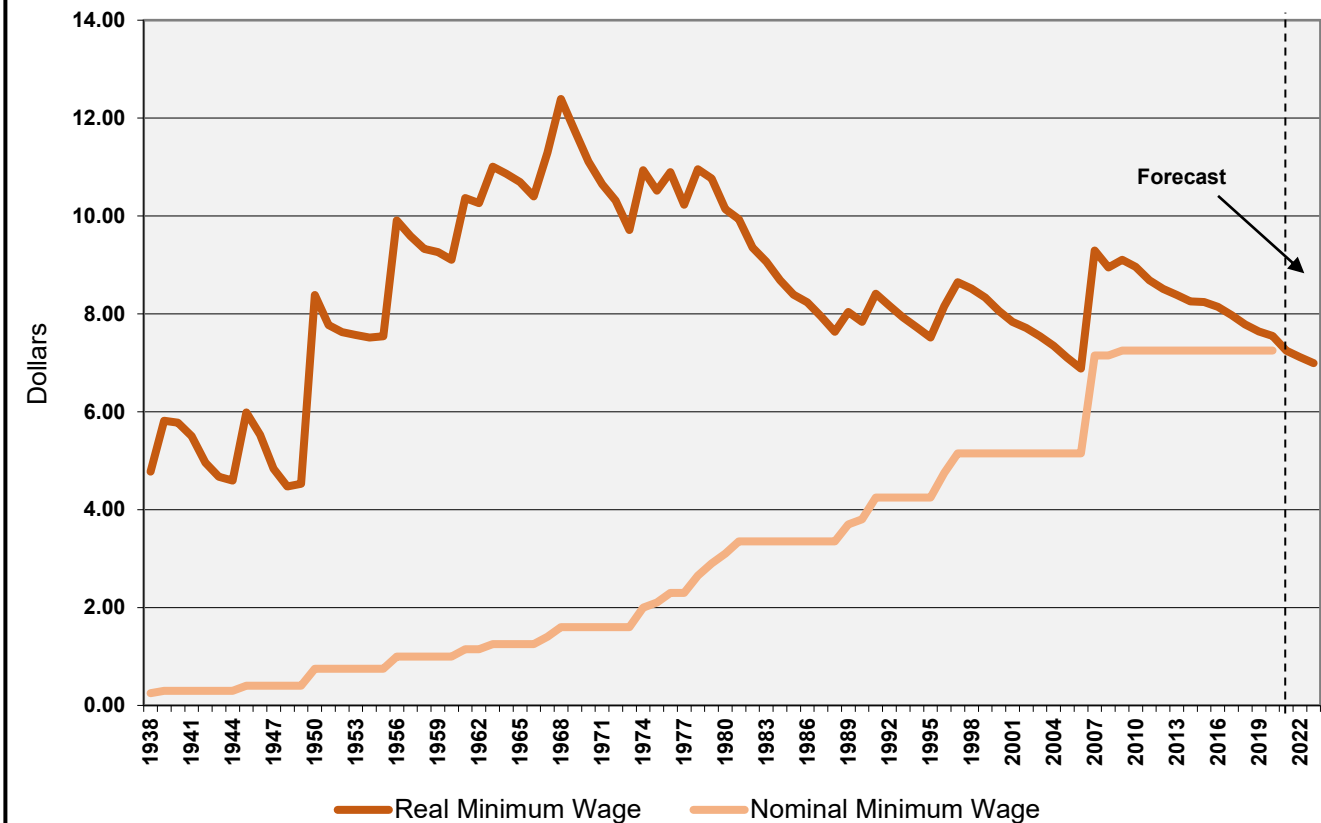
A gradual decline in the minimum wage as a percentage of the Pennsylvania's average wage began in 1968. By 2006, Pennsylvania's minimum wage was 26 percent of the average wage. This was the all-time low since this information first was documented in 1938 through 2019.

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 2020, Pennsylvania's minimum wage was 24 percent of the average wage, a new all-time low. 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 continue to drop to 23 percent of the average Pennsylvania wage by 2022 and to 22 percent by 2023.

¹ Data on the estimated number covered was reported in The Twenty-Seventh Annual Report of the Secretary of Labor (1939), as of September 1938 (p.198). The section on coverage of the act begins, "It will not be possible to prepare completely accurate estimates of the number of employees who are covered by the act ..." Later it states that the BLS estimated the coverage six months later and it was 1.45 million (18%), higher. Furthermore, it was well known that inter census labor force numbers prior to 1940 (when the CPS (predecessor) began), were not comparable (conceptually and by the fact that they included people 14 years and older) and that data on unemployment may not be accurate. These facts may have led Grossman to characterize the ratio as a 'guesstimate.'

² Grossman, Jonathan, "Fair Labor Standards Act of 1938: maximum struggle for a minimum wage," Monthly Labor Review, June 1978 p. 29. Grossman begins that paragraph with, "A major problem with the FLSA was its limited coverage." This attitude may explain why he compared coverage with the labor force rather than employment, particularly in a year when the unemployment rate was 19%. That would make the cover ratio lower. Not all employees in industries engaged in or producing goods for interstate commerce were covered. Among the exemptions were interstate retailing enterprises, non-railroad transportation workers, and agriculture.

Pennsylvania Real (Inflation Adjusted) and Nominal Minimum Wage Rates¹ 1938-2023



¹Indexed to 2021 dollars

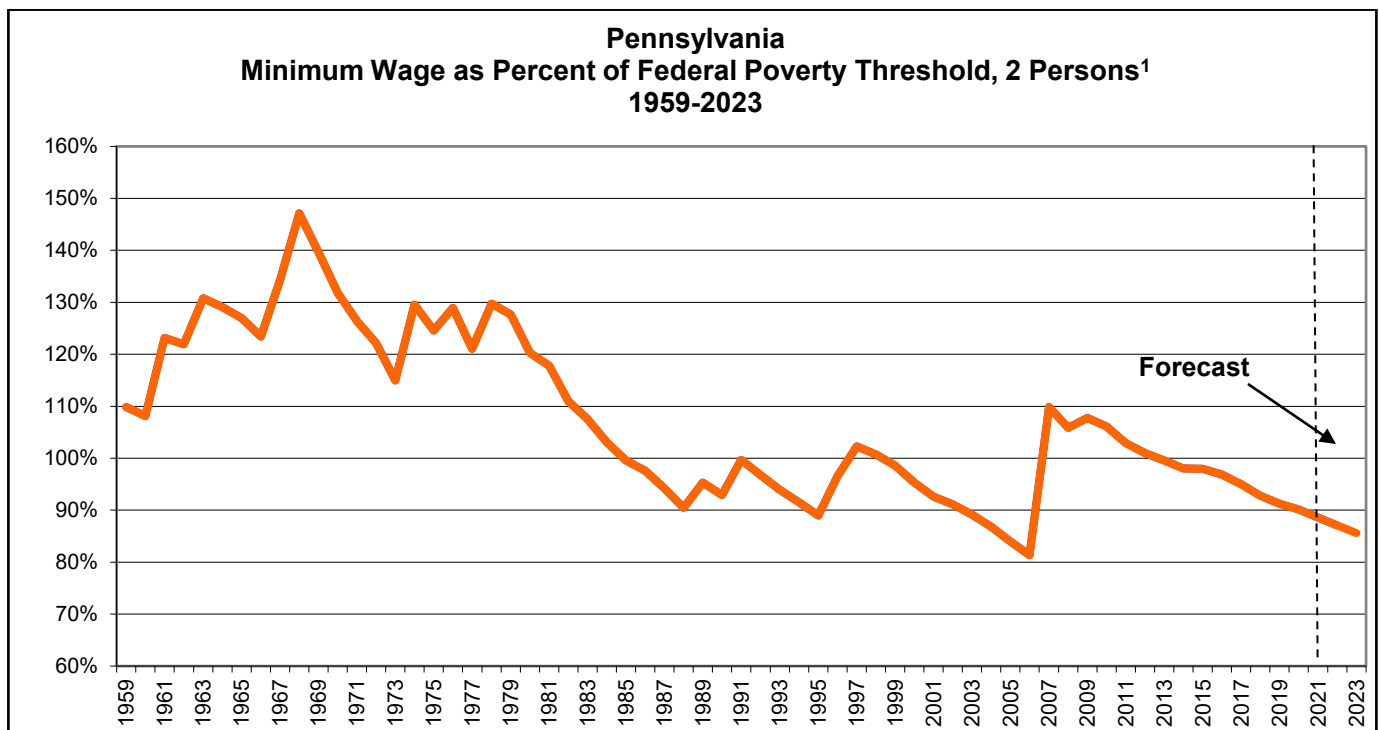
The inflation forecast was based on its 10-year arithmetic average applied to the minimum wage.

The minimum wage in 2021 was \$7.25.

Inflation adversely affects the purchasing power of an unchanging minimum wage. The inflation adjusted or real minimum wage increases when the percentage increase in the nominal minimum wage exceeds the (price) inflation rate and decreases when the reverse is true. All the peaks in the graph above correspond to years in which the nominal minimum wage was increased. In the remaining years the minimum wage was unchanged, but the real minimum wage fell as prices rose. Similarly, if the nominal minimum wage remains at \$7.25, the value of the minimum wage as adjusted for projected inflation is estimated to fall to \$7.12 in 2022 and \$6.98 in 2023.

The 1938 minimum wage of \$0.25 would have been equivalent in purchasing power to \$4.80 in 2021 dollars. The minimum wage was raised to \$0.30 in 1939 and to \$0.40 in 1945 causing its purchasing power to increase. However, the post-war inflation that followed caused the purchasing power of the minimum wage (still \$0.40) to fall to its all-time low of \$4.50 in 1948.

In 1968, the year in which the purchasing power of the minimum wage peaked, the then-current nominal minimum wage of \$1.60 was equivalent to \$12.46 in 2021 dollars. Pennsylvania's 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. In 2009, the last year in which the minimum wage increased, the purchasing power of the minimum wage was \$9.16 (in 2021 dollars) and has been steadily declining since then.



¹ 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. Bureau of the Census

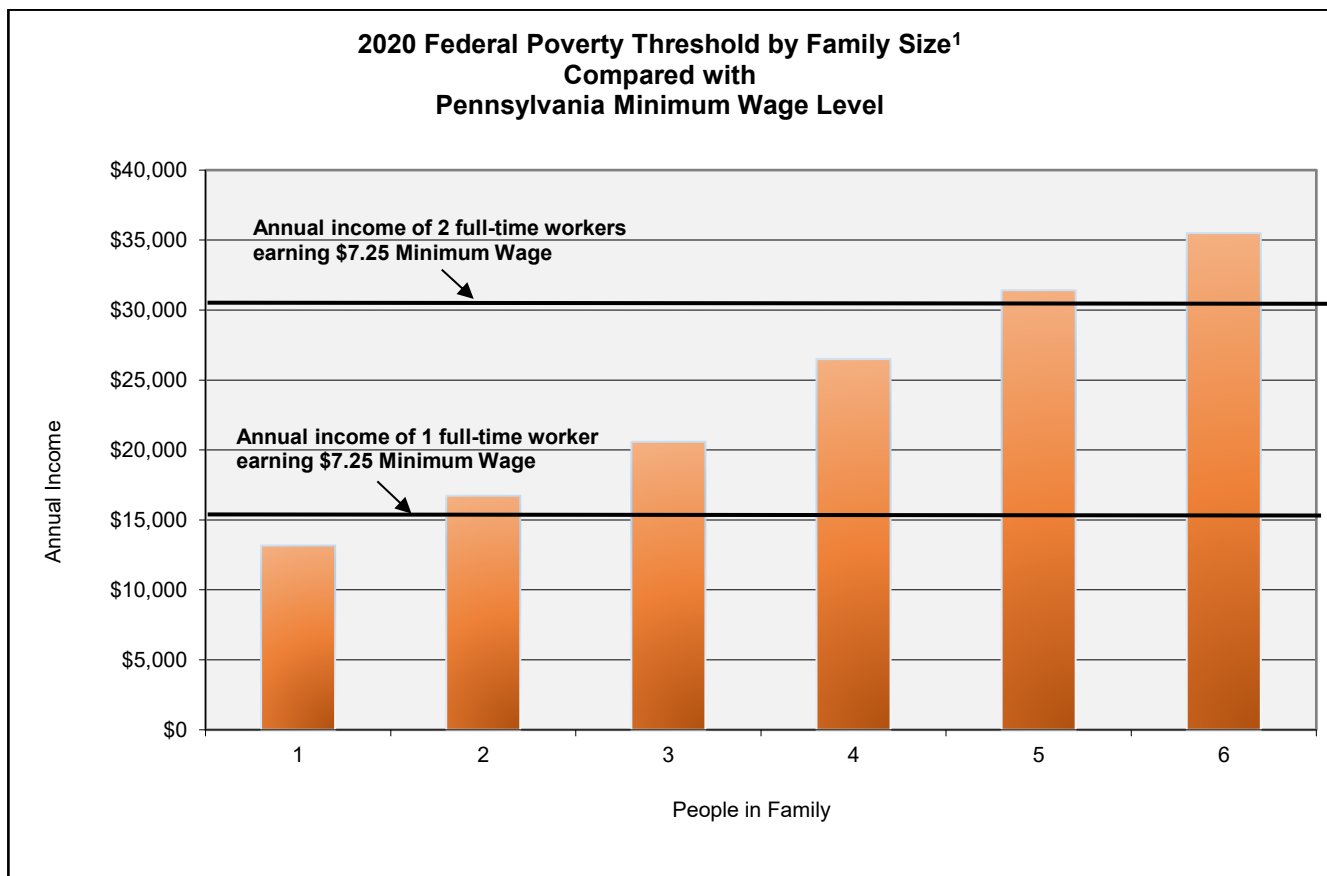
The Census annually sets poverty thresholds for families that vary by family size and the ages of its members. Each threshold is a monetary sum that is compared to the family's income to determine the poverty status of all the members of that family³. Family income is pre-tax and includes earnings, unemployment compensation, public assistance, and a variety of other unearned income and transfer payments, but excludes capital gains, noncash benefits (e.g., food stamps), and tax credits (e.g., Earned Income Tax Credit or EITC). To provide perspective on the relation between the minimum wage and poverty, hypothetical examples are constructed and illustrated below and on the following page.

The 2006 Federal Poverty Threshold (see glossary) for a two-person household was \$13,167 and the annual income for an individual working full time⁴ at the minimum wage (then \$5.15) was \$10,712 or 81 percent of the poverty threshold. The two 2007 increases in the minimum wage (cumulatively to \$7.15) raised the corresponding annual income at year end to \$14,872 which was almost 110% of the poverty threshold.

In 2020, the annual income for an individual in Pennsylvania making the minimum wage (\$7.25) was \$15,080 or 90.1 percent of the 2020 Federal Poverty Threshold for a two-person household (\$16,733).

³ Poverty thresholds are used mainly for statistical purposes. Poverty guidelines, which are a simplification of poverty thresholds, are issued by the U.S. Department of Health and Human Services for use for administrative purposes, e.g., determining eligibility for federal programs. Go to this link for more information: <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines/further-resources-poverty-measurement-poverty-lines-their-history>.

⁴ Full time in this context means working 52 weeks per year and 40 hours per week.



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

A person working full time at the minimum wage of \$7.25 per hour earned \$15,080 (represented by the bold line on the graph) during 2020. This income exceeded the 2020 Federal Poverty Threshold for a one-person household (\$13,171). However, it fell short of the poverty threshold for two-person (\$16,733) and three-person households (\$20,591).

A single, two-children parent working full time at \$7.25 per hour would earn wages below the applicable poverty threshold. However, a two-parent, two-child family 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 (\$26,496).⁵

Families of minimum wage or below workers who are below the poverty threshold may be eligible to participate in state and federal government programs designed to assist the poor. A description of some of these major programs is found in the Appendix on page 42.

⁵ These examples are for illustration purposes only and are not representative of the majority of minimum wage earners, although they may reflect the situation of some families. As pointed out earlier, most minimum wage earners work fewer than 35 hours a week and would earn less than \$15,080 per year.

OTHER STATES

Minimum Wage Rates by State

Area	2020	2021	2022	Change 2020-2021	Change 2021-2022
Federal	\$7.25	\$7.25	\$7.25	-	-
Alabama	\$7.25	\$7.25	\$7.25	-	-
Alaska ¹	\$10.19	\$10.34	\$10.34	\$0.15	-
Arizona ¹	\$12.00	\$12.15	\$12.80	\$0.15	\$0.65
Arkansas	\$10.00	\$11.00	\$11.00	\$1.00	-
California	\$13.00	\$14.00	\$15.00	\$1.00	\$1.00
Colorado ¹	\$12.00	\$12.32	\$12.56	\$0.32	\$0.24
Connecticut	\$12.00	\$13.00	\$14.00	\$1.00	\$1.00
Delaware	\$9.25	\$9.25	\$10.50	-	\$1.25
Florida ¹	\$8.56	\$10.00	\$11.00	\$1.44	\$1.00
Georgia	\$7.25	\$7.25	\$7.25	-	-
Hawaii	\$10.10	\$10.10	\$10.10	-	-
Idaho	\$7.25	\$7.25	\$7.25	-	-
Illinois	\$10.00	\$11.00	\$12.00	\$1.00	\$1.00
Indiana	\$7.25	\$7.25	\$7.25	-	-
Iowa	\$7.25	\$7.25	\$7.25	-	-
Kansas	\$7.25	\$7.25	\$7.25	-	-
Kentucky	\$7.25	\$7.25	\$7.25	-	-
Louisiana	\$7.25	\$7.25	\$7.25	-	-
Maine ¹	\$12.00	\$12.15	\$12.75	\$0.15	\$0.60
Maryland	\$11.00	\$11.75	\$12.50	\$0.75	\$0.75
Massachusetts	\$12.75	\$13.50	\$14.25	\$0.75	\$0.75
Michigan	\$9.65	\$9.65	\$9.87	-	\$0.22
Minnesota ¹	\$10.00	\$10.08	\$10.33	\$0.08	\$0.25
Mississippi	\$7.25	\$7.25	\$7.25	-	-
Missouri ¹	\$9.45	\$10.30	\$11.15	\$0.85	\$0.85

Area	2020	2021	2022	Change 2020-2021	Change 2021-2022
Federal	\$7.25	\$7.25	\$7.25	-	-
Montana ¹	\$8.65	\$8.75	\$9.20	\$0.10	\$0.45
Nebraska	\$9.00	\$9.00	\$9.00	-	-
Nevada	\$9.00	\$9.75	\$10.50	\$0.75	\$0.75
New Hampshire	\$7.25	\$7.25	\$7.25	-	-
New Jersey ¹	\$11.00	\$12.00	\$13.00	\$1.00	\$1.00
New Mexico	\$9.00	\$10.50	\$11.50	\$1.50	\$1.00
New York ¹	\$12.50	\$13.20	TBD	\$0.70	TBD
North Carolina	\$7.25	\$7.25	\$7.25	-	-
North Dakota	\$7.25	\$7.25	\$7.25	-	-
Ohio ¹	\$8.70	\$8.80	\$9.30	\$0.10	\$0.50
Oklahoma	\$7.25	\$7.25	\$7.25	-	-
Oregon ¹	\$12.00	\$12.75	\$13.50	\$0.75	\$0.75
Pennsylvania	\$7.25	\$7.25	\$7.25	-	-
Rhode Island	\$11.50	\$11.50	\$12.25	-	\$0.75
South Carolina	\$7.25	\$7.25	\$7.25	-	-
South Dakota ¹	\$9.30	\$9.45	\$9.95	\$0.15	\$0.50
Tennessee	\$7.25	\$7.25	\$7.25	-	-
Texas	\$7.25	\$7.25	\$7.25	-	-
Utah	\$7.25	\$7.25	\$7.25	-	-
Vermont ¹	\$10.96	\$11.75	\$12.55	\$0.79	\$0.80
Virginia	\$7.25	\$9.50	\$11.00	\$2.25	\$1.50
Washington ¹	\$13.50	\$13.69	\$14.49	\$0.19	\$0.80
West Virginia	\$8.75	\$8.75	\$8.75	-	-
Wisconsin	\$7.25	\$7.25	\$7.25	-	-
Wyoming	\$7.25	\$7.25	\$7.25	-	-

¹ Minimum wage tied to inflation rate – Consumer Price Index (CPI) or similar.

The data for 2022 (which includes enacted, but not yet effective statutory increases) was accurate as of January 10, 2022. Some states have multiple minimum wage rates due to type of work or number of employees, while others are based on geography. The highest rate is used above for non-geographic rates, while for geographic ones those applicable to most of the state are used. All data are as of year-end.

Data for the Federal government and states that abut Pennsylvania are shaded in gray.

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

On May 1, 2021, Virginia increased its minimum wage rate by \$2.25 to \$9.50 and became the thirtieth state with a higher minimum wage than Pennsylvania. Prior to that increase, the number and composition of the states that had minimum wages in excess of Pennsylvania's had remained unchanged since 2015. During 2021, the minimum wage rates that exceeded Pennsylvania's ranged from \$8.75 to \$14.00. All of Pennsylvania's neighboring states have had minimum wages that exceeded Pennsylvania's since the beginning of 2015. In 2021 they ranged from \$8.75 to \$13.20 and for 2022 they are projected to range from \$8.75 to \$13.00 plus a TBD inflation adjustment by New York, which is already at \$13.20.

Michigan, Missouri, Nevada, and New Mexico have scheduled annual increases in their minimum wages until they reach \$12.00. California, Connecticut, Delaware, Florida, Illinois, Maryland, Massachusetts, New Jersey, New York, Rhode Island, Vermont, and Virginia have scheduled increases in the coming years to reach a minimum wage of \$15.00. Fifteen states currently have (or will after their scheduled increases) their minimum wages tied to the Consumer Price Index or other similar measures to provide automatic increases that keep pace with inflation. Some states have provisions that forgo increases if the unemployment rate is high (e.g., Michigan in 2021) or when the CPI falls (e.g., Alaska for 2022). New York's inflation adjustment will be determined later this year. Twenty-four states raised minimum wages in 2021 and with significant overlap 25 states (including New York) have already done so or are projected to do so in 2022.

Tipped Minimum Wage Rates by State

Area	2020	2021	2022	Change 2020-2021	Change 2021-2022
Federal	\$2.13	\$2.13	\$2.13	-	-
Alabama	\$2.13	\$2.13	\$2.13	-	-
Alaska ¹	\$10.19	\$10.34	\$10.34	\$0.15	-
Arizona	\$9.00	\$9.15	\$9.80	\$0.15	\$0.65
Arkansas	\$2.63	\$2.63	\$2.63	-	-
California ¹	\$13.00	\$14.00	\$15.00	\$1.00	\$1.00
Colorado	\$8.98	\$9.30	\$9.54	\$0.32	\$0.24
Connecticut	\$6.38	\$6.38	\$6.38	-	-
Delaware	\$2.23	\$2.23	\$2.23	-	-
Florida	\$5.54	\$6.98	\$7.98	\$1.44	\$1.00
Georgia	\$2.13	\$2.13	\$2.13	-	-
Hawaii ¹	\$10.10	\$10.10	\$10.10	-	-
Idaho	\$3.35	\$3.35	\$3.35	-	-
Illinois	\$6.00	\$6.60	\$7.20	\$0.60	\$0.60
Indiana	\$2.13	\$2.13	\$2.13	-	-
Iowa	\$4.35	\$4.35	\$4.35	-	-
Kansas	\$2.13	\$2.13	\$2.13	-	-
Kentucky	\$2.13	\$2.13	\$2.13	-	-
Louisiana	\$2.13	\$2.13	\$2.13	-	-
Maine	\$6.00	\$6.08	\$6.38	\$0.08	\$0.30
Maryland	\$3.63	\$3.63	\$3.63	-	-
Massachusetts	\$4.95	\$5.55	\$6.15	\$0.60	\$0.60
Michigan	\$3.67	\$3.67	\$3.75	-	\$0.08
Minnesota ¹	\$10.00	\$10.08	\$10.33	\$0.08	\$0.25
Mississippi	\$2.13	\$2.13	\$2.13	-	-
Missouri	\$4.73	\$5.15	\$5.58	\$0.42	\$0.43

Area	2020	2021	2022	Change 2020-2021	Change 2021-2022
Federal	\$2.13	\$2.13	\$2.13	-	-
Montana ¹	\$8.65	\$8.75	\$9.20	\$0.10	\$0.45
Nebraska	\$2.13	\$2.13	\$2.13	-	-
Nevada ¹	\$9.00	\$9.75	\$10.50	\$0.75	\$0.75
New Hampshire	\$3.26	\$3.26	\$3.26	-	-
New Jersey	\$3.13	\$4.13	\$5.13	\$1.00	\$1.00
New Mexico	\$2.35	\$2.55	\$2.80	\$0.20	\$0.25
New York	\$8.35	\$8.80	\$8.80	\$0.45	-
North Carolina	\$2.13	\$2.13	\$2.13	-	-
North Dakota	\$4.86	\$4.86	\$4.86	-	-
Ohio	\$4.35	\$4.40	\$4.65	\$0.05	\$0.25
Oklahoma ²	\$2.13	\$2.13	\$2.13	-	-
Oregon ¹	\$12.00	\$12.75	\$13.50	\$0.75	\$0.75
Pennsylvania	\$2.83	\$2.83	\$2.83	-	-
Rhode Island	\$3.89	\$3.89	\$3.89	-	-
South Carolina	\$2.13	\$2.13	\$2.13	-	-
South Dakota	\$4.65	\$4.73	\$4.98	\$0.08	\$0.25
Tennessee	\$2.13	\$2.13	\$2.13	-	-
Texas	\$2.13	\$2.13	\$2.13	-	-
Utah	\$2.13	\$2.13	\$2.13	-	-
Vermont	\$5.48	\$5.88	\$6.28	\$0.40	\$0.40
Virginia	\$2.13	\$2.13	\$2.13	-	-
Washington ¹	\$13.50	\$13.69	\$14.49	\$0.19	\$0.80
West Virginia	\$2.62	\$2.62	\$2.62	-	-
Wisconsin	\$2.33	\$2.33	\$2.33	-	-
Wyoming	\$2.13	\$2.13	\$2.13	-	-

¹ Tipped minimum wage equals the state's minimum wage.

² Oklahoma's tipped minimum wage equals 50% of the state's minimum wage, but is shown as \$2.13 because all FLSA covered employees are excluded.

The data for 2022 (which includes enacted, but not yet effective statutory increases) was accurate as of January 10, 2022. All data are as of year-end.

Data for the Federal government and states that abut Pennsylvania are shaded in gray.

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

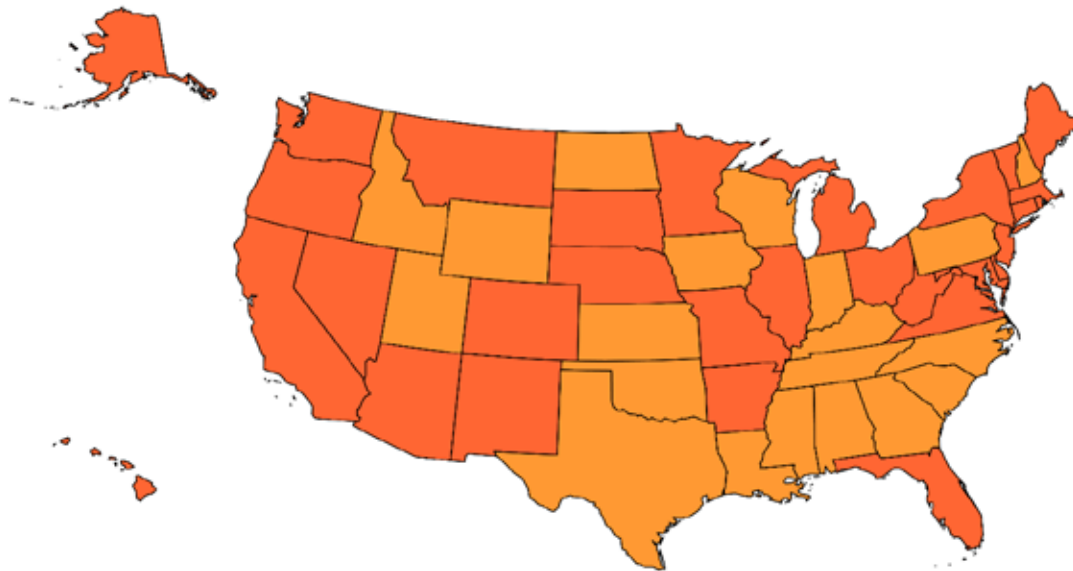
Many states and the federal government allow employers to pay a cash wage lower than the minimum wage for tipped employees. These laws require that the sum of the direct cash payment and the tipped amount must at least equal the full minimum wage. States vary regarding which employees are covered and many differentiate their rates based on the number of employees in the firm and/or by geography.

The tipped minimum wage in Pennsylvania has been \$2.83 since 1997. Twenty-eight states had higher tipped minimum wage rates than Pennsylvania ranging from \$3.26 to \$14.00 during 2021. Seven of those states do not have a tip credit making their tipped minimum wages equal to their full minimum wage. Hawaii has a tip credit only when tips exceed \$7.00 per hour; otherwise, the tipped worker must receive the full minimum wage.

The federal tipped minimum wage has been at \$2.13 since 1991. Sixteen states had their tipped minimum wage rates equal to the federal level during 2021 while another five states had a tipped minimum wage above the federal level, yet below Pennsylvania's \$2.83. The tipped minimum wages in all of Pennsylvania's six neighboring states exceeds the federal level. In 2021, four of those states had higher rates than Pennsylvania and two were below.

The tipped minimum wage was raised in 20 states during 2021 and in 2022 has already been increased or is projected to do so by year's end in 19 states. New York had a schedule of increases through December 31, 2021 and will decide later this year whether to increase its tipped minimum wage. Alaska's tipped minimum wage is adjusted for inflation but did not raise it for 2022 because the relevant CPI fell in 2020.

2021 Pennsylvania and Other States Minimum Wage Comparison

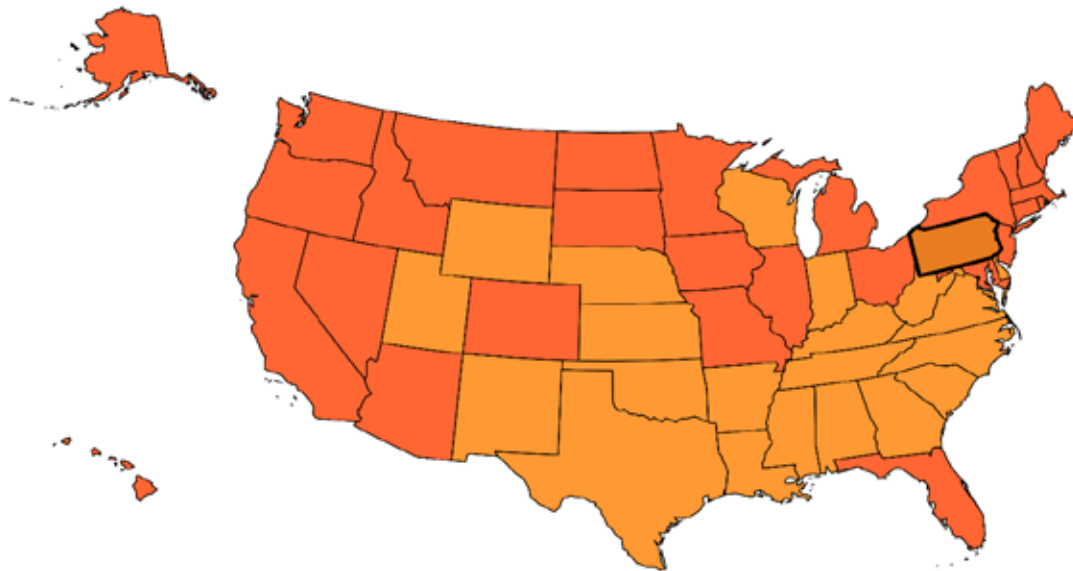


Equal to PA's Minimum Wage Higher than PA's Minimum Wage

Note: PA's Minimum Wage = \$7.25

As of 01/10/2022

2021 Pennsylvania and Other States Tipped Minimum Wage Comparison



Lower than PA's Tipped Minimum Wage Higher than PA's Tipped Minimum Wage

Note: PA's Tipped Minimum Wage = \$2.83

As of 01/10/2022

APPENDIXES

Terms, Definitions and Sources

- Bureau of the Census – The U.S. Bureau of the Census, in the U.S. Department of Commerce, collects general information from individuals and establishments in order to compile statistics.
- Bureau of Labor Statistics (BLS) – The federal 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 – 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 U.S. Bureau of the Census, which publishes detailed reports.
- 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 CPS is a statistical survey conducted by the U.S. Bureau of the Census on behalf of the federal Bureau of Labor Statistics (BLS). BLS uses the data to provide a monthly report on the national employment situation including employment, unemployment, labor force and the unemployment rate.
- Employed – A count of persons (not jobs) who, during the week that 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 enterprises operated by members of their families; or (b) were not working, but who had jobs from which they were temporarily absent. Current Population Survey estimates of the employed (as in this report), can differ from the official statistics of Pennsylvania's employed persons, which come from the Local Area Unemployment Statistics.
- Fair Minimum Wage Act of 2007 – The act amended the Fair Labor Standards Act of 1938 to increase the federal minimum wage by \$2.10 over two years – from \$5.15 to \$7.25 an hour. On July 24, 2007, the minimum wage increased from \$5.15 to \$5.85. On July 24, 2008, the minimum wage increased from \$5.85 to \$6.55. On July 24, 2009, the final increase occurred from \$6.55 to \$7.25.
- Federal Poverty Threshold – The set minimum amount of annual income that a family needs for food, clothing, transportation, shelter, and other necessities as determined by the U.S. Bureau of the Census. The U.S. Bureau of the Census uses a set of annual money income thresholds that vary by family size and composition to determine who is in poverty. Every member of a family is deemed to be in poverty if the family's total income is less than the applicable threshold. The calculation of family income includes before tax income from earnings, unearned income (interest, dividends, rents, etc.), and cash transfer payments (unemployment compensation, Social Security, SSI, public assistance, etc.), but excludes capital gains and losses, tax credits (e.g., EITC), and noncash benefits (e.g., food stamps). 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 wage rates for workers engaged directly or indirectly in interstate commerce, including those involved in production of goods bound for such commerce. In addition to establishing a minimum wage, it also established a maximum workweek, overtime pay, record keeping requirements, and child labor standards affecting full-time and part-time workers in the private sector and in federal, state, and local governments.
- **Inflation** – Inflation is a sustained increase in the general price level of goods and services in an economy over some period of time. Equivalently, it also represents a decreasing value of the country's money. The inflation rate is the annualized percentage change in some price index. The Consumer Price Index (CPI) is a commonly used standard to measure inflation, since it measures the average change over time of the prices paid by urban consumers for a market basket of consumer goods and services.
- **Minimum Wage** – Minimum wage is the lowest lawful hourly level at which workers may be compensated by their employers; it is established by the FLSA at the federal level and by the Minimum Wage Act in Pennsylvania.
- **National Bureau of Economic Research (NBER)** – The NBER is the nation's leading nonprofit economic research organization. Due to its work on national accounts and business cycles, the NBER is well-known for providing start and end dates for recessions in the United States.
- **Near Minimum Wage** – A range of wage rates somewhat in excess of the legal minimum wage, but close to it. In addition to those earning at or below the minimum wage, the group most likely to be affected by an increase in the minimum wage are those earning the near minimum wage. For purposes of this report, wage rates between \$7.26 and \$12.00 per hour are referred to as the near minimum wage.
- **Tipped Minimum Wage** – Labor law in many states (including Pennsylvania) as well as federal law allows employers of tipped workers (variously defined) to take a “tip credit” that lowers the mandated cash minimum wage below that of the actual mandated minimum wage, if the combined cash and tip income is at least equal to the full minimum wage. The mandated hourly direct cash payment for these workers is usually referred to as the tipped minimum wage.
- **Wage and Salary Workers** – These are workers age 16 and older who receive wages, salaries, commissions, tips, payments in kind, or piece rates on their sole or principal job. This group includes employees in both the private and public sectors, as well as both hourly and non-hourly workers. All self-employed workers are excluded whether or not their businesses are incorporated.
- **Workers Paid by the Hour (Hourly Workers)** – These are employed wage and salary workers who report that they are paid at an hourly rate on their job. Historically, workers paid an hourly wage have made up approximately three-fifths of all wage and salary workers nationally. Estimates of workers paid by the hour include both full- and part-time workers unless otherwise specified.

Table of Industry Distributions

A Comparison of Industry Distributions of Various Populations Pennsylvania and U.S.: 2021 Averages (total numbers of workers in thousands, breakdown by industry in percent)				
Industry Characteristics of Hourly Wage & Salary Workers at the Minimum Wage or Below	Minimum Wage or Below		Above Minimum Wage	
			Near	Total
	PA¹	U.S.¹	PA	PA
TOTAL	63.8	1,099	586.0	3,157.5
Industry				
Accommodation	0%	1%	0%	0%
Agriculture, forestry, fishing, and hunting	2%	0%	2%	1%
Arts, entertainment, and recreation	11%	3%	4%	2%
Construction	0%	1%	2%	8%
Educational services	9%	4%	5%	5%
Financial activities	4%	1%	3%	4%
Food services and drinking places	50%	62%	22%	8%
Health care services, except hospitals	2%	3%	7%	10%
Hospitals	7%	2%	2%	7%
Information	0%	0%	1%	1%
Manufacturing	0%	3%	4%	12%
Mining	0%	0%	0%	0%
Other services	12%	6%	4%	4%
Professional and business services	3%	2%	6%	8%
Public administration	0%	3%	1%	4%
Retail trade	0%	6%	25%	15%
Social assistance	0%	1%	5%	3%
Transportation and utilities	0%	3%	4%	7%
Wholesale trade	0%	0%	2%	2%
Work Status				
Full-time	46%	49%	42%	76%
Part-time	54%	51%	58%	24%

¹ Both the U.S. minimum wage and the PA minimum wage were \$7.25 during 2021

Totals may not sum due to rounding

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

Table of Occupational Distributions

A Comparison of Occupational Distributions of Various Populations Pennsylvania and U.S.: 2021 Averages (total numbers of workers in thousands, breakdown by occupation in percent)				
Occupation	Minimum Wage or Below		Above Minimum Wage	
			Near	Total
	PA ¹	U.S. ¹	PA	PA
TOTAL	63.8	1,099	586.0	3,157.5
Occupation				
Architecture & Engineering	0%	0%	0%	1%
Arts, Design, Entertainment, Sports & Media	0%	1%	1%	1%
Building, Grounds Cleaning & Maintenance	6%	4%	5%	4%
Business & Financial Operations	2%	0%	1%	3%
Community & Social Service	0%	0%	1%	2%
Computer & Mathematical Science	4%	0%	0%	1%
Construction & Extraction	0%	1%	2%	7%
Education, Training & Library	0%	2%	4%	3%
Farming, Fishing & Forestry	0%	0%	1%	1%
Food Preparation & Serving Related	40%	59%	21%	7%
Healthcare Practitioner & Technical	0%	1%	2%	8%
Healthcare Support	7%	2%	7%	6%
Installation, Maintenance & Repair	0%	1%	0%	4%
Legal	0%	0%	0%	0%
Life, Physical & Social Service	0%	0%	0%	1%
Management	0%	2%	3%	4%
Office & Administrative Support	7%	3%	11%	14%
Personal Care & Service	22%	6%	6%	2%
Production	0%	3%	4%	9%
Protective Service	0%	2%	2%	2%
Sales & Related	3%	5%	15%	8%
Transportation & Material Moving	9.4%	7%	14%	13%

¹ Both the U.S. minimum wage and the PA minimum wage were \$7.25 during 2021

Totals may not sum due to rounding

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

Programs that May Assist Low Income Workers

There are a multitude⁶ of state and federal programs including cash aid, education, energy, food aid, health care, etc., that provide assistance to low income families. Below is a brief description of some of the major programs for which some minimum wage or below workers may be eligible. While the requirements of each program differ, they generally have a work requirement and are based on family characteristics and income.

Earned income Tax Credit (EITC): is a refundable federal tax credit that offsets some payroll and income taxes of low-income working families. To qualify, one needs to file a tax return (cannot file married, filing separately), have earned income (i.e., work), have less than \$53,505 of both earned and adjusted gross income (limits are lower for less than three qualifying children and if not filing “married filing jointly”), and no more than \$3,400 in investment income. The maximum benefit ranges from \$506 (no qualifying children) to \$6,269 (three or more qualifying children).

Child Tax Credit (CTC): helps working families offset the cost of raising children. Eligibility requires one to file taxes, have at least one qualified child, and have earned income (work). The maximum modified adjusted gross income is as high as \$110,000, for married couples filing jointly. The maximum tax credit is \$1,000 for each qualified child and equals 15 percent of earnings over \$3,000. The Additional Child Tax Credit (ACTC) is a refundable component of the CTC.

Pennsylvania - Temporary Assistance for Needy Families (TANF): is a federal program administered through the state via a block grant and is designed to help needy families achieve self-sufficiency. It is also referred to as Cash Assistance. There are both resource and income constraints as well as a maximum time limit (60 months) that one can access these benefits.

Supplemental Nutrition Assistance Program (SNAP): is the new name for the Food Stamp program. These benefits are used to buy food and help eligible low-income households in Pennsylvania obtain more nutritious diets by increasing their food purchasing power at grocery stores and supermarkets. There are gross monthly income limits based on family size and presence of disabled persons.

Medicaid/ Medical Assistance (MA): pays for health care services for eligible individuals. Income limits are based on a multiple of the Federal Poverty Guidelines, which depends on family size and composition.

More detailed information on these programs can be found at:

<https://www.irs.gov/credits-deductions/individuals/earned-income-tax-credit/do-i-qualify-for-earned-income-tax-credit-eitc>

<https://www.irs.gov/pub/irs-pdf/p972.pdf>

<https://www.dhs.pa.gov/Services/Assistance/Pages/TANF.aspx>

<https://www.dhs.pa.gov/Services/Assistance/Pages/SNAP.aspx>

<https://www.dhs.pa.gov/Services/Assistance/Pages/Medical-Assistance.aspx>

⁶ In FY 2012, there were at least 92 federal programs that were designed to help lower-income Americans, according to, The War on Poverty: 50 Years Later, March 3, 2014, by the House Budget Committee Majority Staff.

Minimum Wage Changes: Pennsylvania⁷ and the U.S.⁸

<i>Effective Date of Rate Change</i>	<i>Federal Minimum Wage Rates Under FLSA of 1938 (as amended)</i>	<i>Pennsylvania Minimum Wage Rates Under Minimum Wage Act of 1968 (as amended)</i>	<i>Effective Pennsylvania Minimum Wage Rate</i>
Oct 24,1938	\$0.25		\$0.25
Oct 24,1939	\$0.30		\$0.30
Oct 24,1945	\$0.40		\$0.40
Jan 25,1950	\$0.75		\$0.75
Mar 1,1956	\$1.00		\$1.00
Sep 3,1961	\$1.15		\$1.15
Sep 3,1963	\$1.25		\$1.25
Feb 1,1967	\$1.40		\$1.40
Feb 1,1968	\$1.60		\$1.60
May 1,1974	\$2.00		\$2.00
Jan 1,1975	\$2.10		\$2.10
Jan 1,1976	\$2.30		\$2.30
Jan 1,1978	\$2.65		\$2.65
Jan 1,1979	\$2.90	\$2.90	\$2.90
Jan 1,1980	\$3.10	\$3.10	\$3.10
Jan 1,1981	\$3.35	\$3.35	\$3.35
Feb 1,1989		\$3.70	\$3.70
Apr 1,1990	\$3.80		\$3.80
Apr 1,1991	\$4.25		\$4.25
Oct 1,1996	\$4.75		\$4.75
Sep 1,1997	\$5.15	\$5.15	\$5.15
Jan 1,2007		\$6.25	\$6.25
Jul 1,2007		\$7.15	\$7.15
Jul 24,2007	\$5.85		\$7.15
Jul 24,2008	\$6.55		\$7.15
Jul 24,2009	\$7.25		\$7.25

⁷ Source: Minimum Wage Act of 1968 (as amended, see Section 4a), (<https://www.legis.state.pa.us/CFDOCS/LEGIS/LI/uconsCheck.cfm?txtType=HTM&yr=1968&sessInd=0&smthLwln d=0&act=0005.&CFID=341787833&CFTOKEN=29282704>).

⁸ Sources: DOL Wage and Hour Division, "FEDERAL MINIMUM WAGE RATES UNDER THE FAIR LABOR STANDARDS ACT" (<https://www.dol.gov/sites/dolgov/files/WHD/legacy/files/chart.pdf>) in tabular form and a more verbal exposition in "History of Changes to the Minimum Wage Law" (<https://www.dol.gov/whd/minwage/coverage.htm>).

Both the Fair Labor Standards Act (henceforth FSLA, which governs the federal minimum wage) and Pennsylvania’s Minimum Wage Act of 1968 (henceforth MWA) have been amended multiple times since their initial enactments. The thrust of these amendments has not only been to increase the minimum wage, but also to expand the coverage of workers governed by the minimum wage. Some workers may have been exempted from these laws, while others may have been allowed by these amendments to be paid less the “standard” minimum wage (which is the rate listed on the adjoining table). Section 4 (a.1) of the MWA mandates that if the minimum wage set by the FSLA is increased above the rate required in Section 4 of the MWA, then the minimum wage required under Section 4 would be increased by the same amount and with the same effective date mandated by the FSLA. Consequently, some of the rates listed as changes in the MWA are reflecting changes mandated by the FSLA. However, since they were listed in the current version of the statute (last amended on July 5, 2012), they are listed in the table on the opposite page. For workers covered by the FSLA, whenever the FSLA mandates a higher minimum wage than state law, federal law (e.g., FSLA) supersedes state law. Consequently, the effective minimum wage rate in the accompanying table is the higher of the rate mandated by the FSLA or the MWA.

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