

Testimony on Minimum Wage Before the Senate Democratic Policy Committee

Senator Muth, Senator Haywood, Senator Tartaglione, Senator Kane, and distinguished colleagues and guests.

My name is Jacqui Rogers and I am here today representing the Buck's County Women's Advocacy Coalition as their Issue Specialist on Livable Wage. BCWAC is a nonprofit organization whose mission is to educate and advocate on behalf of women to promote systemic change that ensures gender and racial equity along with economic security for all. Our 300 individual members and 43 partner organizations envision a socially just and respectful society invested in a common good to achieve the full potential of individuals, families, and the community.

One of our guiding principles is to advocate for employment opportunities that pay workers fair, equitable, sustaining wages within an environment free from harassment and abusive practices and persons. I am here today to address the Pennsylvania State Legislators' continued refusal to consider any long overdue increase to the \$7.25 an hour minimum wage, and the \$2.83 sub-minimum wage for tipped workers. These wages, which have not changed for 13 years, keep thousands of workers living below the poverty level. These workers suffer wage theft, harassment, discrimination, and the inability to earn enough money for basic needs. Over 60 percent of minimum wage workers are women, many of whom are the primary wage earners in their households.

When signing the Fair Labor Standards Act of 1938, President Franklin Roosevelt said, "No business which depends for existence on paying less than living wage to its workers has any rights to continue in this country. By living wages, I mean more than a bare subsistence level. I mean the wage of a decent living."

To this day, the Fair Labor Standards Act remains the basic structure of labor standards. Roosevelt made it clear that he meant minimum wage to be synonymous with living wage, a wage that provides workers with the money necessary to meet basic needs- food, shelter, and essentials such as clothing, transportation and childcare.

In a 2014 letter to Congress, 600 economists, including eight Nobel Prize winners in economics wrote: "The effect of increasing the minimum wage on employment is probably the most studied topic in labor economics, and the consensus of the literature is that moderate increases in the minimum wage has little or no negative effect on employment."

Legislators have told BCWAC and others that a "jump" to \$15 from the current \$7.25 is too great and gives employers too little time to adjust and therefore would cause them to lay off workers. Not only does an abundance of research show this to be false, we question how being allowed five years with gradual increases each year is seen as an unreasonable time to make adjustments. Small businesses in some states have been granted time extensions and tax credits to make it easier for them to compete with larger employers.

The pandemic has shined a light on how vital low-wage workers are to our very existence. Forcing people who risk their lives everyday to wait a few more years to receive what they deserve now is cruel, disrespectful and hypocritical. On one hand, essential workers making poverty level wages are frequently called “heroes and sheroes”, but on the other hand are not worthy enough to be paid a livable wage.

A minimum wage increase is too often blamed for an employment loss within a company or municipality when, in fact, inflation, obsolete production methods, technology advances, lack of sufficient cash flow, and poor management are the actual causes. According to research from the Economic Policy Institute (EPI), when evaluating employment-to-population statistics, states that raised their minimum wage experienced a lower rate of unemployment. They further noted that the majority of workers who would benefit from an hourly wage increase are women and minorities who are overrepresented among low-wage workers. In 2019, EPI reported. “As economic research continues to show higher minimum wages work precisely as they’re intended- lifting pay for low-wage workers with little, if any, impact on their job prospects.”

There is no excuse for lawmakers to continue to deny higher pay to thousands of the state’s lowest-paid workers. There has never been a more appropriate time.

More than 70 percent of Pennsylvanians are in favor of raising the minimum wage in the state. Meanwhile, all of our neighboring states have not only raised their minimum wage, but have written in yearly cost of living increases, insuring that Pennsylvania hourly wage earners will fall farther behind every January 1.

In 1914, Henry Ford doubled the pay of his employees to \$5 a day, much higher than other factories workers. Ford was not a humanitarian, but rather he saw that his workers were not buying his cars because they couldn’t afford them. He also reasoned that his workers would be more productive and reliable if they were paid fairly.

Janet Yellen, who is expected to be our next Treasury Secretary, and her husband, economist George Akerlof, presented a research study in 1990 known as the “Fair-Wage Hypothesis”, in which they determined that when workers feel they are being paid a fair wage they are more productive. Their data shows that more productive and efficient workers means less labor costs for employers because they don’t have to hire as many people, pay as much overtime, and spend money on retraining.

Low- and mid-level paid workers are the largest group of consumers contributing to the economy, and they purchase the greatest amount of goods and services from small businesses in their local communities. When these earners have more purchasing power, the area economy improves and small businesses are less likely to fail.

Another misinterpretation about the relationship between minimum wage and job loss numbers comes from the fact that low-wage workers may no longer have to work multiple jobs

and extra shifts to meet their economic needs. When a worker is able to work only one or two jobs instead of the two or three they have had to work prior to gaining a higher hourly raise, it benefits the individual and the overall economy. A 2019 report from the Fuller Project, published in *Time Magazine*, observed that in seven states that paid regular minimum wage to tipped restaurant workers, the poverty level for those workers fell to 11% as compared to 18% in other states. Anytime workers are able to earn a wage that puts them above the poverty level, it is a gain for everyone as the need for public assistance decreases, saving the state millions of dollars each year.

Economic benefits to the state and federal governments are substantial. Lowering the cost of public assistance coupled with the ability of workers to have greater purchasing power will add millions to state revenue, while giving families previously living below the poverty level the opportunity to realize some stability. Giving families the opportunity to provide the income necessary to adequately meet their needs, gain a sense of stability, have the peace of mind to know their children will not go hungry or become homeless is not just a matter of fairness and equity, but of basic human rights.

In *The Fire Next Time*, James Baldwin puts the word “wait” in quotes so that it stands out on the page. He describes the anger and utter frustration this word produces in people who are continually asked to “wait” because other issues are deemed more important. People who work from 40 to 60 hours a week and still can’t earn enough to pay basic needs know the anger and painful reality of being asked to “wait” for some later date to be treated equally, fairly and with respect. Hourly wage earners have waited long enough. While statistics reveal that rates of inflation have grown twice as fast against salaried workers pay, minimum wage earners are not even part of these statistics because they have had no increases in 13 years. It is estimated that if minimum wage had just risen according to inflation it would now be \$12 per hour, and if it kept pace with productivity gains it would be around \$24 an hour adding up to \$48,000 per year...a far cry from the current sum of \$15,080.

When I became the livable wage tracker for BCWAC in 2018, the first proposal I saw was for \$15 by 2022; the next attempt was \$15 by 2024...then 2025 and now maybe 2026? An hourly rate of \$15 is needed now. Why must these essential workers “wait” any longer as they risk their lives daily, working more than one shift, being expected to tolerate erratic schedules. Too many are subject to harassment, lack of safe working conditions, lack of healthcare benefits and any form of paid leave. An abundance of data indicates the benefits of a \$15 minimum wage far outweigh the negative impact of continually pushing the vote for this increase farther and farther into the future.

Bucks County Women’s Advocacy Coalition supports an immediate increase to the state minimum wage to a level that provides a livable wage with built-in cost of living increases each year. We support One Fair Wage and an end to the sub-minimum tipped wage; the right of municipalities to set rates above the state minimum; and a strengthening of controls against wage theft.

