

ANALYSIS OF THE PENNSYLVANIA MINIMUM WAGE

MINIMUM
WAGE
ADVISORY
BOARD



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pennsylvania

DEPARTMENT OF LABOR & INDUSTRY
CENTER FOR WORKFORCE INFORMATION & ANALYSIS

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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 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 received 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. 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 individuals 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 final annual data available at the time of publication. Demographic data from the CPS and inflation data from the Consumer Price Index (CPI) are from 2023, 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 2022 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 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.

Beginning in January 2023, in order to improve confidentiality, the Census Bureau made two types of changes to the CPS Public Use File. The first change involved the method of reporting (or suppressing) data in substate geographies with relatively smaller populations. Since this report only uses statewide data, these changes had no impact on this report. The second change involved the rounding and dynamic topcoding of wage rates. Since this report relies on hourly earnings, this change affected the data used, making the wage distribution slightly less accurate with fewer reported wage rates (each with a greater weight). However, for wages less than \$30.00, the largest rounding is to the nearest \$0.05. The Census Bureau has added a flag for \$7.25, so the number of workers at or below the minimum wage can still be estimated; however, the median wage could be off by \$0.02.

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 2023, there were an estimated 67,800 Pennsylvania workers earning minimum wage or less. This is the third lowest number of at or below minimum wage workers on record in this annual report series. It is 4,200 (+6.6 percent) higher than the low in 2022 when it was 63,600. Surprisingly, this occurred despite a decrease in the number of hourly workers and a general increase in wages, both of which would tend to decrease the volume of workers earning the minimum wage or less. Workers earning minimum wage or less represented 2.1 percent of all hourly workers and 1.1 percent of all workers.
- From 2022 to 2023, Pennsylvania's hourly employment decreased by 16,600 workers (-0.5 percent), while its overall employment increased by 207,500 workers (+3.4 percent). U.S. hourly employment increased by 1,782,000 workers (+2.3 percent), while the nation's overall employment increased by 2,745,000 workers (+1.7 percent). The proportion of all workers receiving hourly rates decreased in Pennsylvania and increased in the nation from 2022. In 2022, the percentage of the employed earning hourly rates was higher in Pennsylvania (51 percent) than in the U.S. overall (50 percent).
- In 2023, there were an estimated 335,100 Pennsylvania workers earning near minimum wage (\$7.26 - \$12.00). This was 82,700 workers (19.8 percent) lower than in 2022 when it was 417,800. In the nation, the number of workers in this wage category fell by an even greater percentage (24.3 percent).
- In 2023, the U.S. and Pennsylvania had similar experiences regarding increases in employment and wages. Both wage distributions also shifted away from wage categories between \$7.25 and \$15.00 [at minimum wage, near minimum wage (\$7.26 - \$12.00), and \$12.01 - \$15.00], while increasing in both volume and percentage in the above \$15.00 category. However, Pennsylvania and the nation diverged on the number of hourly workers and workers earning below \$7.25 (which caused the number of at or below minimum wage workers to diverge as well). The median wage for hourly workers in Pennsylvania increased from \$18.16 in 2022 to \$19.85 in 2023, while it rose from \$18.00 to \$19.20 in the nation.
- Pennsylvania had a higher percentage (2.1 percent) of workers at or below the federal minimum wage of \$7.25 than did the nation (1.1 percent). Almost three out of every four 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 3.6 percentage points to 73.1 percent, while the nation's percentage rose 6.1 percentage points to 74.8 percent.

Comparison of Minimum Wage or Below Worker Characteristics to Other Populations

- A majority of Pennsylvania earners at or below the minimum wage in 2023 were from one or more of the following groups vs. its percentage in the population 16 and over:
 - ❑ Female 68% vs. 51%
 - ❑ White 80% vs 78%
 - ❑ 16-to-24-year-olds 54% vs. 14%
 - ❑ Some college, no degree or less 75% vs. 55%
 - ❑ Never married 86% vs. 33%
- Females outnumbered males by almost 2.2 to one (68.4 percent to 31.6 percent) among at or below minimum wage workers in Pennsylvania during 2023.
- 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 74% vs. 78%
 - ❑ 25-to-54-year-olds 56% vs. 46%
 - ❑ High school graduates or more 92% vs.90%
 - ❑ Married (now or in the past) 54% vs. 67%
- 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 62% vs. 51%
 - ❑ White 69% vs.78%
 - ❑ 16-to-24-year-olds 55% vs. 14%
 - ❑ High school graduates or less 64% vs. 42%
 - ❑ Never married 68% vs. 33%
- 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 and were most like 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. White workers, who constituted eight out of every 10 minimum wage or below earners in Pennsylvania, were slightly overrepresented relative to their proportion of the employed Pennsylvania population.
- Workers having no children of their own under age 18 made up 94 percent of those earning the minimum wage or less in Pennsylvania, while the remaining 6 percent were split evenly between married and single parents. The family status of those earning near the minimum wage in Pennsylvania was most similar to Pennsylvania's minimum wage or below population, with 91 percent having no children.
- Almost 27 percent of those who earned the minimum wage or less were in families with less than \$50,000 per year in income and 12 percent were in families whose combined income was less than \$30,000 per year. In contrast, almost 45 percent had annual family incomes of \$75,000 or more a year and over 36 percent had annual family incomes of \$150,000 or more per year. See chart on page 15.

Industry and Occupational Distributions

- Pennsylvania workers earning at or below the minimum wage in 2023 were most likely to be employed in the following **industries**: food services and drinking places, construction, and other services. Combined, these industries employed 79 percent of all minimum wage or below earners in 2023 with food services and drinking places by itself accounting for 66 percent.
- In 2023, 54 percent of hourly wage workers in Pennsylvania earning the minimum wage or less worked full 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 (14 percent) and a higher proportion of those earning the near minimum wage (26 percent). Historically, a large proportion of workers earning the minimum wage or below worked in retail trade, but that was not the case in 2023, possibly due to steadily increasing entry-level wage rates in the industry.
- In 2023, 69 percent of Pennsylvanians who earned the minimum wage or less worked in food preparation & serving related **occupations**. Workers earning the minimum wage or less in construction & extraction occupations (6 percent) or sales & related occupations (6 percent).
- Food preparation & serving related occupations accounted for only 22 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 28,500 (29.6 percent) from 2018 to 2023. The absolute decrease in the number of at or below minimum wage workers from 2018 most likely reflects the relative decrease in the minimum wage compared to the average wage in Pennsylvania. Despite an increase in employment over this interval, there was a small decrease in hourly workers, which may also have contributed to the decline.
- The relative predominance of food services and drinking places in the employment of at or below minimum wage workers grew from 50.0 percent to 66.4 percent over the five-year interval as it decreased on an absolute scale by 3,200 workers (6.6 percent).
- The occupational category whose share of minimum wage or less earners increased the most between 2018 and 2023 was the food preparation & serving related occupations, which rose by 19 percentage points to 69 percent. This increase in share occurred despite a decline in the absolute number of such workers. The share of minimum wage or below earners in the sales & related occupations fell by 8 percentage points over the five-year interval. On an absolute basis, construction & extraction; farming, fishing & forestry; and legal occupations were the only occupational category with an increased number and percentage over the interval. These three occupational categories had no minimum wage or below representation in 2018. 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 2022, Pennsylvania's minimum wage had fallen to 23 percent of the average wage, a new all-time low, and was projected to fall to 22 percent in 2023.
- 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 \$10.30 (in 2023 dollars) and has been steadily declining since then. The value of the 2023 minimum wage of \$7.25 is projected to fall to \$7.06 in 2024 and \$6.87 in 2025, after adjustment for forecast inflation.
- In 2022, 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 2022 Federal Poverty Threshold for a one-person household (\$14,880), but fell short of the poverty threshold for a two-person (\$18,900) and a three-person household (\$23,280).

Other States

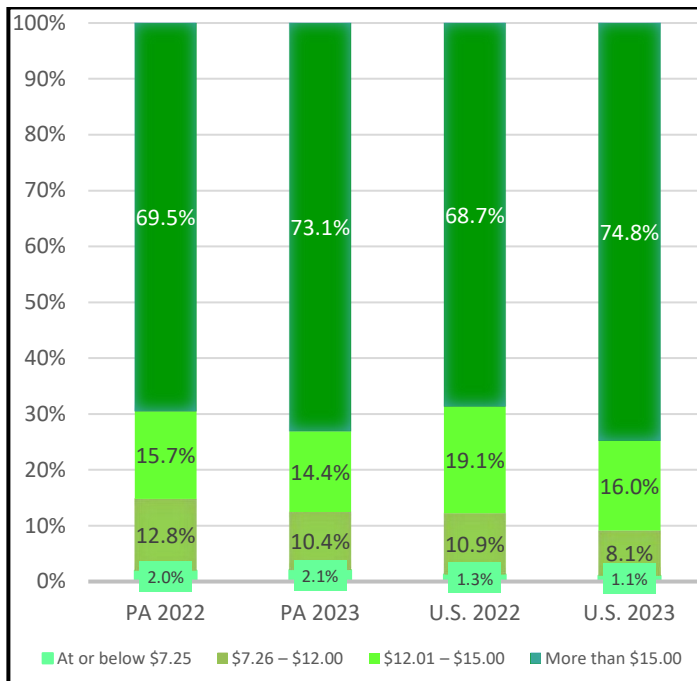
- During 2023, 30 states had higher minimum wage rates than Pennsylvania ranging from \$8.75 to \$15.74 per hour. The other 20 states (including Pennsylvania) effectively have a minimum wage of \$7.25. States' minimum wage rates are discussed on page 34.
- Since the beginning of 2015, all of Pennsylvania's neighboring states have had higher minimum wage rates than Pennsylvania. The 2023 minimum wage rates of Pennsylvania's neighboring states ranged from \$8.75 to \$14.20.
- Since 2015, the number of states setting higher minimum wage rates than Pennsylvania was essentially static, except for Virginia, which became the 30th state to set a minimum wage rate above Pennsylvania's rate on May 1, 2021.
- In 2023, there were four states with minimum wage rates was of at least \$15.00 and an additional three states, all of which abut Pennsylvania, are projected to join them in 2024. Most of the states with higher minimum wages than Pennsylvania tie changes in their minimum wage rates to inflation rates of the Consumer Price Index or other similar measures to provide automatic increases that keep pace with inflation.
- Twenty-six states raised their minimum wages in 2023 and with significant overlap 25 states have already done so or are projected to do so in 2024.
- The tipped minimum wage in Pennsylvania has been at \$2.83 since 1997. During 2023, 29 states had higher tipped minimum wage rates than Pennsylvania ranging from \$3.27 to \$15.74 per hour.

Conclusion

- In 2023, there were an estimated 67,800 Pennsylvania workers earning minimum wage or less, representing 2.1 percent of all hourly workers and 1.1 percent of all workers. This is the third lowest number of at or below minimum wage workers on record in this annual report series and is only 4,200 workers (6.6 percent) higher than the previous low set in 2022. Surprisingly, this occurred despite a decrease in the number of hourly workers and a general increase in wages.
- In 2023, 335,100 Pennsylvania workers (10.4 percent) earned above \$7.25 per hour up to \$12 per hour and another 467,000 workers (14.4 percent) earned between \$12.01 and up to \$15 per hour. Almost three of every four 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, less than a college degree, 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-24-year-olds, high school graduates or less, or never married.
- The number of at or below minimum wage workers decreased by 28,500 (29.6 percent) from 2018 to 2023. The absolute decrease in the number of at or below minimum wage workers from 2018 most likely reflects the relative decrease in the minimum wage compared to the average wage 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, construction, and other services. Atypically, full-time workers accounted for 54 percent 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 \$10.30 (in 2023 dollars) and has been steadily declining since then. The value of the 2023 minimum wage of \$7.25 is projected to fall to \$7.06 in 2024 and \$6.87 in 2025 after adjusting for estimated inflation.
- In 2023, 30 states had higher minimum wage rates than Pennsylvania ranging from \$8.75 to \$15.74. Since January 1, 2015, all of Pennsylvania's neighboring states have minimum wage rates exceeding Pennsylvania's rate.
- In 2023, there were four states with minimum wage rates of at least \$15.00 and an additional three states, all of which abut Pennsylvania, are projected to join them in 2024. Most of the states with higher minimum wages than Pennsylvania tie changes in their minimum wage rates to the Consumer Price Index or other similar measures to provide automatic increases that keep pace with inflation.
- The tipped minimum wage in Pennsylvania has been \$2.83 since 1997. During 2023, 29 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
2023 Average Compared to 2022 Average (numbers of workers in thousands)**



Total, 16 Years and Over	2022		2023	
	US	PA	US	PA
Total Paid an Hourly Rate	78,813	3,252.5	80,595	3,236.0
Total at or below \$7.25	1,031	63.6	870	67.8
Less than \$7.25	887	46.2	788	56.3
At \$7.25	144	17.4	82	11.5
\$7.26 – \$12.00	8,588	417.8	6,498	335.1
\$12.01 – \$15.00	15,040	509.7	12,904	467.0
More than \$15.00	54,153	2,261.4	60,324	2,366.1
Median Wage	\$18.00	\$18.16	\$19.20	\$19.85

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 2022 and 2023.
Totals and differences may not sum due to rounding.

In 2023, there were an estimated 67,800 Pennsylvania workers earning minimum wage or less. This is the third lowest number of at or below minimum wage workers on record in this annual report series. It is 4,200 workers (+6.6 percent) higher than the previous low set in 2022 when it was 63,600 workers. The increase was due to a larger increase in those earning below the minimum wage than the decrease in those earning at the minimum wage. Workers earning minimum wage or less represented 2.1 percent of all hourly workers and 1.1 percent of all workers.

Pennsylvania's hourly employment decreased by 16,600 workers (-0.5 percent), while its overall employment increased by 207,500 (+3.4 percent). U.S. hourly employment increased by 1,782,000 workers (+2.3 percent), while the nation's overall employment increased by 2,745,000 workers (+1.7 percent). The proportion of all workers receiving hourly rates decreased in Pennsylvania and increased in the nation from 2022. In 2023, the percentage of the employed earning hourly rates was higher in Pennsylvania (51 percent) than in the U.S. overall (50 percent), but the gap narrowed.

In 2023, the U.S. and Pennsylvania had similar experiences regarding increases in employment and wages. Both wage distributions also shifted away from wage categories between \$7.25 and \$15.00 [at minimum wage, near minimum wage (\$7.26 - \$12.00), and \$12.01 - \$15.00], while increasing in both volume and percentage in the above \$15.00 category. However, Pennsylvania and the nation diverged on the number of hourly workers and workers earning below \$7.25 (which caused the number of at or below minimum wage workers to diverge as well). Pennsylvania's share of above \$15.00 per hour workers rose to 73.1 percent, while the nation's percentage rose to 74.8 percent. The median wage in Pennsylvania increased from \$18.16 to \$19.85, while it rose from \$18.00 to \$19.20 in the nation. Pennsylvania had a higher percentage (2.1 percent) of workers at or below the federal minimum wage of \$7.25 than did the nation (1.1 percent).

COMPARISON OF MINIMUM WAGE OR BELOW WORKER CHARACTERISTICS TO OTHER POPULATIONS

Pennsylvania and U.S. 2023 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	
	PA ¹	U.S. ¹	Near PA	Total PA		PA	U.S.
TOTAL	67.8	870	335.1	3,168.2	6,358.8	10,489.9	266,938
Gender							
Male	31.6%	31.3%	38.2%	50.3%	52.0%	48.8%	48.9%
Female	68.4%	68.7%	61.8%	49.7%	48.0%	51.2%	51.1%
Race							
Black, non-Hispanic	15.8%	14.0%	11.3%	11.9%	9.7%	9.9%	12.1%
Hispanic	0.0%	19.4%	10.7%	8.6%	6.8%	6.2%	17.8%
Other, non-Hispanic	4.3%	7.5%	9.4%	5.7%	6.6%	6.2%	9.2%
White, non-Hispanic	79.8%	59.2%	68.6%	73.8%	76.9%	77.7%	60.9%
Age							
16-19	31.6%	18.9%	30.4%	6.9%	4.1%	5.9%	6.4%
20-24	22.3%	25.5%	24.2%	14.1%	9.3%	8.1%	8.3%
25-34	20.6%	26.2%	8.1%	21.8%	21.8%	16.1%	16.7%
35-44	10.9%	12.9%	9.6%	17.9%	20.9%	15.2%	16.3%
45-54	8.6%	7.9%	9.1%	16.0%	19.3%	14.5%	15.0%
55-64	2.0%	5.6%	7.1%	16.4%	17.3%	15.9%	15.5%
65 and over	4.1%	3.0%	11.5%	7.0%	7.4%	24.3%	21.8%
Education							
Less than a high school diploma	28.3%	16.2%	26.0%	8.4%	6.2%	10.3%	11.9%
High school graduates, no college	17.8%	29.1%	38.0%	37.7%	27.1%	31.6%	28.0%
Some college, no degree	29.1%	26.9%	20.4%	16.9%	12.8%	13.2%	15.7%
Associate degree	2.3%	8.0%	7.9%	11.2%	9.8%	9.4%	9.7%
Bachelor's degree or higher	22.4%	19.8%	7.7%	25.8%	44.0%	35.6%	34.6%
Marital Status							
Married Spouse Present	7.7%	20.9%	21.1%	40.8%	51.3%	48.7%	48.8%
Marital Status Other	6.5%	10.7%	10.9%	13.6%	12.8%	18.2%	18.5%
Never Married	85.8%	68.3%	67.9%	45.6%	35.9%	33.1%	32.7%

¹Both the U.S. and PA minimum wages were \$7.25 during 2023.

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 workers in the U.S. earning at or below minimum wage 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 with a slight edge to females. Similarly, the total population of those earning above the minimum wage in Pennsylvania and the Pennsylvania population of all employed, was evenly divided, but with males being in the majority. In contrast, females outnumbered males by 68.4 percent to 31.6 percent among at or below minimum wage workers in Pennsylvania during 2023.

Race

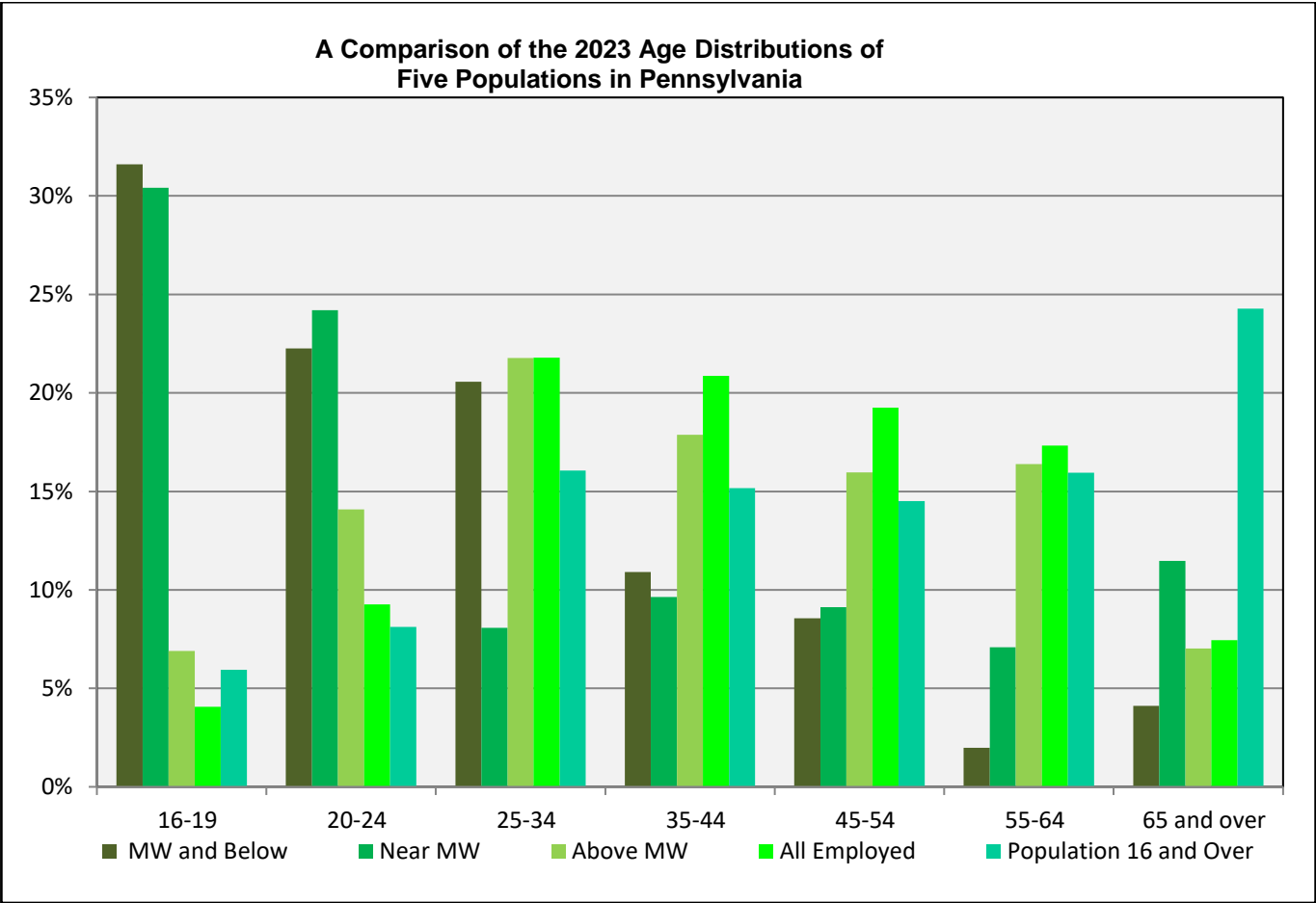
White workers represented a significant majority of Pennsylvania's at or below minimum wage workers, as they did for all of Pennsylvania's other reported wage categories. White workers were slightly underrepresented in all of the above minimum wage categories depicted relative to their percentage of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

Black Workers made up the second largest group of minimum wage or below workers, as well as in all the other wage categories depicted and among all employed in Pennsylvania. Black workers were overrepresented in their proportion of at or below minimum wage workers relative to their percentage of employed in Pennsylvania.

Hispanic workers and Other non-Hispanic workers earning at or below the minimum wage were underrepresented relative to their proportion of the employed in Pennsylvania.

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

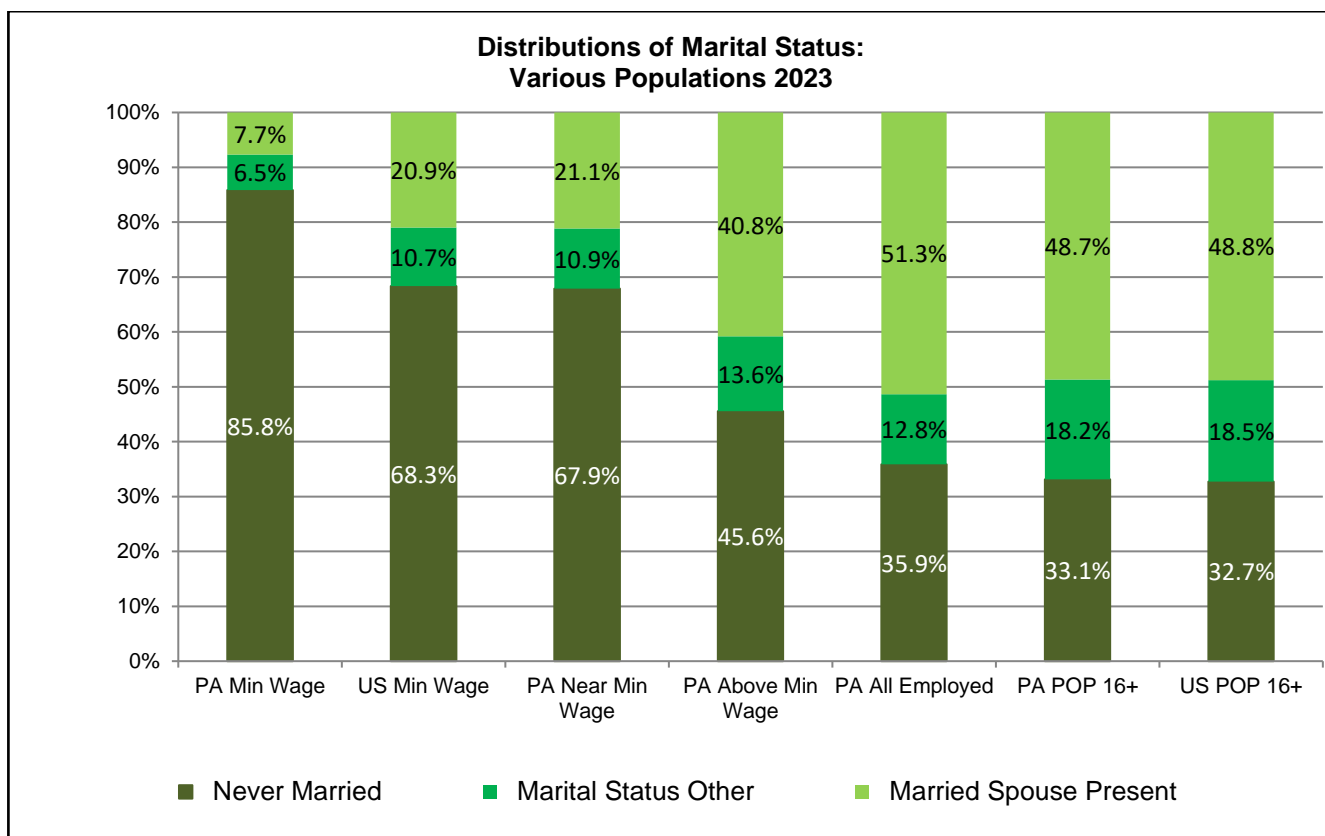
Among Pennsylvania’s minimum wage or below population, about 54 percent was under 25 years of age, while another 40 percent were between 25 and 54 years. In comparison, in the employed population of Pennsylvania slightly more than 13 percent of all employed were under 25 years of age and almost 62 percent of the employed group were between 25 and 54 years of age.

Slightly more than 6 percent of minimum wage or below workers were 55 years old or older compared to almost 25 percent of the employed population in Pennsylvania. The 55-64 and 65 and over age groups together constituted over 40 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 46 percent of those earning the minimum wage or less in 2023, compared to 33 percent for all employed. At the other end of the education spectrum, less than 25 percent of minimum wage or below workers had at least an associate degree, while the percentage of all employed with at least an associate degree was almost 54 percent. More than 22 percent of those earning the minimum wage or less had bachelor's degrees compared to 44 percent among all employed in Pennsylvania.

Marital Status



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

A sizable majority (85.8 percent) of minimum wage earners had never been married. The remainder was divided between those who were married with spouse present at 7.7 percent and those with a marital status of other (divorced, separated, or widowed) at 6.5 percent.

Family Status and Family Income of Workers Paid Hourly Rates: 2023 Selected Groups in Pennsylvania and the U.S. (total numbers of workers in thousands, breakdown by characteristic in percent)					
Characteristics	At or Below the Minimum Wage		Above the Minimum Wage		Total Hourly Workers
	PA ¹	U.S. ¹	Near PA	Total PA	
TOTAL	67.8	870	335.1	3,168.2	80,595
Family Status²					
No Children (Single or Married)	94%	79%	91%	74%	73%
Married Parent	3%	11%	5%	18%	19%
Single Parent	3%	9%	4%	8%	8%
1 child	3%	5%	4%	5%	5%
2 children	0%	0%	0%	2%	2%
3 children	0%	2%	0%	1%	1%
4 or more children	0%	0%	0%	0%	0%
Family Annual Income					
\$9,999 or less	7%	5%	2%	1%	2%
\$10,000 to \$19,999	6%	5%	12%	4%	4%
\$20,000 to \$29,999	0%	9%	9%	5%	6%
\$30,000 to \$39,999	9%	13%	7%	8%	10%
\$40,000 to \$49,999	5%	8%	6%	8%	8%
\$50,000 to \$59,999	10%	8%	8%	8%	9%
\$60,000 To \$74,999	18%	10%	10%	14%	12%
\$75,000 To \$99,999	8%	9%	9%	16%	15%
\$100,000 To \$149,999	0%	13%	18%	17%	18%
\$150,000 and Over	36%	19%	18%	18%	16%

¹ PA and U.S. minimum wages in 2023 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

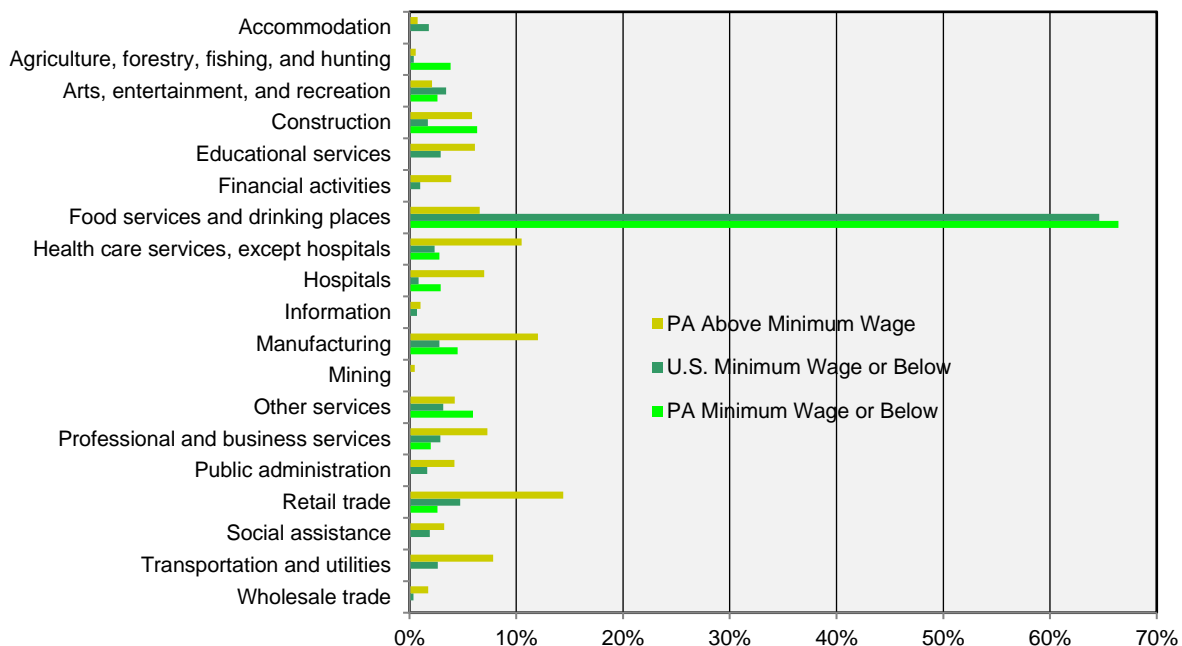
Workers having no children made up 94 percent of those earning the minimum wage or less in Pennsylvania. Among those earning near the minimum wage in Pennsylvania, married parents constituted a smaller percentage (5 percent) than in the other U.S. and Pennsylvania populations depicted above, except for minimum wage or below earners in Pennsylvania, which had a married parent cohort of 3 percent. In 2023, 100 percent of single parents in the Pennsylvania minimum wage or below population had one child. The family status of those earning near the minimum wage in Pennsylvania was more like Pennsylvania's minimum wage or below population than either the nation's at or below minimum wage population or Pennsylvania's above minimum wage population.

The family income of those who earned the minimum wage or less in Pennsylvania varied greatly. Slightly less than 27 percent of such workers were in families whose combined income was less than \$50,000 per year and 12 percent were in families with less than \$30,000 per year. In contrast, almost 45 percent had annual family incomes of \$75,000 or more a year and over 36 percent had annual family incomes of \$150,000 or more per year. The family income distribution of near minimum wage workers in Pennsylvania was most like that of the U.S. minimum wage or below population.

Due to the small sample of minimum wage and below workers in Pennsylvania and the smaller cohorts within that sample, care should be taken in interpreting results such as these.

INDUSTRY AND OCCUPATIONAL DISTRIBUTIONS

A Comparison of Industry Distributions in 2023 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 2023 were both at \$7.25.

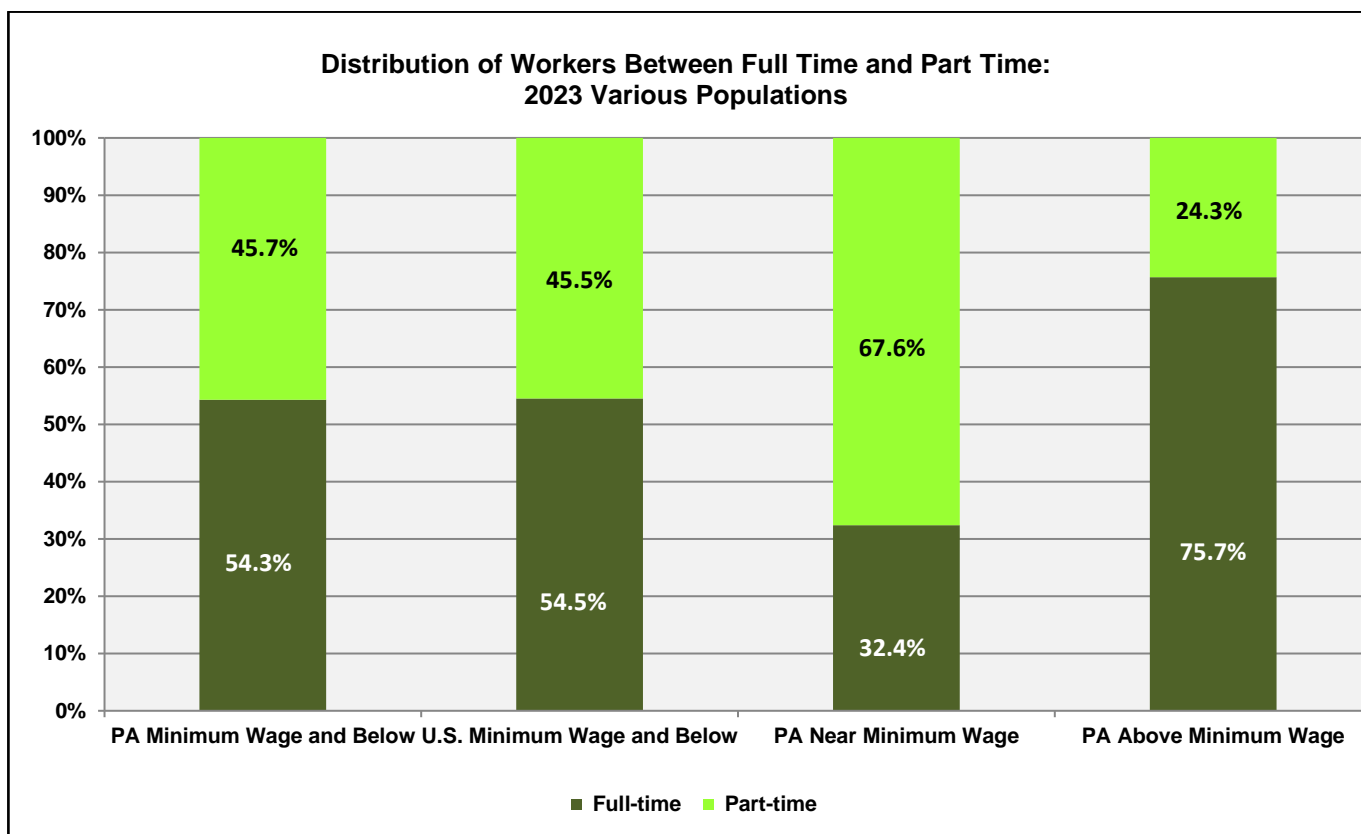
In Pennsylvania, workers earning at or below the minimum wage were most likely to be employed in the following industries: food services and drinking places, construction, and other services. Combined, these industries employed 79 percent of all minimum wage earners in 2023.

Sixty-six percent of minimum wage or below earners worked at food services and drinking places. In contrast, only 7 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.

The declining trend in the number of minimum wage or below workers has led to fewer industry groups having minimum wage workers, and even those with representation had relatively few. In 2023, despite a small increase in the number of minimum wage or below workers, excluding the top three industry groups mentioned above, each of the remaining industry groups had less than 5 percent of the minimum wage workers and minimum wage workers were absent from over 47 percent of the industry groups.

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 (14 percent) and a higher proportion of those earning the near minimum wage (26 percent). Historically, a large proportion of workers earning the minimum wage or below were in retail trade, but due to steadily increasing entry-level wage rates in the industry that proportion has been declining. Retail trade, in combination with non-hospital health care services and manufacturing, accounted for 37 percent of all those earning above the minimum wage in 2023.

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.

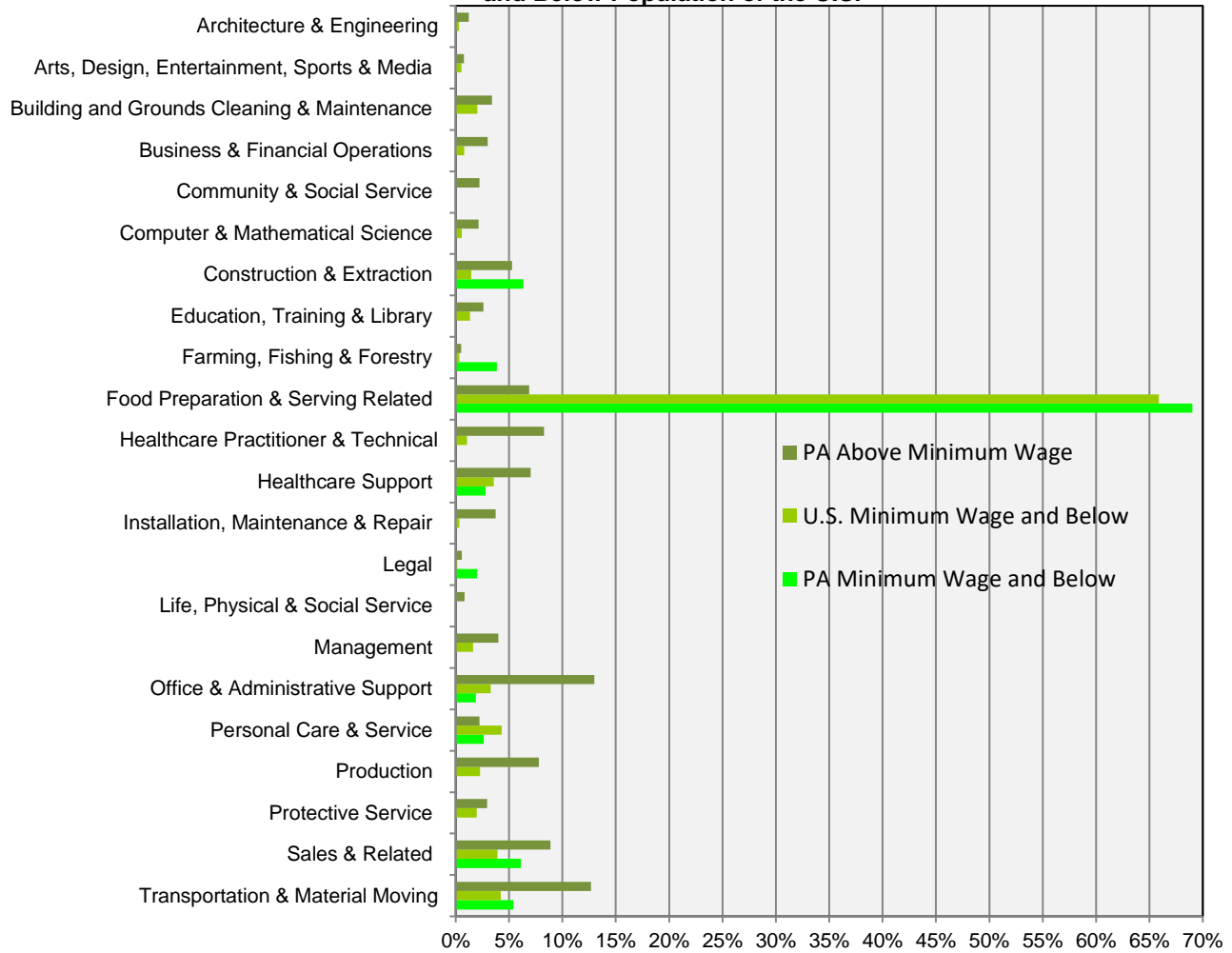


Source: U.S. Bureau of the Census, Current Population Survey
PA and U.S. minimum wages in 2023 were both at \$7.25.

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 2023, more 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 in Pennsylvania was closest to that of the nation's minimum wage or below population. The ratio of full-time to part-time near minimum wage workers in Pennsylvania was lowest among the populations depicted. Typically, the ratio of full-time to part-time minimum wage or below workers in Pennsylvania has been less than one (i.e., there were fewer full-time workers than part-time workers), however that was not the case in 2023. This may be indicative of a dramatic change in the composition of minimum wage or below workers in Pennsylvania, a nonrepresentative sample in the CPS, or both.

2023 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 2023.
Source: U.S. Bureau of the Census, Current Population Survey

In 2023, 69 percent of Pennsylvanians who earned the minimum wage or less worked in food preparation & serving related occupations, 6 percent were employed in construction & extraction occupations and 6 percent in sales & related occupations. Minimum wage or below workers in the U.S. were slightly less concentrated in the food preparation & serving occupational group than those of Pennsylvania (66 percent compared with 69 percent) and had a more diverse distribution of occupations.

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 & administrative support (13 percent), transportation & material moving (13 percent), sales & related (9 percent), and healthcare practitioner & technical (8 percent). Food preparation & serving related occupations accounted for only 22 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 2023 Compared to Annual Average 2022 and 2018 (total numbers of workers in thousands, all other numbers in percent)					
Demographic Characteristics	2018	2022	2023	Percentage Point Change	
	PA ¹	PA ²	PA ²	2018 to 2023	2022 to 2023
TOTAL	96.3	63.6	67.8	-	-
Gender					
Male	31%	27%	32%	0%	4%
Female	69%	73%	68%	0%	-4%
Race					
Black, non-Hispanic	11%	10%	16%	5%	6%
Hispanic	5%	8%	0%	-5%	-8%
Other, non-Hispanic	12%	2%	4%	-8%	2%
White, non-Hispanic	71%	80%	80%	9%	0%
Age					
16-19	37%	23%	32%	-5%	8%
20-24	23%	19%	22%	0%	3%
25-34	15%	13%	21%	5%	7%
35-44	5%	17%	11%	6%	-6%
45-54	7%	11%	9%	1%	-3%
55-64	7%	10%	2%	-5%	-8%
65 and over	6%	6%	4%	-2%	-2%
Education					
Less than a high school diploma	35%	10%	28%	-7%	18%
High school graduates, no college	28%	43%	18%	-10%	-25%
Some college, no degree	16%	33%	29%	13%	-4%
Associate degree	8%	2%	2%	-6%	1%
Bachelor's degree or higher	13%	13%	22%	10%	10%
Marital Status					
Married Spouse Present	17%	22%	8%	-9%	-15%
Marital Status Other	6%	4%	7%	0%	2%
Never Married	77%	74%	86%	9%	12%

¹ The minimum wage in 2018, 2022, and 2023 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 2018 through 2023, 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 declined by 28,500 or 29.6 percent. Labor market conditions from 2018 through 2023 improved in Pennsylvania (except during the period of the pandemic and the response to it, when there was a steep decline in total and hourly employment), as evidenced by the growth in employment as well as by an increase in average wages. Wages continued to increase due to the employment recovery (which began in 2020) and the higher inflation following the pandemic. The increased wages led to the continued trend of fewer minimum wage or below workers. Despite an increase in total employment over this period, there was a small decline in hourly employment, which may have also contributed to the decline in the number of minimum wage or below workers.

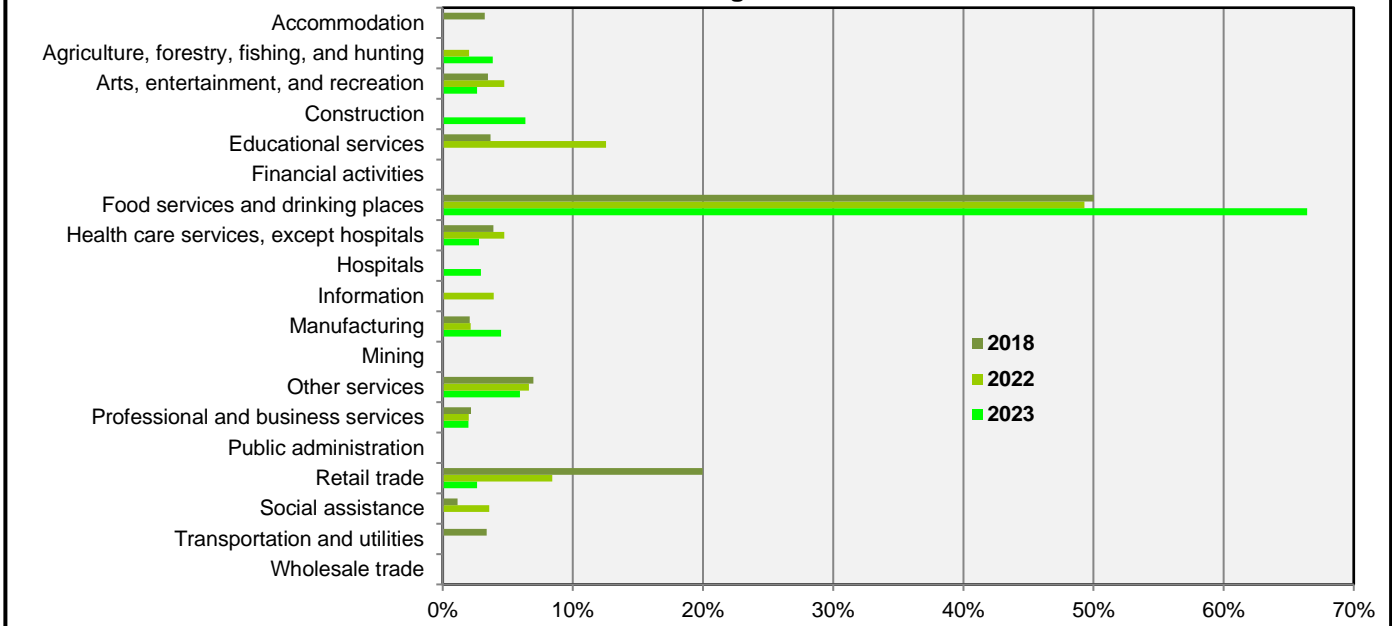
In 2023, males comprised 32 percent of minimum wage or below workers. This represented a small increase from 2018 and an increase of 4 percentage points from 2022.

From 2018 to 2023, the proportions of Pennsylvania's minimum wage or below earners under 25 years of age or over 54 years of age decreased. Relative to 2022 the age distribution of 2023 was younger, as the 55 and older proportion shrunk while the percentage of those below age 25 grew.

Over the last 5 years, the composition of minimum wage or below workers shifted towards non-Hispanic White and Black workers and away from Hispanic and Other non-Hispanic workers.

The demographic changes from 2022 to 2023 were even more volatile than those from five years ago. The small sample of minimum wage or below workers may explain some of the recent volatility in the demographic characteristics.

A Comparison of Industry Distributions of Pennsylvania's Workers Earning At or Below the Minimum Wage: 2023 vs. 2022 and 2018¹



¹ The minimum wage was constant at \$7.25 from 2018 through 2023.
Source: U.S. Bureau of the Census: Current Population Survey

In 2018, 2022, and 2023, workers earning at or below the minimum wage were most likely to be employed in food services & drinking places. Over the five-year interval, while the absolute number of minimum wage workers in that industry declined its percentage increased dramatically. Retail trade typically had been the second ranked industry group in terms of number of minimum wage or below workers. Such was the case in 2018 when 20 percent of minimum wage or below workers were in retail trade. The representation of this industry group fell by 12 percentage points by 2022 and in 2023 was down to 3 percent. The trend of decreasing numbers of minimum wage workers in retail trade is likely due to the steadily increasing beginning wage rates in that industry, particularly among large employers. The number of minimum wage or below workers in manufacturing rose by more than 52 percent between 2018 and 2023. In addition, over that period, the number of minimum wage or below workers in construction went from zero to 4,300, an increase of 6.3 percentage points.

The decrease in workers earning minimum wage or below from 2018 to 2023 has been accompanied by fewer industry groups having representation of such workers. In 2023 there were nine industry groups without any representation from minimum wage or below workers. The largest volume decreases in the number of minimum wage or below workers over the last five years were in retail trade and educational services. Retail trade fell by 91 percent, while educational services lost its total representation of minimum wage or below workers.

Between 2018 and 2023, the proportion of hourly workers earning the minimum wage or less who worked full time increased from 20.4 percent to 54.3 percent, after rising to 30.0 percent in 2022. The number of minimum wage or below workers who were full time increased by 87.5 percent despite the total number of workers earning the minimum wage or less declining by 29.6 percent over this 5-year interval.

**Occupational Characteristics of Wage & Salary Workers Paid Hourly Rates at or Below the Minimum Wage
Pennsylvania Annual Average 2023 Compared to Annual Average 2022 and 2018
(total numbers of workers in thousands, all others are in percent)**

Occupation	2018	2022	2023	Percentage Point Change	
	PA ¹	PA ¹	PA ¹	2018 to 2023	2022 to 2023
TOTAL	96.3	63.6	67.8	-	-
Architecture & Engineering	0%	2%	0%	0%	-2%
Arts, Design, Entertainment, Sports & Media	0%	4%	0%	0%	-4%
Building and Grounds Cleaning & Maintenance	4%	4%	0%	-4%	-4%
Business & Financial Operations	0%	2%	0%	0%	-2%
Community & Social Service	0%	0%	0%	0%	0%
Computer & Mathematical Science	0%	0%	0%	0%	0%
Construction & Extraction	0%	0%	6%	6%	6%
Education, Training & Library	0%	0%	0%	0%	0%
Farming, Fishing & Forestry	0%	2%	4%	4%	2%
Food Preparation & Serving Related	50%	51%	69%	19%	18%
Healthcare Practitioner & Technical	0%	0%	0%	0%	0%
Healthcare Support	4%	6%	3%	-1%	-4%
Installation, Maintenance & Repair	1%	0%	0%	-1%	0%
Legal	0%	0%	2%	2%	2%
Life, Physical & Social Service	0%	0%	0%	0%	0%
Management	0%	0%	0%	0%	0%
Office & Administrative Support	11%	13%	2%	-9%	-11%
Personal Care & Service	7%	7%	3%	-4%	-4%
Production	2%	0%	0%	-2%	0%
Protective Service	0%	0%	0%	0%	0%
Sales & Related	14%	6%	6%	-8%	0%
Transportation & Material Moving	9%	3%	5%	-3%	3%

¹ The PA minimum wage in 2018, 2022, and 2023 was \$7.25.

Totals and changes may not add up due to rounding.

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

In 2018, half (50 percent) of Pennsylvanians who earned the minimum wage or less worked in food preparation & serving related occupations. Another 14 percent of Pennsylvanians who earned the minimum wage or less were employed in sales & related occupations. From 2018 to 2023, the proportion of Pennsylvania minimum wage or below earners who worked in food preparation & serving related occupations increased by 19 percentage points even as it declined by 33 percent on an absolute level. Sales & related occupations decreased by 8 percentage points, which was the second largest relative decrease behind office & administrative support occupations, which fell by 9 percentage points.

The occupational categories whose percentage of minimum wage or below earners increased the most over the five-year interval besides food preparation & serving related occupations (which rose by 19 percentage points) were construction & extraction (6 percentage points) and farming, fishing & forestry (4 percentage points). Legal occupations (which increased by 2 percentage points) was the only other occupational category with an increased percentage over the interval. These three occupational categories had no minimum wage or below representation in 2018.

The relative changes from 2022 to 2023 were similar to the changes over the five-year period. Two examples of this were in the occupational categories with the largest percentage point increases and decreases. Food preparation & serving related occupations had the largest percentage increase over the year (18 percentage points) and over the 5-year period (19 percentage points). Similarly, the occupational category with the largest percentage point decrease was the office & administrative support occupations, which decreased by 11 percentage points from 2022 and by 9 percentage points from 2018.

Pennsylvania Family Status and Family Income Characteristics of Workers Paid Hourly Rates At or Below the Minimum Wage Comparison of 2023, 2022, and 2018					
Characteristic	2018	2022	2023	Percentage Point Change	
	PA ¹	PA ¹	PA ¹	2018 to 2023	2022 to 2023
TOTAL (in thousands)	96.3	63.6	67.8	-	-
Family Status ² (in Percent)					
No Children (Single or Married)	84%	93%	94%	10%	1%
Married Parent	6%	0%	3%	-2%	3%
Single Parent	11%	7%	3%	-8%	-4%
1 child	3%	2%	3%	0%	0%
2 children	5%	0%	0%	-5%	0%
3 children	3%	4%	0%	-3%	-4%
4 or more children	0%	0%	0%	0%	0%
Family Annual Income (in Percent)					
\$9,999 or less	8%	11%	7%	-1%	-4%
\$10,000 to \$19,999	18%	7%	6%	-12%	-1%
\$20,000 to \$29,999	14%	11%	0%	-14%	-11%
\$30,000 to \$39,999	2%	11%	9%	8%	-2%
\$40,000 to \$49,999	12%	0%	5%	-7%	5%
\$50,000 to \$59,999	6%	8%	10%	4%	3%
\$60,000 To \$74,999	11%	18%	18%	7%	1%
\$75,000 To \$99,999	15%	13%	8%	-7%	-5%
\$100,000 To \$149,999	9%	14%	0%	-9%	-14%
\$150,000 and Over	5%	9%	36%	32%	28%

¹ The PA minimum wage in 2018, 2022, and 2023 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.

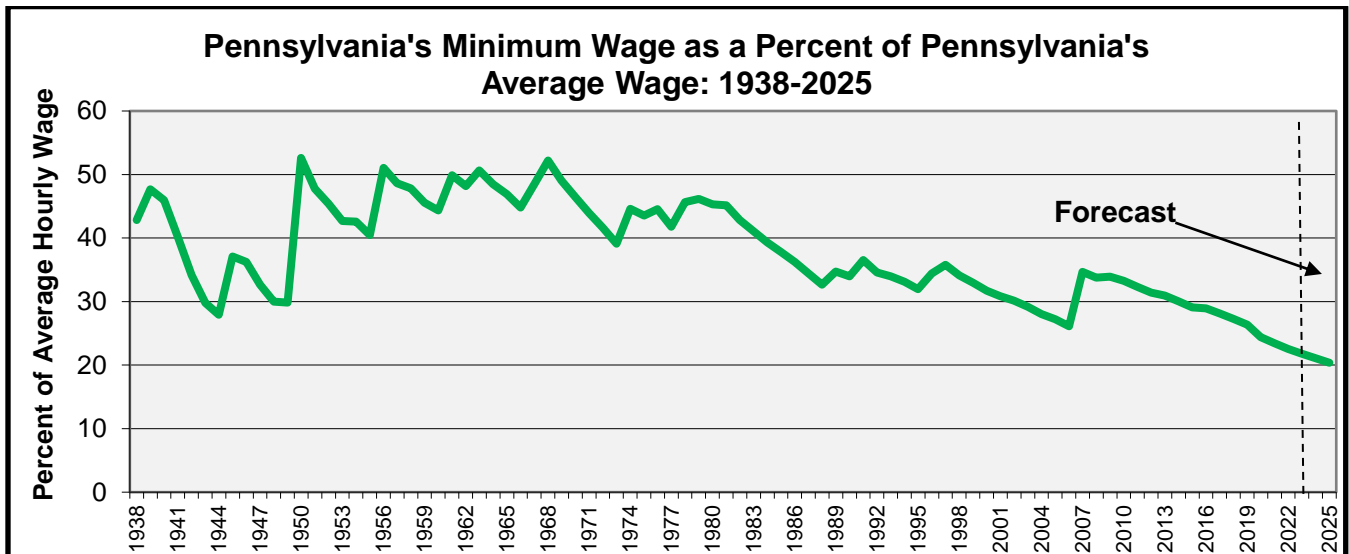
Source: U.S. Bureau of the Census, Current Population Survey

The biggest change in family composition of minimum wage or below workers from 2018 to 2023 was the increase (10 percentage points) in the percentage of those without children and an almost equal decrease in the percentage of single parents (8 percentage points). The decrease in the percentage of single parents was due to a lack of single parents with more than one child, as the percentage with one child was unchanged. From 2018 to 2022, the percentage of single parents decreased by 4 percentage points and decreased by another 4 percentage points from 2022 to 2023.

On a relative basis, the distribution of family income of minimum wage and below workers shifted from the lowest incomes (under \$30,000) and to incomes in excess of \$149,999 over the last five years. From 2018 to 2023, the percentage of minimum wage or below workers whose family income was less than \$30,000 decreased by 27 percentage points to 12 percent, and a decrease of 16 percentage points from 2022. At the same time, the percentage of such workers with family income of at least \$150,000 was 36 percent, which was 28 percentage points higher than in 2022 and 32 percentage points higher than in 2018. The family income cohort with family income from \$75,000 to \$149,000 fell by 16 percentage points compared to five years prior and decreased by 18 percentage points compared to 2022.

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. Therefore, it is difficult to determine whether these results are simply statistical anomalies due to small sample sizes or reflect actual changes in the composition of the minimum wage and below population or some combination thereof.

HISTORICAL PERSPECTIVE: MINIMUM WAGE IN RELATION TO INFLATION AND THE POVERTY THRESHOLD



The Average Wage forecast was based on its 10-year arithmetic average.
The minimum wage in 2022 (and 2023) was \$7.25.

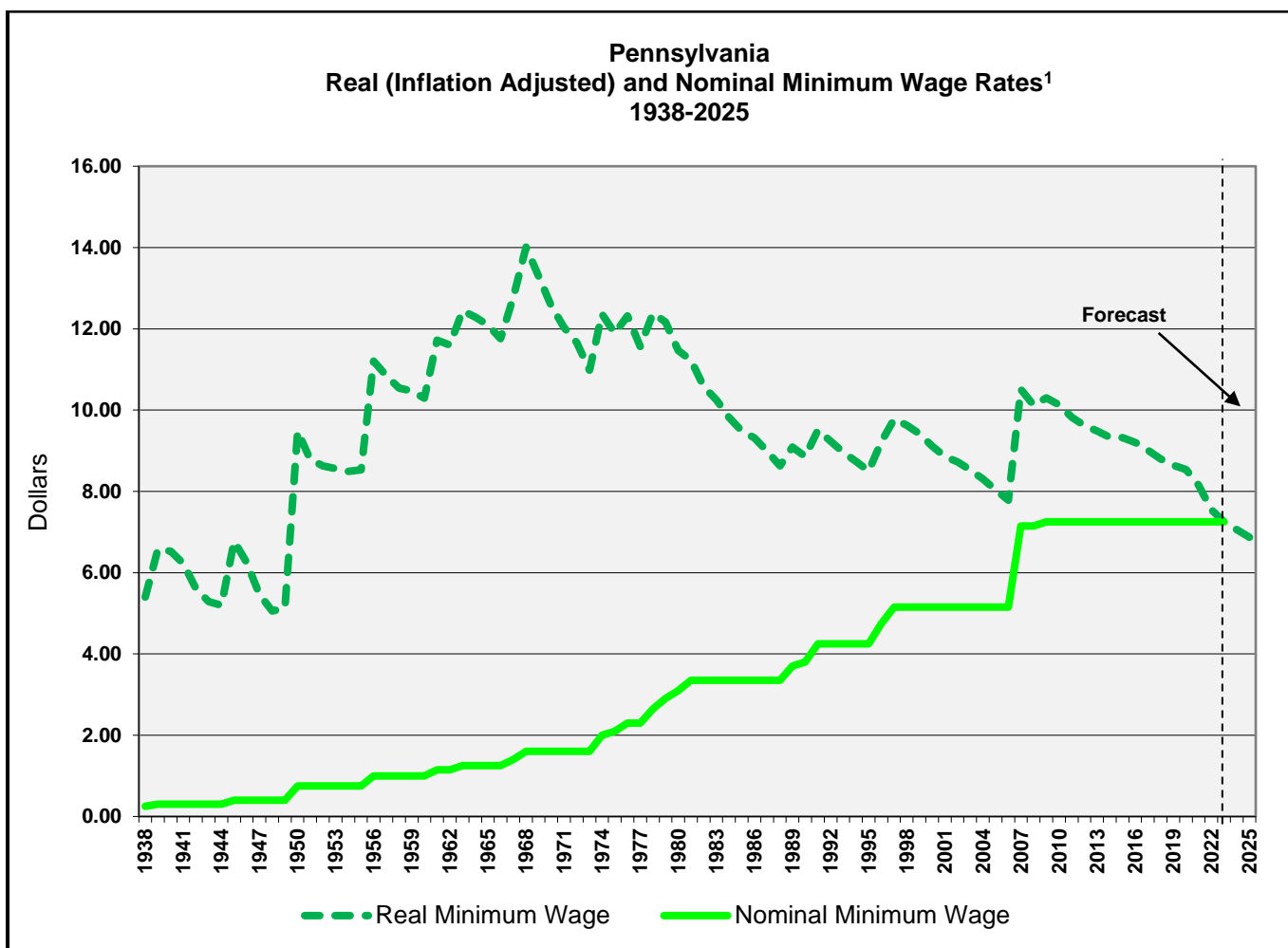
The original level of the minimum wage was set in 1938 at 25 cents, which was 50 percent of the national average manufacturing wage at that time. According to Jonathan Grossman, a Department of Labor historian, “..., The act applied only to interstate commerce and to accommodate various interests, exemption 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 \$16.10 in 2022. It is projected to rise to \$16.64 in 2023, \$17.21 in 2024, and \$17.79 in 2025.

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 2022, Pennsylvania’s minimum wage was 23 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 22 percent of the average Pennsylvania wage by 2023, 21 percent in 2024, and to 20 percent by 2025.

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.



¹ Indexed to 2023 dollars.

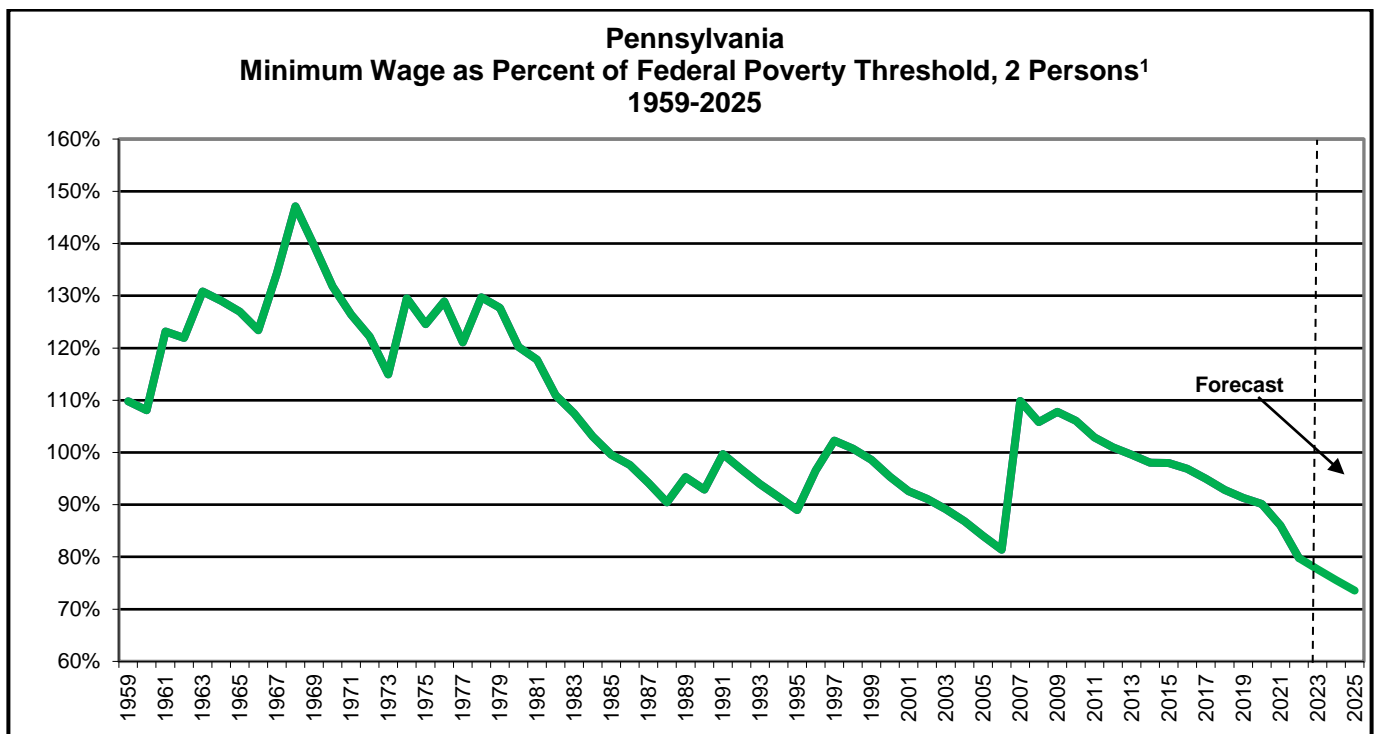
The inflation forecast was based on its 10-year arithmetic average applied to the minimum wage.

The minimum wage in 2023 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 \$7.06 in 2024 and \$6.87 in 2025.

The 1938 minimum wage of \$0.25 would have been equivalent in purchasing power to \$5.40 in 2023 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 \$5.06 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 \$14.01 in 2023 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 \$10.30 (in 2023 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

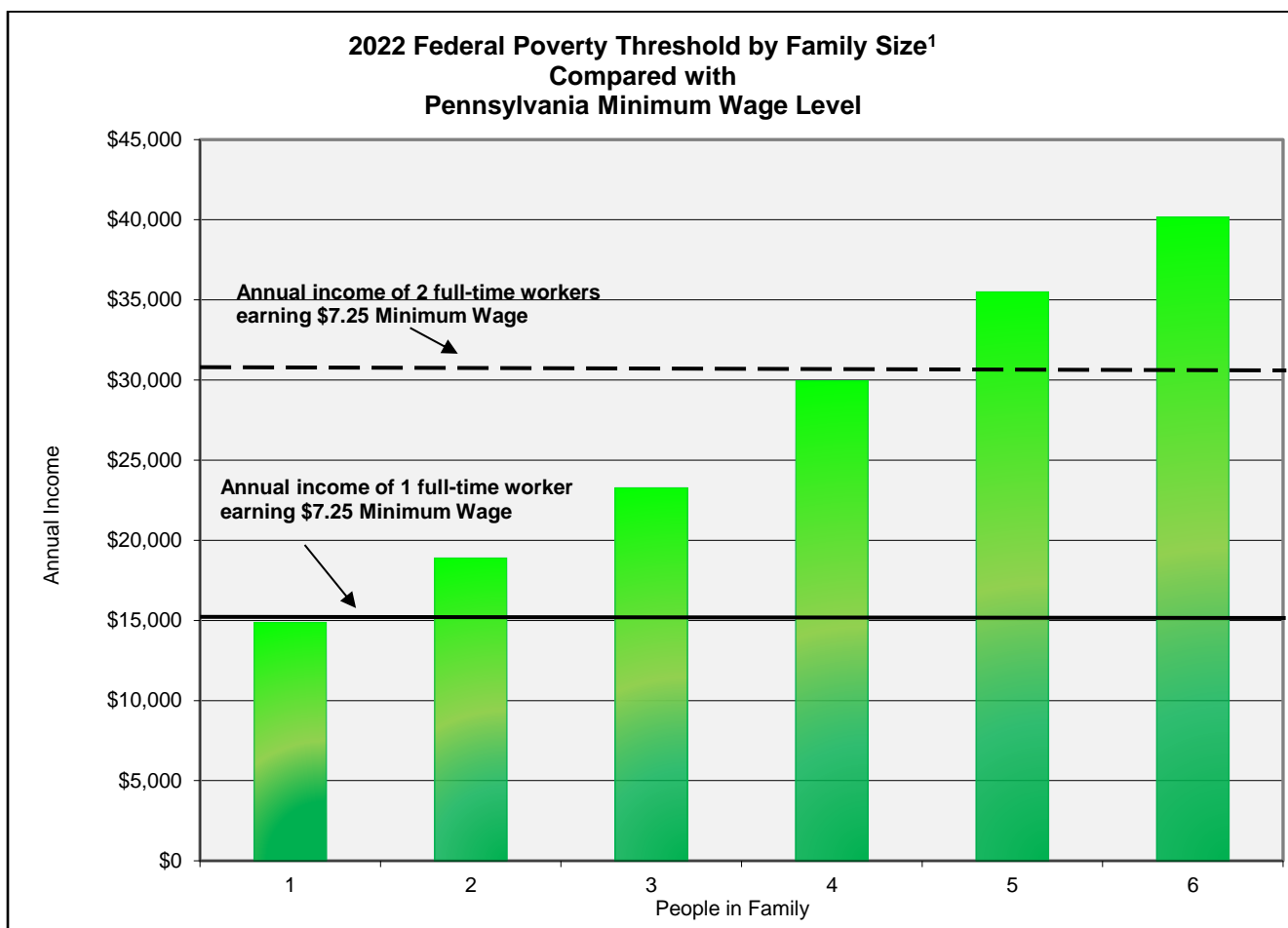
The Census annually sets poverty thresholds for families that vary by family size and the ages of its members. Each threshold is a monetary sum that is compared to the family's income to determine the poverty status of all the members of that family³. Family income is pre-tax and includes earnings, unemployment 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 2022, the annual income for an individual in Pennsylvania making the minimum wage (\$7.25) was \$15,080 or 79.8 percent of the 2022 Federal Poverty Threshold for a two-person household (\$18,900).

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 (in contrast to the BLS definition used to determine the number of full-time workers) 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 2022. This income exceeded the 2022 Federal Poverty Threshold for a one-person household (\$14,880). However, it fell short of the poverty threshold for two-person (\$18,900) and three-person households (\$23,280).

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 (the bold dashed line on the graph) and would exceed the poverty threshold for a four-person household (\$29,950).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 low-income families. 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, a large percentage of 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	2022	2023	2024	Change 2022-2023	Change 2023-2024
Federal	\$7.25	\$7.25	\$7.25	-	-
Alabama	\$7.25	\$7.25	\$7.25	-	-
Alaska ¹	\$10.34	\$10.85	\$11.73	\$0.51	\$0.88
Arizona ¹	\$12.80	\$13.85	\$14.35	\$1.05	\$0.50
Arkansas	\$11.00	\$11.00	\$11.00	-	-
California ¹	\$15.00	\$15.50	\$16.00	\$0.50	\$0.50
Colorado ¹	\$12.56	\$13.65	\$14.42	\$1.09	\$0.77
Connecticut ¹	\$14.00	\$15.00	\$15.69	\$1.00	\$0.69
Delaware	\$10.50	\$11.75	\$13.25	\$1.25	\$1.50
Florida ¹	\$11.00	\$12.00	\$13.00	\$1.00	\$1.00
Georgia	\$7.25	\$7.25	\$7.25	-	-
Hawaii	\$12.00	\$12.00	\$14.00	-	\$2.00
Idaho	\$7.25	\$7.25	\$7.25	-	-
Illinois	\$12.00	\$13.00	\$14.00	\$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	\$12.75	\$13.80	\$14.15	\$1.05	\$0.35
Maryland	\$12.50	\$13.25	\$15.00	\$0.75	\$1.75
Massachusetts	\$14.25	\$15.00	\$15.00	\$0.75	-
Michigan	\$9.87	\$10.10	\$10.33	\$0.23	\$0.23
Minnesota ¹	\$10.33	\$10.59	\$10.85	\$0.26	\$0.26
Mississippi	\$7.25	\$7.25	\$7.25	-	-
Missouri ¹	\$11.15	\$12.00	\$12.30	\$0.85	\$0.30

Area	2022	2023	2024	Change 2022-2023	Change 2023-2024
Federal	\$7.25	\$7.25	\$7.25	-	-
Montana ¹	\$9.20	\$9.95	\$10.30	\$0.75	\$0.35
Nebraska ¹	\$9.00	\$10.50	\$12.00	\$1.50	\$1.50
Nevada ¹	\$10.50	\$11.25	\$12.00	\$0.75	\$0.75
New Hampshire	\$7.25	\$7.25	\$7.25	-	-
New Jersey ¹	\$13.00	\$14.13	\$15.13	\$1.13	\$1.00
New Mexico	\$11.50	\$12.00	\$12.00	\$0.50	-
New York ¹	\$14.20	\$14.20	\$15.00	-	\$0.80
North Carolina	\$7.25	\$7.25	\$7.25	-	-
North Dakota	\$7.25	\$7.25	\$7.25	-	-
Ohio ¹	\$9.30	\$10.10	\$10.45	\$0.80	\$0.35
Oklahoma	\$7.25	\$7.25	\$7.25	-	-
Oregon ¹	\$13.50	\$14.20	TBD	\$0.70	TBD
Pennsylvania	\$7.25	\$7.25	\$7.25	-	-
Rhode Island	\$12.25	\$13.00	\$14.00	\$0.75	\$1.00
South Carolina	\$7.25	\$7.25	\$7.25	-	-
South Dakota ¹	\$9.95	\$10.80	\$11.20	\$0.85	\$0.40
Tennessee	\$7.25	\$7.25	\$7.25	-	-
Texas	\$7.25	\$7.25	\$7.25	-	-
Utah	\$7.25	\$7.25	\$7.25	-	-
Vermont ¹	\$12.55	\$13.18	\$13.67	\$0.63	\$0.49
Virginia	\$11.00	\$12.00	\$12.00	\$1.00	-
Washington ¹	\$14.49	\$15.74	\$16.28	\$1.25	\$0.54
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 change tied to inflation rate of the Consumer Price Index (CPI), or a similar measure).

The data for 2024 (which includes enacted, but not yet effective statutory increases) was accurate as of January 10, 2024. 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

Since 2015, the number of states setting higher minimum wage rates than Pennsylvania was essentially static, except for Virginia, which became the 30th state to set a minimum wage rate above Pennsylvania's on May 1, 2021. During 2023, the minimum wage rates in states that exceeded Pennsylvania's ranged from \$8.75 to \$15.74. All of Pennsylvania's neighboring states have had minimum wages that exceeded Pennsylvania's since the beginning of 2015. In 2023, they ranged from \$8.75 to \$14.20 and for 2024, they are projected to range from \$8.75 to \$15.13.

In 2023 there were four states with minimum wage rates of at least \$15.00. An additional three states, all of which abut Pennsylvania, are projected to join them in 2024. Most of the states with minimum wages higher than Pennsylvania's tie changes in their minimum wage rates to inflation rates of 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 recently in 2021) or when the Consumer Price Index falls (e.g., Alaska recently in 2022). In addition, some state provisions allow for local minimum wage rates to be set higher than the state rate overall, based on the municipality, industry, size of employer, and so forth. These higher rates are not reflected in the table above which uses the general minimum wage rate in the state.

Twenty-six states raised their minimum wage rates in 2023, and rates are scheduled to rise in twenty-five states by the end of 2024.

Tipped Minimum Wage Rates by State

Area	2022	2023	2024	Change 2022- 2023	Change 2023- 2024
Federal	\$2.13	\$2.13	\$2.13	-	-
Alabama	\$2.13	\$2.13	\$2.13	-	-
Alaska ¹	\$10.34	\$10.85	\$11.73	\$0.51	\$0.88
Arizona ¹	\$9.80	\$10.85	\$11.35	\$1.05	\$0.50
Arkansas	\$2.63	\$2.63	\$2.63	-	-
California ¹	\$15.00	\$15.50	\$16.00	\$0.50	\$0.50
Colorado ¹	\$9.54	\$10.63	\$11.40	\$1.09	\$0.77
Connecticut ¹	\$6.38	\$6.38	\$6.38	-	-
Delaware	\$2.23	\$2.23	\$2.23	-	-
Florida ¹	\$7.98	\$8.98	\$9.98	\$1.00	\$1.00
Georgia	\$2.13	\$2.13	\$2.13	-	-
Hawaii	\$12.00	\$12.00	\$14.00	-	\$2.00
Idaho	\$3.35	\$3.35	\$3.35	-	-
Illinois	\$7.20	\$7.80	\$8.40	\$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 ¹	\$6.38	\$6.90	\$7.08	\$0.52	\$0.18
Maryland	\$3.63	\$3.63	\$3.63	-	-
Massachusetts	\$6.15	\$6.75	\$6.75	\$0.60	-
Michigan	\$3.75	\$3.84	\$3.93	\$0.09	\$0.09
Minnesota ¹	\$10.33	\$10.59	\$10.85	\$0.26	\$0.26
Mississippi	\$2.13	\$2.13	\$2.13	-	-
Missouri ¹	\$5.58	\$6.00	\$6.15	\$0.42	\$0.15

Area	2022	2023	2024	Change 2022- 2023	Change 2023- 2024
Federal	\$2.13	\$2.13	\$2.13	-	-
Montana ¹	\$9.20	\$9.95	\$10.30	\$0.75	\$0.35
Nebraska ¹	\$2.13	\$2.13	\$2.13	-	-
Nevada ¹	\$10.50	\$11.25	\$12.00	\$0.75	\$0.75
New Hampshire	\$3.27	\$3.27	\$3.27	-	-
New Jersey ¹	\$5.13	\$5.26	\$5.26	\$0.13	-
New Mexico	\$2.80	\$3.00	\$3.00	\$0.20	-
New York ¹	\$9.45	\$9.45	\$10.00	-	-
North Carolina	\$2.13	\$2.13	\$2.13	-	-
North Dakota	\$4.86	\$4.86	\$4.86	-	-
Ohio ¹	\$4.65	\$5.05	\$5.25	\$0.40	\$0.20
Oklahoma	\$2.13	\$2.13	\$2.13	-	-
Oregon ¹	\$13.50	\$14.20	\$14.90	\$0.70	\$0.70
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 ¹	\$4.98	\$5.40	\$5.60	\$0.42	\$0.20
Tennessee	\$2.13	\$2.13	\$2.13	-	-
Texas	\$2.13	\$2.13	\$2.13	-	-
Utah	\$2.13	\$2.13	\$2.13	-	-
Vermont ¹	\$6.28	\$6.59	\$6.84	\$0.31	\$0.25
Virginia	\$2.13	\$2.13	\$2.13	-	-
Washington ¹	\$14.49	\$15.74	\$16.28	\$1.25	\$0.54
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. Note: The data for 2024 (which includes enacted, but not yet effective statutory increases) was accurate as of January 3, 2024. All data are as of year-end. Data for the Federal government and states that about Pennsylvania are shaded in gray. Source: U.S. Department of Labor and state websites.

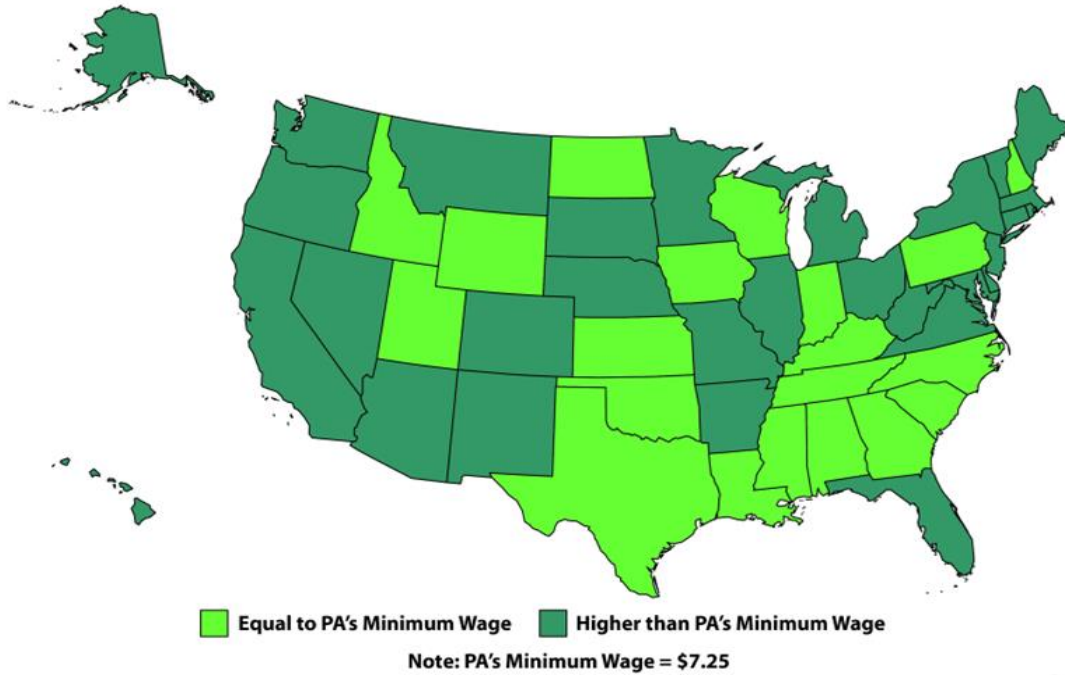
Many states and the federal government allow employers to pay a cash wage lower than the minimum wage for tipped employees. These laws require that the sum of the direct cash payment and the tipped amount must at least equal the full minimum wage. States vary regarding which employees are covered and 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. In 2023, New Mexico raised its tipped minimum wage from \$2.80 to \$3.00, becoming the twenty-ninth state with a higher tipped minimum wage rate than Pennsylvania with rates ranging from \$3.00 to \$15.74. Seven of those states do not have a tip credit making their tipped minimum wages equal to their full minimum wages. Hawaii has a tip credit only when the total of the tips plus wages exceeds the minimum wage by \$7.00 per hour; otherwise, the employer cannot pay a cash wage below the full minimum wage to the tipped worker.

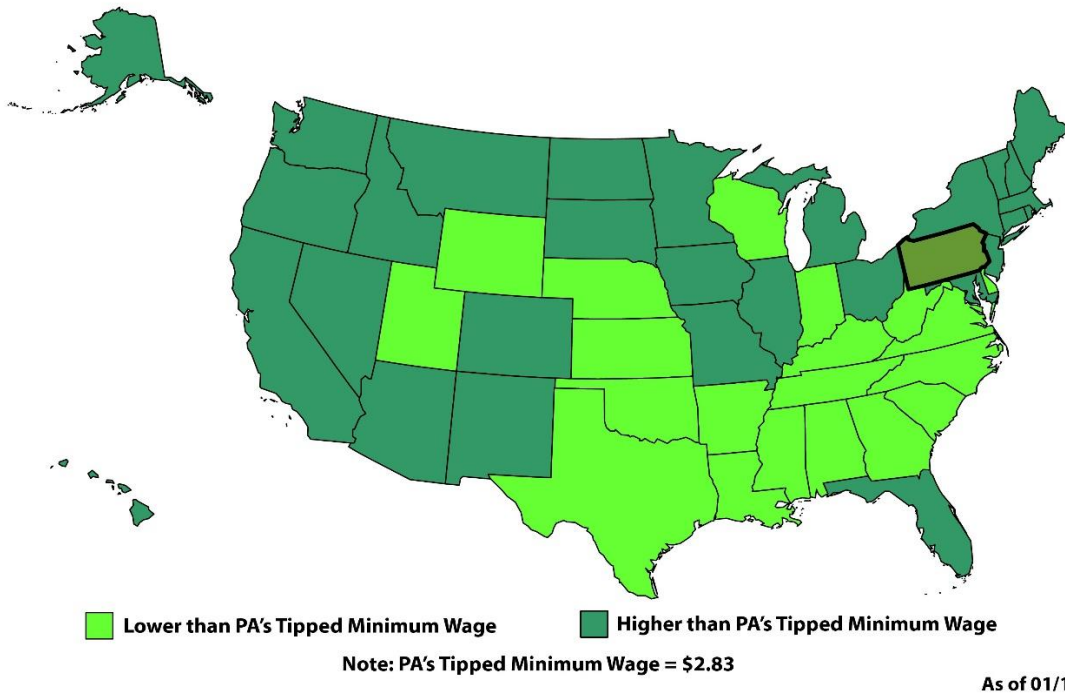
The federal tipped minimum wage has been at \$2.13 since 1991. Sixteen states had their tipped minimum wage rates equal to the federal level during 2023, while another four states had a tipped minimum wage above the federal level, yet below Pennsylvania's \$2.83. The tipped minimum wages in all of Pennsylvania's six neighboring states exceed the federal level. In 2023, four of those states had higher rates than Pennsylvania and two were below.

The tipped minimum wage was raised in 20 states during 2023 and has already been increased - or is projected to do so by year-end 2024 - in 18 states.

2023 Pennsylvania and Other States Minimum Wage Comparison



2023 Pennsylvania and Other States Tipped Minimum Wage Comparison



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 aged 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.: 2023 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
	PA ¹	U.S. ¹	PA	PA
TOTAL	67.8	870	335.1	3,168.2
Industry				
Accommodation	0%	2%	3%	1%
Agriculture, forestry, fishing, and hunting	4%	0%	0%	1%
Arts, entertainment, and recreation	3%	3%	8%	2%
Construction	6%	2%	1%	6%
Educational services	0%	3%	6%	6%
Financial activities	0%	1%	2%	4%
Food services and drinking places	66%	65%	21%	7%
Health care services, except hospitals	3%	2%	10%	11%
Hospitals	3%	1%	1%	7%
Information	0%	1%	0%	1%
Manufacturing	4%	3%	5%	12%
Mining	0%	0%	0%	0%
Other services	6%	3%	6%	4%
Professional and business services	2%	3%	3%	7%
Public administration	0%	2%	1%	4%
Retail trade	3%	5%	26%	14%
Social assistance	0%	2%	4%	3%
Transportation and utilities	0%	3%	3%	8%
Wholesale trade	0%	0%	0%	2%
Work Status				
Full-time	54%	55%	32%	76%
Part-time	46%	45%	68%	24%

¹ Both the U.S. minimum wage and the PA minimum wage were \$7.25 during 2023

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.: 2023 Averages (total numbers of workers in thousands, breakdown by occupation in percent)				
Occupation	Minimum Wage or Below		Above Minimum Wage	
	PA ¹	U.S. ¹	Near	Total
	PA	PA	PA	PA
TOTAL	67.8	870	335.1	3,168.2
Occupation				
Architecture & Engineering	0%	0%	0%	1%
Arts, Design, Entertainment, Sports & Media	0%	1%	1%	1%
Building, Grounds Cleaning & Maintenance	0%	2%	5%	3%
Business & Financial Operations	0%	1%	1%	3%
Community & Social Service	0%	0%	1%	2%
Computer & Mathematical Science	0%	1%	2%	2%
Construction & Extraction	6%	1%	0%	5%
Education, Training & Library	0%	1%	2%	3%
Farming, Fishing & Forestry	4%	0%	0%	1%
Food Preparation & Serving Related	69%	66%	22%	7%
Healthcare Practitioner & Technical	0%	1%	2%	8%
Healthcare Support	3%	4%	6%	7%
Installation, Maintenance & Repair	0%	0%	0%	4%
Legal	2%	0%	0%	1%
Life, Physical & Social Service	0%	0%	0%	1%
Management	0%	2%	2%	4%
Office & Administrative Support	2%	3%	13%	13%
Personal Care & Service	3%	4%	6%	2%
Production	0%	2%	5%	8%
Protective Service	0%	2%	2%	3%
Sales & Related	6%	4%	19%	9%
Transportation & Material Moving	5%	4%	11%	13%

¹ Both the U.S. minimum wage and the PA minimum wage were \$7.25 during 2023

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): was formerly known as 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&smthLwlnId=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 FLSA, 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 previous table). Section 4 (a.1) of the MWA mandates that if the minimum wage set by the FLSA 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 FLSA. Consequently, some of the rates listed as changes in the MWA are reflecting changes mandated by the FLSA. 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 page 43. For workers covered by the FLSA, whenever the FLSA mandates a higher minimum wage than state law, federal law (e.g., FLSA) supersedes state law. Consequently, the effective minimum wage rate in the accompanying table is the higher of the rate mandated by the FLSA or the MWA.

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