

Analysis of the Pennsylvania Minimum Wage

MARCH 2020

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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 of the minimum wage or less**, analyzes demographic characteristics of such hourly workers, details the industry characteristics of those making at or near the minimum wage, discusses the issues of inflation and poverty in relation to the minimum wage, and considers other states' minimum wage data.

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

Pennsylvania last raised its minimum wage on July 24, 2009, from \$7.15 to \$7.25, when the federal minimum wage was increased from \$6.55 to \$7.25. It has remained at \$7.25 since then. While the nominal minimum wage has not changed since 2009, changes in the economy and other factors have impacted the minimum wage or below population.

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

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

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

Pennsylvania's minimum wage data and analyses in this report should be used with some caution due to the small size of the CPS sample. It should also be noted that the report utilizes the most current annual data available at the time of publication. Demographic data from the CPS and inflation data from the Consumer Price Index (CPI) are from 2019, 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 2018 data, because the data for the most current calendar year will not be released until later this year.

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

While reliable data on minimum wage and price levels go back at least as far as the inception of the Federal Minimum Wage Law (1938), reliable historical demographic data of the minimum wage or below populations of years prior to 1994 are not readily available, and might not be comparable with the current minimum wage or below population due to definitional and methodological changes over time. These would include changes in categories of race and ethnicity, industry and occupational classifications, and methods of collecting and weighting samples. Reliable estimates of the current percentage of at or below minimum wage workers in Pennsylvania who are working part time involuntarily (i.e., they would prefer to work full time and only work part time due to no full-time opportunities) are also not currently available.

Although the survey can be used to analyze the minimum wage or below population, it was not specifically designed to do so; that 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 1998) 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.

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 2019, there were an estimated 90,700 Pennsylvania workers earning minimum wage or less. This is the lowest number of at or below minimum wage workers on record in this annual report series. It is 4,500 (4.7 percent) lower than the previous low of 2006 when it was 95,200, at which time the minimum wage was at the 1997 level of \$5.15 per hour. It also represents a decrease of 5,600 (5.8 percent) from the 2018 level. Workers earning minimum wage or less represented 2.6 percent of all hourly workers and 1.5 percent of all workers.
- Pennsylvania's hourly employment decreased by 9,100 (-0.3 percent), while Pennsylvania's overall employment increased by 64,000 (1.0 percent). U.S. hourly employment increased by 361,000 (+0.4 percent), while the nation's overall employment increased by 1,786,000 (1.1 percent). The proportion of all workers receiving hourly rates decreased slightly in both Pennsylvania and the nation from 2018. In 2019, the percentage of the employed earning hourly rates was higher in Pennsylvania (55 percent) than in the U.S. overall (52 percent).
- Using broader income categories of minimum wage or below, near minimum wage (\$7.26 to \$12.00), and above minimum wage, the U.S. and Pennsylvania had similar experiences. The proportions of hourly workers at or below the minimum wage or near minimum wage fell, while the proportion of hourly workers earning above \$12.00 an hour increased.
- The median wage in Pennsylvania increased from \$15.00 to \$15.14, while it rose from \$15.00 to \$15.30 in the nation.
- In terms of employment and wages, the labor markets in the U.S. and Pennsylvania both improved as employment increased and workers shifted from lower to higher wage categories. The number of hourly workers fell slightly in Pennsylvania in 2019.
- Pennsylvania had a higher percentage (2.6 percent) of workers at or below the federal minimum wage of \$7.25 than the nation (2.0 percent). More than half of 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 1.6 percentage points to 50.1 percent, while the nation's percentage rose 3.6 percentage points to 50.5 percent.

Comparison of Minimum Wage or Below Worker Characteristics to Other Populations

- A majority of Pennsylvania earners at or below the minimum wage in 2019 were from one or more of the following groups:
 - ❑ Female (79%)
 - ❑ White (82%)
 - ❑ 16-to-24-year-olds (55%)
 - ❑ High school graduates or less (54%)
 - ❑ Never married (72%)

- The proportions of Pennsylvania minimum wage or below earners who were either female, 16-to-24-year-old, non-high school graduates, or never married were higher than their corresponding proportions in the population. However, the percentages of those demographic groups in the Pennsylvania minimum wage or below population were most similar to the corresponding percentages of minimum wage or below earners in the nation as a whole as well as those earning “near minimum wage” in Pennsylvania. Whites, who constituted almost eight out of every 10 minimum wage or below earners in Pennsylvania, were overrepresented relative to the total Pennsylvania population.

- Workers having no children (of their own under age 18) made up 78 percent of those earning the minimum wage or less in Pennsylvania. Married parents constituted 12 percent of minimum wage or below workers in Pennsylvania and 10 percent were single parents. Over 70 percent of the single parents in the Pennsylvania minimum wage or below population had one child. The remaining percentage was split between those with two children (slightly favored) and those with three children.

- The family income of those who earned the minimum wage or below varied greatly. Over 43 percent of them were in families whose combined income was less than \$50,000 per year and 32 percent were in families with less than \$30,000 per year. In contrast, almost 42 percent had annual family incomes of \$75,000 or more a year and 25 percent had annual family incomes of \$100,000 or more per year. See chart on page 15.

- 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:
 - ❑ White (76%)
 - ❑ 25-to-54-year-olds (56%)
 - ❑ High school graduates or more (91%)
 - ❑ Married (now or in the past) (58%)

- Pennsylvania’s workers who earned near minimum wage were from one or more of the following demographic groups:
 - ❑ Female (58%)
 - ❑ White (71%)
 - ❑ 16-to-34-year-olds (60%)
 - ❑ High school graduates or less (60%)
 - ❑ Never married (62%)

- Females outnumbered males by almost 4 to 1 (78.6 percent to 21.4 percent) among at or below minimum wage workers in Pennsylvania during 2019.

Industry and Occupational Distributions

- Pennsylvania workers earning at or below the minimum wage were most likely to be employed in the following **industries**: food services and drinking places, retail trade, educational services and social assistance services. Combined, these industries employed 78 percent of all minimum wage or below earners in 2019 with food services and drinking places by itself accounting for 50 percent.
- In 2019, 66 percent of hourly wage workers in Pennsylvania earning the minimum wage or less worked part time. Seventy-five percent of hourly wage workers earning above the minimum wage worked full time.
- The retail trade industry in Pennsylvania employs a large number of hourly wage workers across all wage levels. Consequently, it accounted for a large proportion of both workers earning more than the minimum wage and those earning the minimum wage or less. Retail trade, together with manufacturing and non-hospital health care services, accounted for 36 percent of all workers earning above the minimum wage in 2019.
- In 2019, 55 percent of Pennsylvanians who earned the minimum wage or less worked in food preparation & serving related **occupations**. Such workers also were likely to be employed in sales & related occupations (12 percent) or personal care & service occupations (eight percent).
- Food preparation & serving related occupations accounted for only 20 percent of workers earning near minimum wage and three 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 66,800 (42.4 percent) from 2014 to 2019. The absolute decrease in the number of at or below minimum wage workers from 2014 most likely reflects the relative decrease in the minimum wage compared to the average wage in Pennsylvania.
- The relative predominance of food services and drinking places declined over the five-year interval (53.3 percent to 49.9 percent) as it also decreased on an absolute scale by 38,800 workers (46.2 percent).
- The largest percentage point decrease (four percentage points) was in transportation & material moving occupations. The share of minimum wage or below earners in the building and grounds cleaning & maintenance occupations (seven percent) increased by six percentage points over the period and became the fourth largest group behind personal care & service at eight percent. The share of minimum wage or below earners in the office & administrative support occupations which increased by eight percentage points in 2018 fell by seven percentage points in 2019 (see chart on page 23).

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. The increase in the minimum wage to \$7.25 in 2009 brought the minimum wage up to 34 percent of the average wage. By 2018, Pennsylvania's minimum wage had fallen to 27 percent of the average wage.
- 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 \$8.64 (in 2019 dollars) and has been steadily declining since then. The value of the 2019 minimum wage of \$7.25 is projected to fall to \$7.12 in 2020 and \$7.00 in 2021 after adjusting for estimated inflation.
- In 2018, 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 2018 Federal Poverty Threshold for a one-person household (\$12,789), but fell short of the poverty threshold for a two-person (\$16,247) and a three-person household (\$19,985).

Other States

- During 2019, 29 states had higher minimum wage rates than Pennsylvania ranging from \$7.50 to \$12.00 per hour. States' minimum wage rates are discussed on page 34.
- Since the beginning of 2015, all of Pennsylvania's neighboring states have had higher minimum wage rates than Pennsylvania. The 2019 minimum wage rates of Pennsylvania's neighboring states ranged from \$8.55 to \$11.80.
- Alaska, Florida, Minnesota, Montana, Ohio, South Dakota, and Vermont currently have their minimum wages tied to the Consumer Price Index or other similar measures to provide automatic increases that keep pace with inflation. Other states that previously had an automatic cost of living adjustment for their minimum wages have temporarily replaced it with a schedule of increases to get to a target wage (generally \$12 or \$15), after which they will reinstate it. Overall, 22 states raised their minimum wages in 2019 and 25 states have already done so or are projected to do so in 2020.
- The tipped minimum wage in Pennsylvania has been at \$2.83 since 1997. During 2019, 27 states had higher tipped minimum wage rates than Pennsylvania ranging from \$3.26 to \$12.00 per hour.

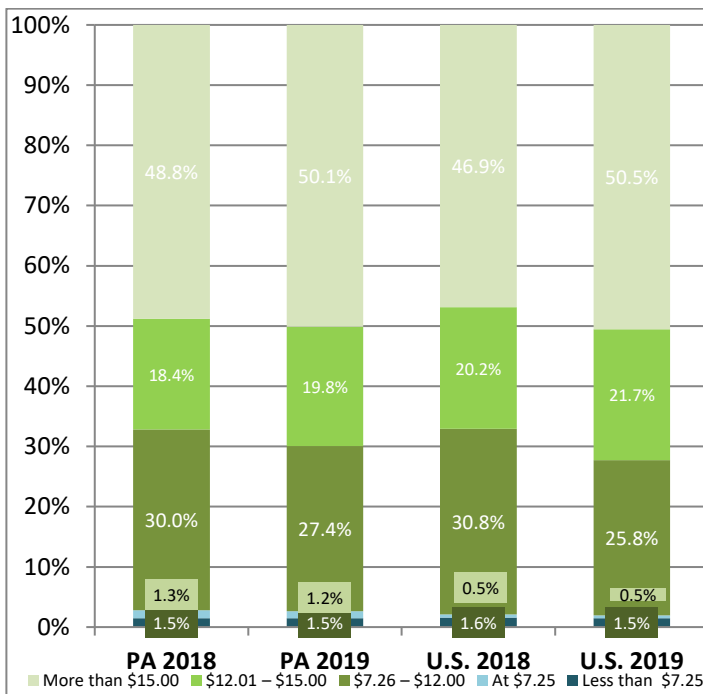
Conclusion

- In 2019, there were an estimated 90,700 Pennsylvania workers earning minimum wage or less. This is the lowest number of at or below minimum wage workers on record in this annual report series. It is 4,500 (4.7 percent) lower than the previous low of 2006 when it was 95,200, at which time the minimum wage was set at \$5.15 per hour. It also represents a decrease of 5,600 (5.8 percent) from the 2018 level. Workers earning minimum wage or less represented 2.6 percent of all hourly workers and 1.5 percent of all workers.
- In 2019, 938,400 Pennsylvania workers (27.4 percent) earned above \$7.25 per hour up to \$12 per hour, and another 679,500 (19.8 percent) earned up to \$15 per hour. More than half of all of Pennsylvania's hourly workers earned above \$15.00 per hour.
- Pennsylvania earners at or below the minimum wage tended to be from one or more of the following groups: female, White, 16-to-24-year-olds, high school graduates or less, or never married.
- Pennsylvanians earning from \$7.26 per hour through \$12.00 per hour tended to be from one or more of the following groups: female, White, 25-year-olds and older, high school graduates or more, or never married.
- The number of at or below minimum wage workers fell by 66,800 (42.4 percent) from 2014 to 2019. The absolute decrease in the number of at or below minimum wage workers from 2014 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, retail trade, educational services and social assistance services. Full-time workers accounted for one out of every three 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 \$8.64 (in 2019 dollars) and has been steadily declining since then. The value of the 2019 minimum wage of \$7.25 is projected to fall to \$7.12 in 2020 and \$7.00 in 2021 after adjusting for estimated inflation.
- In 2019, 29 states had higher minimum wage rates than Pennsylvania ranging from \$7.50 to \$12.00. Since January 1, 2015, all of Pennsylvania's neighboring states have minimum wages exceeding Pennsylvania's rate.
- Seven states have their minimum wage rates tied to the Consumer Price Index or other similar measures. Other states that previously had an automatic cost of living adjustment for their minimum wages have temporarily replaced it with a schedule of increases to get to a target wage (generally \$12 or \$15), after which they will reinstate it. Additional states have approved cost of living adjustments to their minimum wages over the coming years.

- The tipped minimum wage in Pennsylvania has been at \$2.83 since 1997. During 2019, 27 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
2019 Average Compared to 2018 Average (numbers of workers in thousands)**



Total, 16 Years and Over	2018		2019	
	US	PA	US	PA
Total Paid an Hourly Rate	81,997	3,434.9	82,358	3,425.8
Total at or below \$7.25	1,722	96.3	1,609	90.7
Less than \$7.25	1,280	51.2	1,214	50.4
At \$7.25	442	45.1	395	40.3
\$7.26 - \$12.00	25,277	1,030.7	21,232	938.4
\$12.01 - \$15.00	16,543	631.5	17,888	679.5
More than \$15.00	38,455	1,676.5	41,629	1,717.3
Median Wage	\$15.00	\$15.00	\$15.30	\$15.14

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 2018 and 2019.
Totals and differences may not sum due to rounding.

In 2019, there were an estimated 90,700 Pennsylvania workers earning minimum wage or less. This is the lowest number of at or below minimum wage workers on record in this annual report series. It is 4,500 (4.7 percent) lower than the previous low in 2006 when it was 95,200, at which time the minimum wage was set at \$5.15 per hour. It also represents a decrease of 5,600 (5.8 percent) from the 2018 level. The decrease in 2019 was due primarily to a decrease of 4,800 in those earning the minimum wage of \$7.25 per hour. The number of those earning below the minimum wage also decreased by 800. Workers earning minimum wage or less represented 2.6 percent of all hourly workers and 1.5 percent of all workers.

Pennsylvania's hourly employment decreased by 9,100 (-0.3 percent), while Pennsylvania's overall employment increased by 64,000 (1.0 percent). U.S. hourly employment increased by 361,000 (+0.4 percent), while the nation's overall employment increased by 1,786,000 (1.1 percent). The proportion of all workers receiving hourly rates decreased slightly in both Pennsylvania and the nation from 2018. In 2019, the percentage of the employed earning hourly rates was higher in Pennsylvania (55 percent) than in the U.S. overall (52 percent).

Using broader income categories of minimum wage or below, near minimum wage (\$7.26 - \$12.00), and above minimum wage, the U.S. and Pennsylvania had similar experiences. The proportions of hourly workers at or below the minimum wage or near minimum wage fell, while increasing for those above \$12.00 an hour. The median wage in Pennsylvania increased from \$15.00 to \$15.14, while it rose from \$15.00 to \$15.30 in the nation. Pennsylvania had a higher percentage (2.6 percent) of workers at or below the federal minimum wage of \$7.25 than the nation (2.0 percent). More than half of wage earners in both Pennsylvania and the U.S. were in the highest wage category (above \$15.00), and in each its percentage increased from 2018 to 2019. Pennsylvania's share rose by 1.6 percentage points to 50.1 percent, while the nation's percentage rose 3.6 percentage points to 50.5 percent.

COMPARISON OF MINIMUM WAGE OR BELOW WORKER CHARACTERISTICS TO OTHER POPULATIONS

Pennsylvania and U.S. 2019 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	Total		PA	U.S.
			PA	PA			
TOTAL	90.7	1,609	938.4	3,335.1	6,224.6	10,288.1	259,175
Gender							
Male	21.4%	33.5%	42.2%	49.4%	51.7%	48.2%	48.4%
Female	78.6%	66.5%	57.8%	50.6%	48.3%	51.8%	51.6%
Race							
Black, non-Hispanic	13.0%	16.3%	14.9%	12.1%	9.6%	10.4%	11.9%
Hispanic	5.4%	18.1%	8.1%	6.9%	5.7%	5.8%	16.8%
Other, non-Hispanic	0.0%	8.0%	6.5%	4.5%	5.3%	5.2%	8.7%
White, non-Hispanic	81.6%	57.5%	70.5%	76.4%	79.5%	78.6%	62.6%
Age							
16-19	21.5%	17.5%	18.7%	6.1%	3.8%	6.3%	6.4%
20-24	33.9%	25.5%	23.9%	12.4%	8.7%	7.6%	8.1%
25-34	7.8%	25.2%	17.8%	23.0%	22.3%	16.6%	17.3%
35-44	10.8%	11.8%	11.0%	16.6%	19.1%	14.2%	15.8%
45-54	11.3%	9.6%	9.4%	16.4%	18.9%	14.5%	15.6%
55-64	13.3%	7.4%	9.3%	18.1%	18.9%	17.4%	16.3%
65 and over	1.4%	2.9%	9.9%	7.4%	8.2%	23.5%	20.4%
Education							
Less than a high school diploma	19.3%	18.4%	19.3%	8.9%	6.7%	11.5%	13.1%
High school graduates, no college	34.9%	34.0%	41.1%	40.0%	30.3%	33.3%	27.8%
Some college, no degree	31.3%	25.9%	18.3%	16.1%	12.2%	12.9%	17.3%
Associate degree	8.5%	8.9%	8.6%	12.6%	10.5%	9.1%	9.4%
Bachelor's degree or higher	6.1%	12.7%	12.7%	22.4%	40.3%	33.2%	32.3%
Marital Status							
Married Spouse Present	17.6%	21.5%	26.1%	43.5%	51.5%	48.6%	49.2%
Marital Status Other	10.0%	12.9%	11.5%	14.1%	14.3%	18.8%	19.3%
Never Married	72.4%	65.6%	62.4%	42.5%	34.1%	32.7%	31.5%

¹Both the U.S. and PA minimum wages were \$7.25 during 2019.

²All Employed includes hourly workers (minimum wage or below and above minimum wage) and workers not earning an hourly wage. Totals may not sum due to rounding.

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

Gender

The gender composition of Pennsylvania's at or below minimum wage workers was most similar to that of other at or below minimum wage workers in the U.S. and to a lesser extent to those in Pennsylvania earning the near minimum wage (\$7.26 to \$12.00). The overall population of those 16 years and older in both Pennsylvania and the U.S. was almost evenly divided between males and females as was the total population of those earning above the minimum wage in Pennsylvania. The Pennsylvania population of all employed was also almost evenly divided between males and females. In contrast, females outnumbered males by almost 4 to 1 (78.6 percent to 21.4 percent) among at or below minimum wage workers in Pennsylvania during 2019.

Race

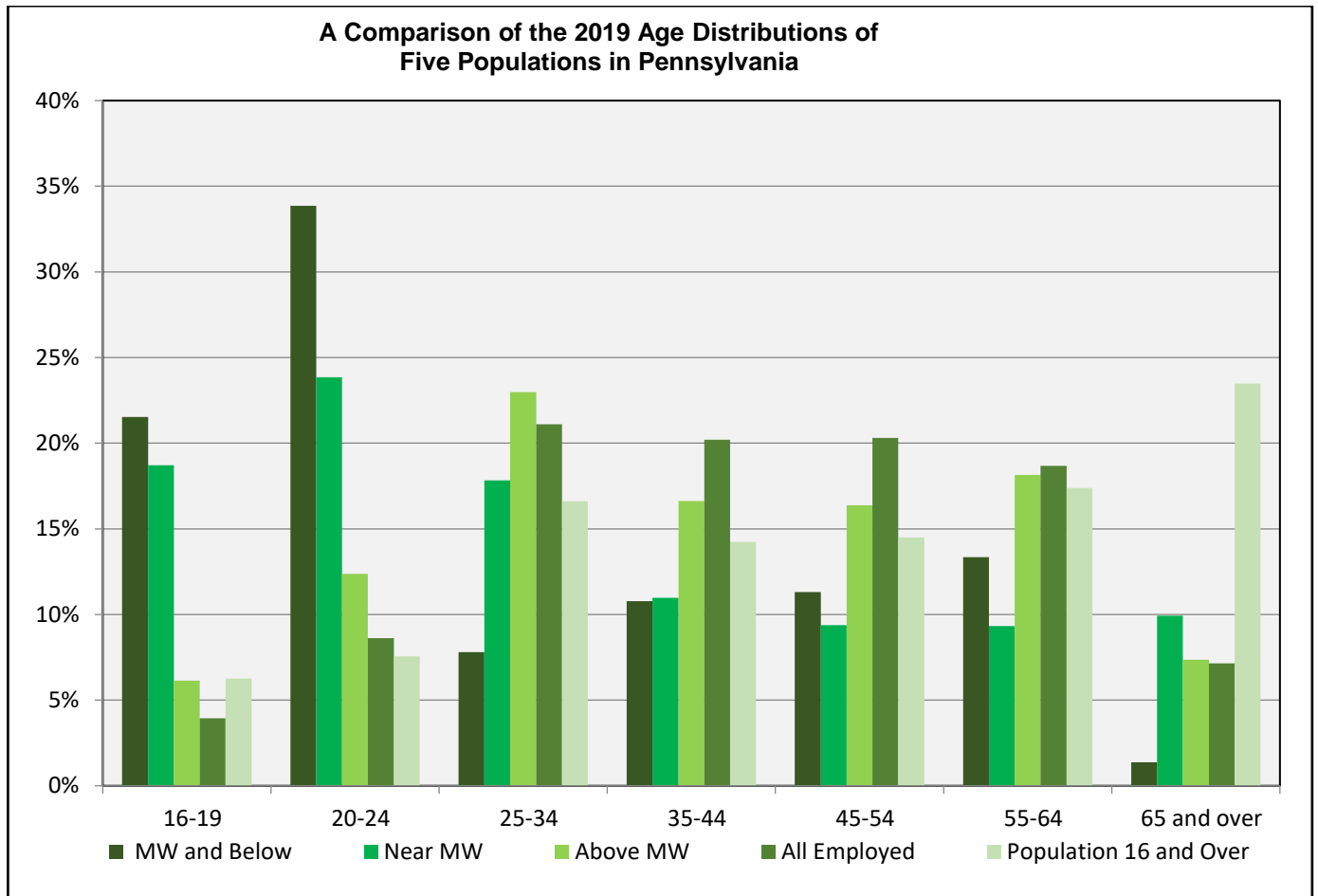
Whites represented a significant majority of Pennsylvania's at or below minimum wage workers, as they did for all of Pennsylvania's other reported wage categories. They were slightly overrepresented relative to their percentage of all employed and to their percentage in the population of those 16 and over. Conversely, they were underrepresented in the near minimum wage and above minimum wage populations in Pennsylvania.

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

The estimated minimum wage or below population of Other non-Hispanics in Pennsylvania was negligible, but due to its being a very small cohort, its estimate is subject to large sampling errors and consequently greater variability over time.

Nationally among at or below minimum wage workers, Blacks and Hispanics were overrepresented, while Whites were underrepresented relative to their overall populations.

Age



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

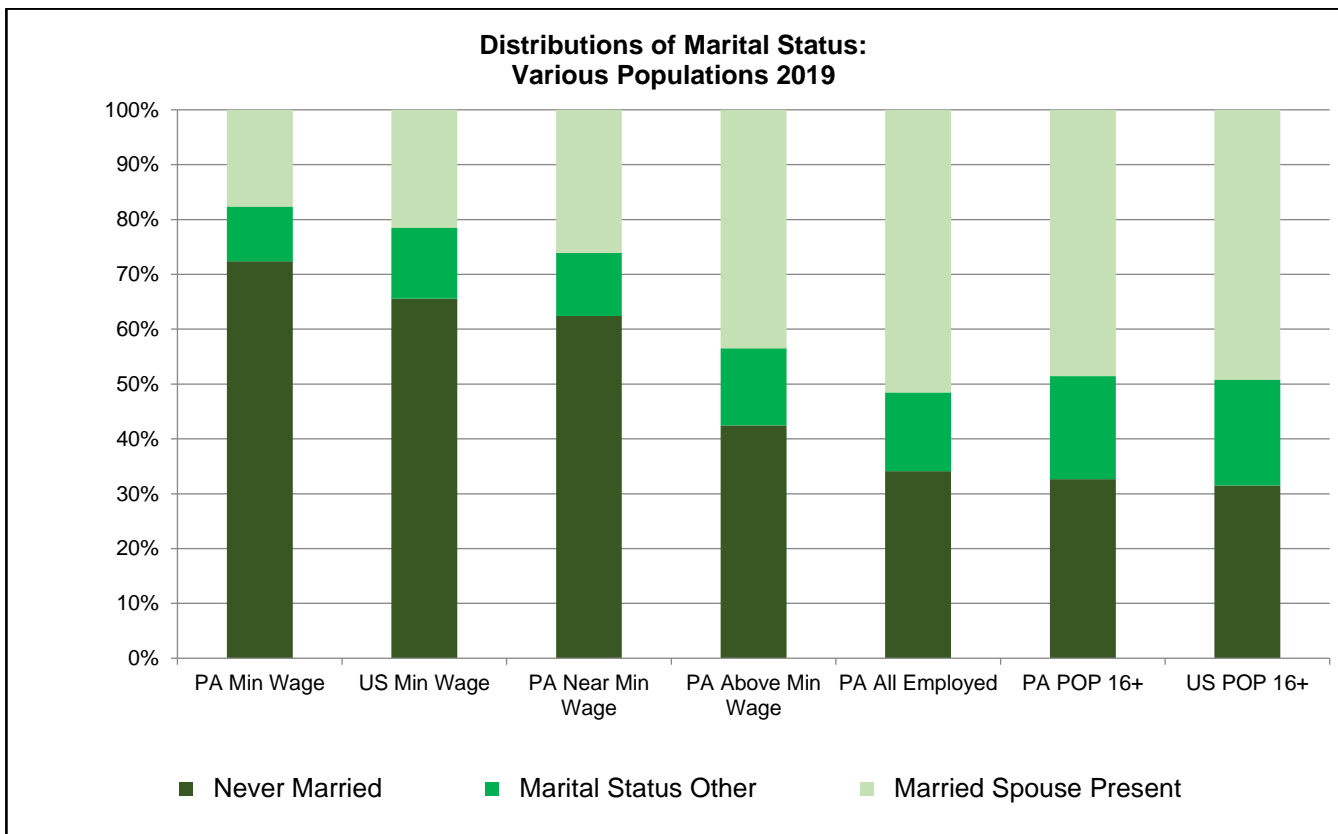
Over 55 percent of Pennsylvania’s minimum wage or below population was under 25 years of age, while less than 13 percent of all employed were under 25 years of age. Almost 30 percent of Pennsylvania’s minimum wage or below workers were between 25 and 54 years of age, while over 60 percent of the all employed group was in that age range.

Less than 15 percent of minimum wage or below workers were 55 years old or older, while over 27 percent of the all employed population was. The 55-64 and 65 and over age groups constituted almost 41 percent of the Pennsylvania population who were at least 16 years old.

Education

In general, at or below minimum wage workers in Pennsylvania tended to be less educated than other employed workers in the state. Those with a high school diploma or less accounted for 54 percent of those earning the minimum wage or less in 2019 as compared to 37 percent for all employed. At the other end of the education spectrum, less than 15 percent of minimum wage or below workers had at least an associate's degree while the percentage of all employed with at least an associate's degree was more than 50 percent. The difference regarding bachelor's degrees was more pronounced. Only six percent of those earning the minimum wage or less had bachelor's degrees compared to over 40 percent among all employed in Pennsylvania.

Marital Status



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

A sizable majority (72.4 percent) of minimum wage earners had never been married. The remainder was split between those who were married with spouse present at 17.6 percent and those with a marital status of other (divorced, separated, or widowed) at 10.0 percent.

**Family Status and Family Income of Workers Paid Hourly Rates:
2019 Selected Groups in Pennsylvania and the U.S.
(numbers of workers in thousands)**

Characteristics	At or Below the Minimum Wage		Above the Minimum Wage		Total Hourly Workers
	PA ¹	U.S. ¹	Near	Total	U.S.
			PA	PA	
TOTAL	90.7	1,609	938.4	3,335.1	82,358
Family Status²					
No Children (Single or Married)	78%	77%	82%	75%	71%
Married Parent	12%	11%	11%	18%	20%
Single Parent	10%	11%	7%	7%	9%
1 child	7%	7%	5%	4%	5%
2 children	2%	3%	2%	2%	3%
3 children	1%	2%	1%	1%	1%
4 or more children	0%	1%	0%	0%	0%
Family Annual Income					
\$9,999 or less	3%	6%	7%	4%	3%
\$10,000 to \$19,999	12%	10%	11%	5%	6%
\$20,000 to \$29,999	17%	12%	12%	8%	9%
\$30,000 to \$39,999	5%	14%	11%	12%	12%
\$40,000 to \$49,999	6%	11%	7%	8%	9%
\$50,000 to \$59,999	8%	8%	9%	9%	10%
\$60,000 To \$74,999	7%	10%	10%	12%	13%
\$75,000 To \$99,999	17%	10%	12%	16%	14%
\$100,000 To \$149,999	11%	11%	12%	16%	14%
\$150,000 and Over	14%	9%	9%	10%	9%

¹ PA and U.S. minimum wages in 2019 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

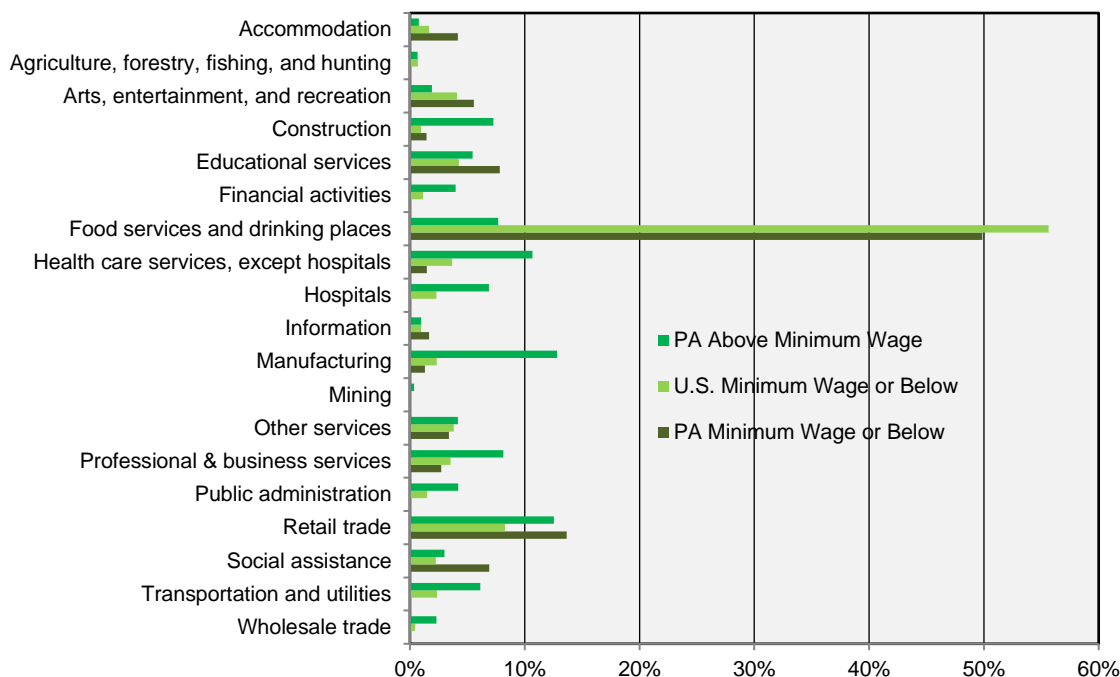
Workers having no children made up 78 percent of those earning the minimum wage or less in Pennsylvania. Married parents constituted a slightly higher percentage (12 percent) than the corresponding U.S. population and near minimum wage population in Pennsylvania. The family status of those earning near the minimum wage in Pennsylvania was more like the nation's at or below minimum wage population than that of the Pennsylvania's minimum wage or below population.

In 2019, over 70 percent of the single parents in the Pennsylvania minimum wage or below population had one child. The remaining percentage was split between those with two children (slightly favored) and those with three children.

The family income of those who earned the minimum wage or less in Pennsylvania varied greatly. Over 43 percent of such workers were in families whose combined income was less than \$50,000 per year and 32 percent were in families with less than \$30,000 per year. In contrast, almost 42 percent had annual family incomes of \$75,000 or more a year and 25 percent had annual family incomes of \$100,000 or more per year. The distribution of near minimum wage workers in Pennsylvania was similar to the U.S. minimum wage or below population with more in families whose combined income was less than \$50,000 per year and fewer in households with annual family incomes of \$100,000 or more per year.

INDUSTRY AND OCCUPATIONAL DISTRIBUTIONS

A Comparison of Industry Distributions in 2019 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 2019 were both at \$7.25.

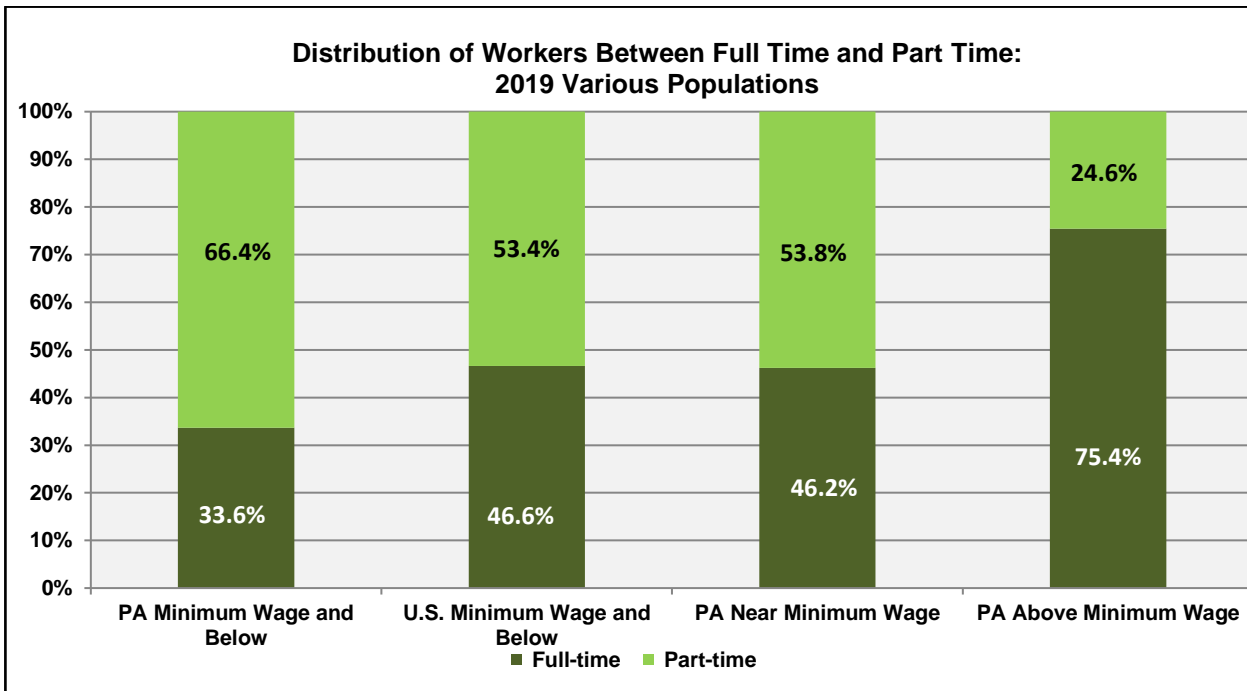
In Pennsylvania, workers earning at or below the minimum wage were most likely to be employed in the following industries: food services and drinking places, retail trade, educational services and social assistance services. Combined, these industries employed 78 percent of all minimum wage earners in 2019.

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

As the number of minimum wage or below workers has declined, minimum wage workers were represented in fewer industry groups. In 2019, minimum wage workers were present in only two out of three of the industry groups shown above.

The retail trade industry in Pennsylvania employs a large number of hourly-paid workers across all wage levels, and therefore, accounted for a large proportion of workers earning more than the minimum wage (13 percent) as well as those earning the minimum wage or less (14 percent). Among workers earning the near minimum wage, the proportion was even higher (21 percent). Retail trade, in combination with manufacturing and non-hospital health care services, accounted for 36 percent of all those earning above the minimum wage in 2019.

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.

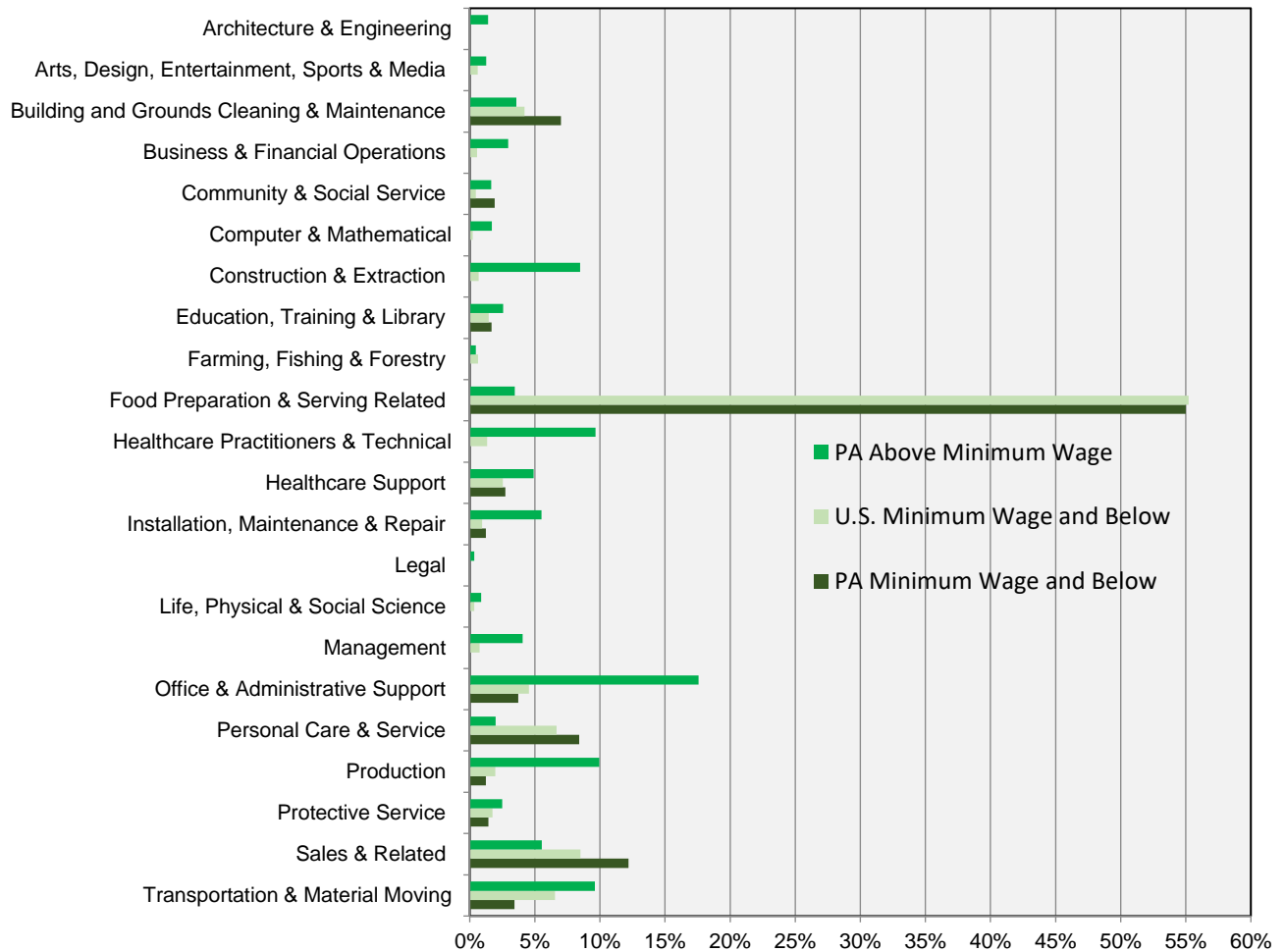


Source: U.S. Bureau of the Census, Current Population Survey
PA and U.S. minimum wages in 2019 were both at \$7.25.

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 2019, one out of every three at or below minimum wage earners in Pennsylvania worked full time. Three out of four of all hourly workers earning above the minimum wage in Pennsylvania worked full time. While the ratio of full-time to part-time minimum wage or below workers is less than the ratio for the other three depicted populations, the ratio for the nation's minimum wage or below population was mostly similar to that of the near minimum wage population in Pennsylvania (approximately 0.9 to one).

**2019 Occupational Group Distributions:
Pennsylvania's Minimum Wage or Below Population Compared to its Above Minimum
Wage Population and U.S. Minimum Wage or Below Population**



Both the PA and U.S. minimum wages were \$7.25 in 2019.
Source: U.S. Bureau of the Census, Current Population Survey

In 2019, 55 percent of Pennsylvanians who earned the minimum wage or less worked in food preparation & serving related occupations, 12 percent were employed in sales & related occupations and eight percent in personal care & service occupations. Minimum wage or below workers in Pennsylvania were slightly more concentrated in the food preparation & serving and sales & related occupational groups listed above than those of the U.S. with 67 percent compared with 64 percent for the U.S.

The distribution of occupations for Pennsylvanians who earned above the minimum wage was more diverse from those who earned the minimum wage or less. Their top four occupational groups were office and administrative support (15 percent), production (10 percent), healthcare practitioner & technical (10 percent), and transportation & material moving (10 percent). Food preparation & serving related occupations accounted for only 20 percent of workers earning near minimum wage and three 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 55 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 2019 Compared to Annual Average 2018 and 2014 (total numbers of workers in thousands, all other numbers in percent)					
Demographic Characteristics	2014	2018	2019	Percentage Point Change	
	PA ¹	PA ²	PA ²	2014 to 2019	2018 to 2019
TOTAL	157.5	96.3	90.7	-	-
Gender					
Male	26%	31%	21%	-5%	-10%
Female	74%	69%	79%	4%	10%
Race					
Black, non-Hispanic	6%	11%	13%	6%	2%
Hispanic	4%	5%	5%	1%	-
Other, non-Hispanic	10%	12%	0%	-10%	-12%
White, non-Hispanic	79%	71%	82%	2%	11%
Age					
16-19	30%	37%	22%	-8%	-15%
20-24	23%	23%	34%	11%	11%
25-34	17%	15%	8%	-10%	-7%
35-44	11%	5%	11%	-1%	6%
45-54	7%	7%	11%	5%	4%
55-64	8%	7%	13%	6%	6%
65 and over	4%	6%	1%	-3%	-5%
Education					
Less than a high school diploma	20%	35%	19%	-1%	-16%
High school graduates, no college	41%	28%	35%	-6%	7%
Some college, no degree	29%	16%	31%	2%	15%
Associate degree	2%	8%	8%	6%	0%
Bachelor's degree or higher	8%	13%	6%	-2%	-7%
Marital Status					
Married Spouse Present	18%	17%	18%	-	1%
Marital Status Other	11%	6%	10%	-1%	4%
Never Married	71%	77%	72%	1%	-5%

¹ The minimum wage in 2014, 2018, and 2019 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 2014 through 2019, the minimum wage in Pennsylvania remained unchanged at \$7.25 having last been increased in July 2009. During that period, the number of minimum wage or below workers in Pennsylvania dramatically declined by 66,800 or 42.4 percent. Labor market conditions over this period improved in Pennsylvania as evidenced by the growth in employment as well as by an increase in average wages. The labor market in 2014 was still recovering slowly from the effects of the Great Recession. As overall wages were increasing, it is likely that some former minimum wage or below jobs now pay above minimum wage leading to a decrease in the number of minimum wage or below workers.

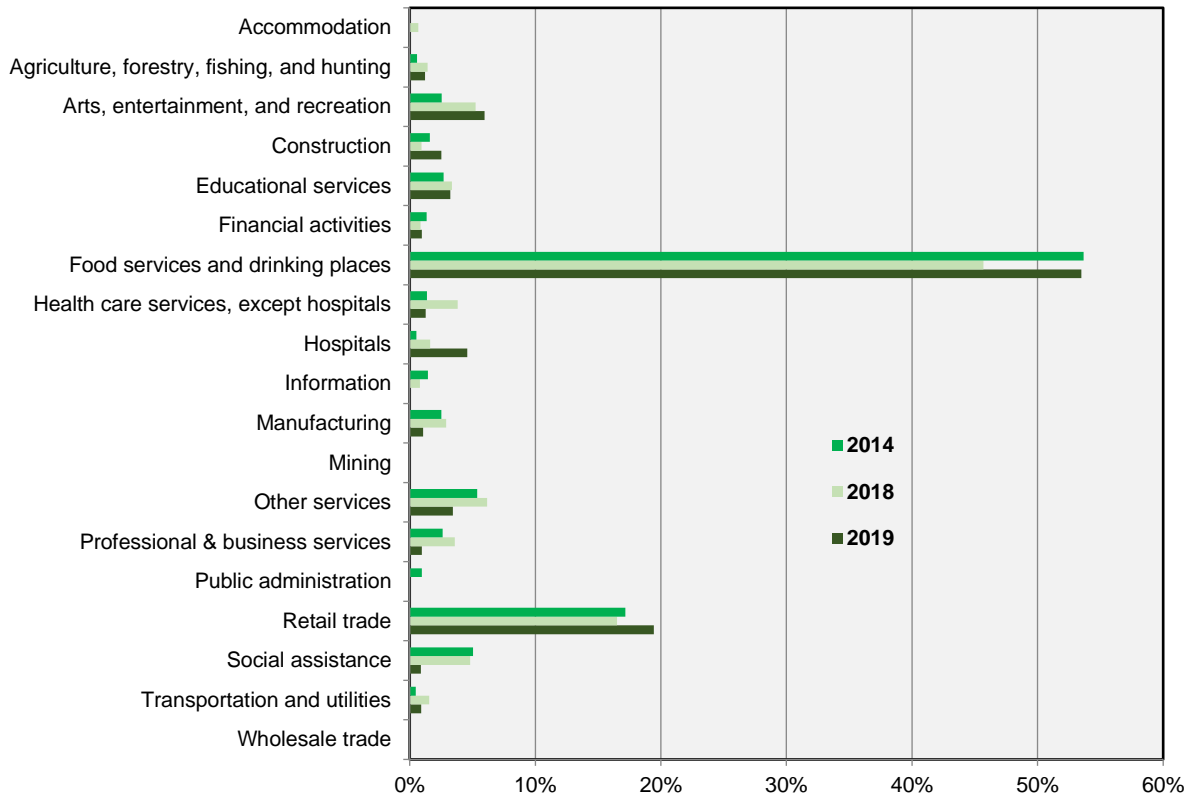
In 2019, males comprised 21 percent of minimum wage or below workers. This represented a decrease of five percentage points from 2014 and a decline of 10 percentage points from 2018.

From 2014 to 2019, the proportion of Pennsylvania's minimum wage or below earners under 20 years of age decreased by eight percentage points, between 20 and 24 years of age increased by 11 percentage points, and those between 25 and 34 decreased by 10 percentage points.

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

The changes from 2018 to 2019 were more pronounced than those from five years ago. The small sample of minimum wage or below workers may explain some of the recent volatility in some of the demographic characteristics.

A Comparison of Industry Distributions of Pennsylvania's Workers Earning At or Below the Minimum Wage: 2019 vs. 2018 and 2014¹



¹ The minimum wage was constant at \$7.25 from 2014 through 2019.
Source: U.S. Bureau of the Census: Current Population Survey

In 2014 and 2019, workers earning at or below the minimum wage were most likely to be employed in the industries of food services and drinking places or retail trade. These top two groups of industries maintained their relative standing over the five-year interval despite decreasing respectively by over 46 percent and 37 percent in their absolute number of minimum wage or below workers. The relative predominance of food services and drinking places declined from 53.3 percent to 49.9 percent over the five-year interval as it also decreased on an absolute scale by 38,800 workers (46.2 percent). This percentage point decrease was the largest among the industry groups. Minimum wage or below workers in this industry decreased by a greater percentage than the percentage decrease in the total number of workers earning at or below the minimum wage.

Additional industries whose share of minimum wage or below workers decreased over the five-year interval included: non-hospital health care services (-3.3 percentage points), other services (-2.8 percentage points), transportation and utilities (-2.4 percentage points), hospitals (-1.5 percentage points), manufacturing (-1.3 percentage points) and agriculture, forestry, fishing and hunting (-0.7 percentage points). The five industry groups that experienced growth in their absolute number of minimum wage or below workers over the five-year period: were accommodation, construction, information, professional & business services, and social assistance.

Between 2014 and 2018, the proportion of hourly workers earning the minimum wage or less who worked part time increased from 77.4 percent to 79.6 percent before falling to 66.4 percent in 2019.

**Occupational Characteristics of Wage & Salary Workers Paid Hourly Rates at or Below the Minimum Wage
Pennsylvania Annual Average 2019 Compared to Annual Average 2018 and 2014
(total numbers of workers in thousands, all others are in percent)**

Occupation	2014	2018	2019	Percentage Point Change	
	PA ¹	PA ¹	PA ¹	2014 to 2019	2018 to 2019
TOTAL	157.5	96.3	90.7	-	-
Architecture & Engineering	0%	0%	0%	0%	0%
Arts, Design, Entertainment, Sports & Media	0%	0%	0%	0%	0%
Building and Grounds Cleaning & Maintenance	1%	4%	7%	6%	3%
Business & Financial Operations	1%	0%	0%	-1%	0%
Community & Social Service	0%	0%	2%	2%	2%
Computer & Mathematical Science	0%	0%	0%	0%	0%
Construction & Extraction	0%	0%	0%	0%	0%
Education, Training & Library	2%	0%	2%	0%	2%
Farming, Fishing & Forestry	1%	0%	0%	-1%	0%
Food Preparation & Serving Related	54%	50%	55%	1%	5%
Healthcare Practitioner & Technical	1%	0%	0%	-1%	0%
Healthcare Support	4%	4%	3%	-1%	-1%
Installation, Maintenance & Repair	0%	1%	1%	1%	0%
Legal	0%	0%	0%	0%	0%
Life, Physical & Social Service	1%	0%	0%	-1%	0%
Management	1%	0%	0%	-1%	0%
Office & Administrative Support	3%	11%	4%	1%	-7%
Personal Care & Service	8%	7%	8%	1%	2%
Production	2%	2%	1%	-1%	0%
Protective Service	2%	0%	1%	0%	1%
Sales & Related	13%	14%	12%	-1%	-1%
Transportation & Material Moving	7%	9%	3%	-4%	-5%

¹The PA minimum wage in 2014, 2018, and 2019 was \$7.25.

Totals and changes may not add up due to rounding.

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

In 2014, a majority (54 percent) of Pennsylvanians who earned the minimum wage or less worked in food preparation & serving related occupations. Another 13 percent of Pennsylvanians who earned the minimum wage or less were employed in sales & related occupations. From 2014 to 2019, the proportion of Pennsylvania minimum wage or below earners who worked in food preparation & serving related occupations increased slightly, while that of sales & related occupations decreased slightly.

The occupational category whose percentage decreased the most was transportation & material moving occupations which fell by four percentage points. The share of minimum wage or below earners in the building and grounds cleaning & maintenance occupations (seven percent) increased by six percentage points over the period and became the fourth largest group behind personal care & service at eight percent. From 2014 to 2018, building and grounds cleaning & maintenance occupations increased its share from one percent to four percent and added another three percentage points from 2018 to 2019.

The share of minimum wage or below workers in the office & administrative support occupations increased by eight percentage points from 2014 to 2018 only to decrease by seven percentage points in the following year. Such volatility may be due to small sample sizes. Besides the aforementioned occupational groups, the remainder of occupational groups had only small percentage point changes over the five-year period.

**Pennsylvania Family Status and Family Income Characteristics of Workers
Paid Hourly Rates At or Below the Minimum Wage
Comparison of 2019, 2018, and 2014**

Characteristic	2014	2018	2019	Percentage Point Change	
	PA ¹	PA ¹	PA ¹	2014 to 2019	2018 to 2019
TOTAL (in thousands)	157.5	96.3	90.7	-	-
Family Status² (in Percent)					
No Children (Single or Married)	82%	84%	78%	-4%	-6%
Married Parent	10%	6%	12%	2%	6%
Single Parent	8%	11%	10%	3%	0%
1 child	6%	3%	7%	1%	5%
2 children	1%	5%	2%	0%	-3%
3 children	1%	3%	1%	0%	-1%
4 or more children	0%	0%	0%	0%	0%
Family Annual Income (in Percent)					
\$9,999 or less	7%	8%	3%	-4%	-5%
\$10,000 to \$19,999	10%	18%	12%	1%	-7%
\$20,000 to \$29,999	12%	14%	17%	5%	4%
\$30,000 to \$39,999	10%	2%	5%	-4%	4%
\$40,000 to \$49,999	7%	12%	6%	-1%	-7%
\$50,000 to \$59,999	12%	6%	8%	-4%	2%
\$60,000 To \$74,999	10%	11%	7%	-3%	-5%
\$75,000 To \$99,999	20%	15%	17%	-3%	2%
\$100,000 To \$149,999	5%	9%	11%	7%	2%
\$150,000 and Over	6%	5%	14%	8%	9%

¹ The PA minimum wage in 2014, 2018, and 2019 was \$7.25.

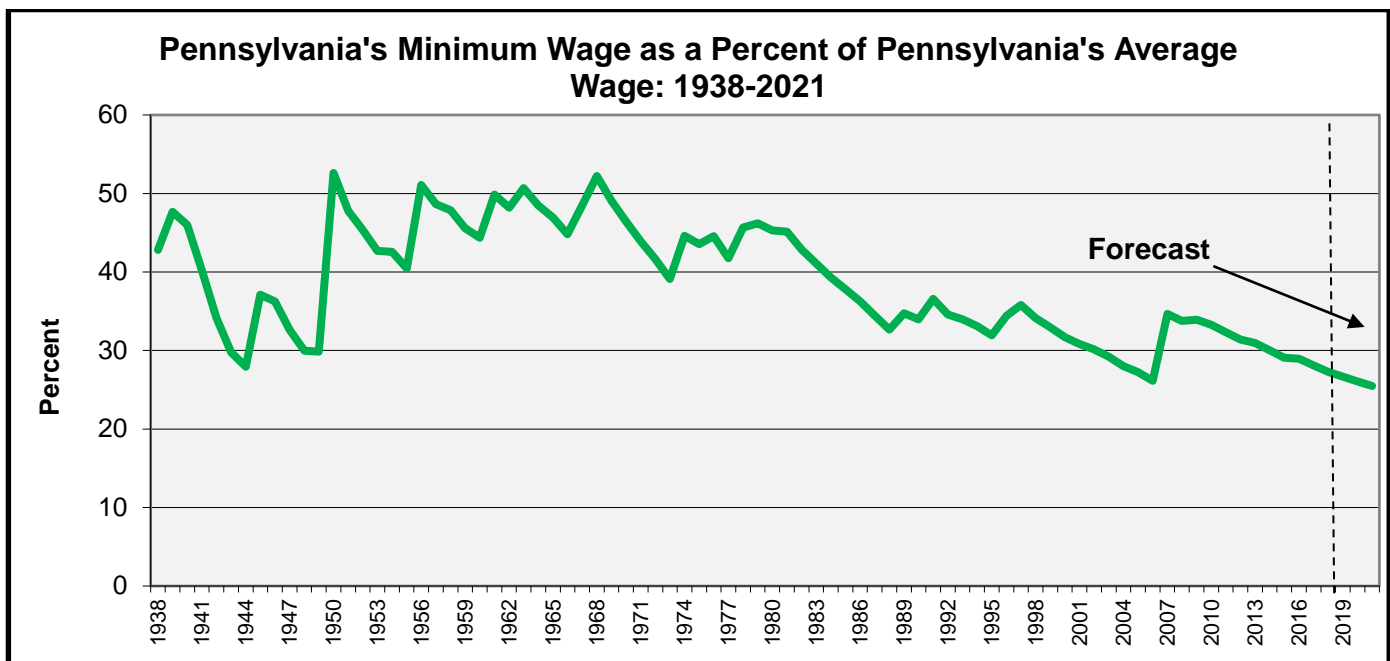
² Classification of an individual as a parent requires having at least one own child under the age of 18. All references to children also refer to own children under the age of 18. Totals in the table are rounded to the nearest percent and may differ from those in the text and may not sum correctly due 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 2014 to 2019 was the decrease (four percentage points) of those having no children. From 2018 to 2019, the decrease in those without children was more pronounced (six percentage points) and was countered by a six percent increase to married parents. The year-to-year changes in the last few years have exhibited greater volatility than in the past. This is most likely due to small sample sizes as discussed below.

The distribution of family incomes of minimum wage or below workers in 2019 tended more toward the highest and the lowest levels of income and away from the middle levels of income relative to that in 2014. From 2014 to 2019, the percentage of minimum wage or below workers whose family income was less than \$30,000 increased by two percentage points to 32 percent, but was eight percentage points lower than in 2018. At the same time, the percentage of such workers with family income of at least \$100,000 increased to 25 percent which was 15 percentage points higher than in 2014 and 12 percentage points higher than in 2018. The lowest family income cohort (with family income under \$10,000) fell by four percentage points compared to five years prior and by five percentage points compared to 2018.

Given the relatively small CPS sample size overall of minimum wage or below workers, the subsamples for some of the characteristics above can lead to volatility in making comparisons over time. These results may therefore simply be statistical anomalies. If sample sizes continue to decrease, it will become increasingly more difficult to make inferences from this data on individual cohorts without significant aggregation.

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



The Average Wage forecast was based on its ten-year arithmetic average.
The minimum wage in 2019 was \$7.25.

The original level of the minimum wage was set in 1938 at 25 cents which was 50 percent of the national average manufacturing wage. According to Jonathan Grossman, a Department of Labor historian, "... The act applied only to interstate commerce and to accommodate various interests, exemption after exemption was granted. A 'guesstimate'¹ is that one fifth of the American labor force, ... were covered by the FLSA."² Over time, as the coverage of the minimum wage expanded and manufacturing employment declined as a percentage of total employment, the statewide average wage replaced the average manufacturing wage as the relevant comparison wage, as shown in the above chart. Adjusted for projected wage inflation using its 10-year average, 50 percent of the average wage was \$13.29 in 2018. It is projected to rise to \$13.59 in 2019, \$13.91 in 2020, and \$14.23 in 2021.

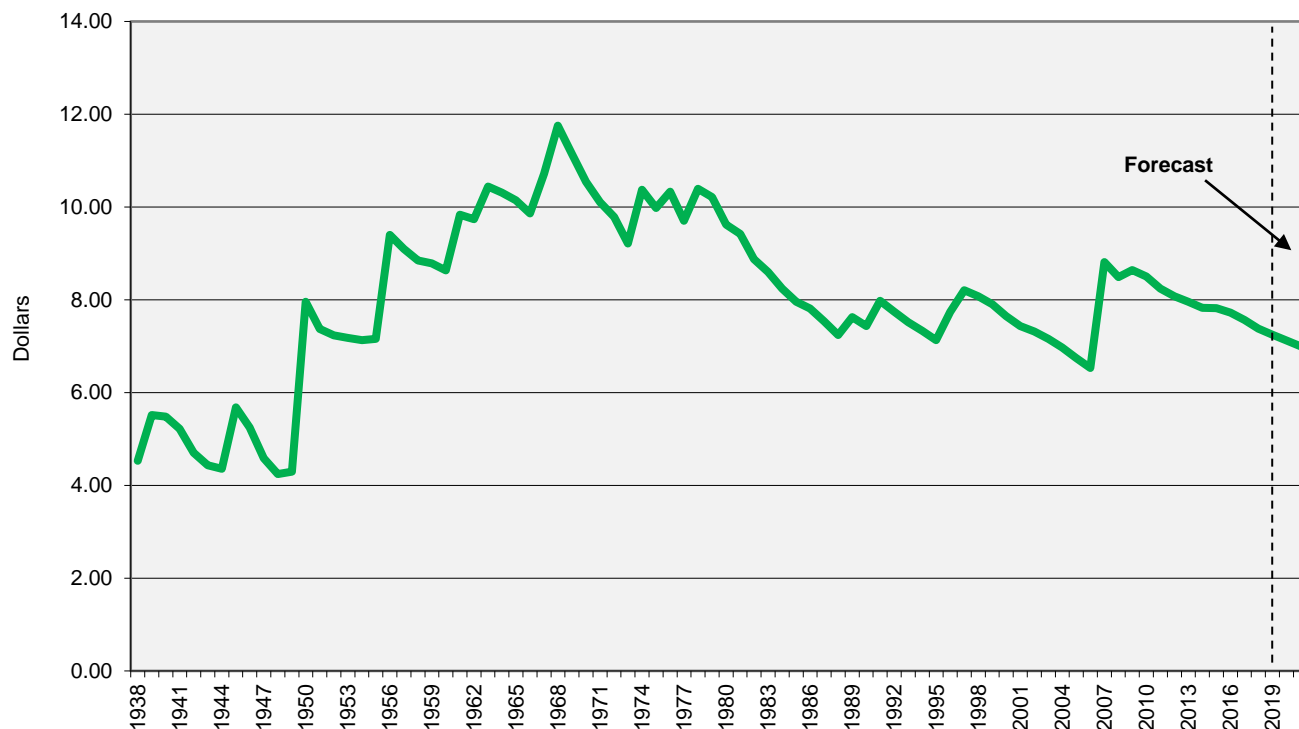
A gradual decline in the minimum wage as a percentage of the Pennsylvania's average wage began in 1968. By 2006, Pennsylvania's minimum wage was 26 percent of the average wage. This is an all-time low since this information first was documented in 1938.

The increase in the minimum wage to \$7.25 in July 2009 brought the minimum wage up to 34 percent of the average wage. In 2018, Pennsylvania's minimum wage was 27 percent of the average wage. If the minimum wage stays at its current level and the average wage grows at its projected 10-year average rate, the minimum wage will drop to below 26 percent of the average Pennsylvania wage by 2021.

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

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

Pennsylvania Inflation Adjusted Minimum Wage¹ 1938-2021

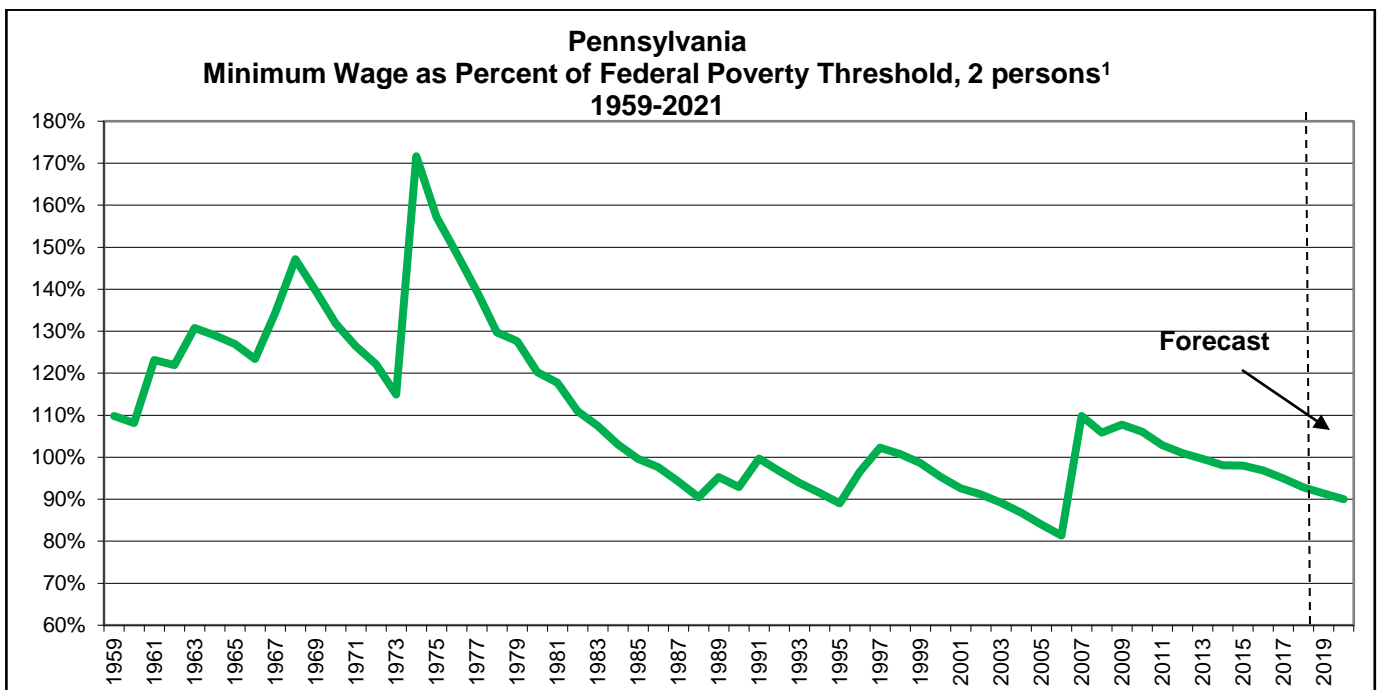


¹Indexed to 2019 dollars
The inflation forecast was based on its 10-year arithmetic average applied to the minimum wage.
The minimum wage in 2019 was \$7.25.

Inflation adversely affects the purchasing power of an unchanging minimum wage. The value of the minimum wage as adjusted for projected inflation is estimated to fall to \$7.12 in 2020 and \$7.00 in 2021.

The 1938 minimum wage of \$0.25 would have been equivalent in purchasing power to \$4.53 in 2019 dollars. The minimum wage was raised to \$0.30 in 1939 and to \$0.40 in 1945 causing its purchasing power to increase. However, the post-war inflation that followed caused the purchasing power of the minimum wage (still \$0.40) to fall to its all-time low of \$4.24 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 \$11.75 in 2019 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 \$8.64 (in 2019 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

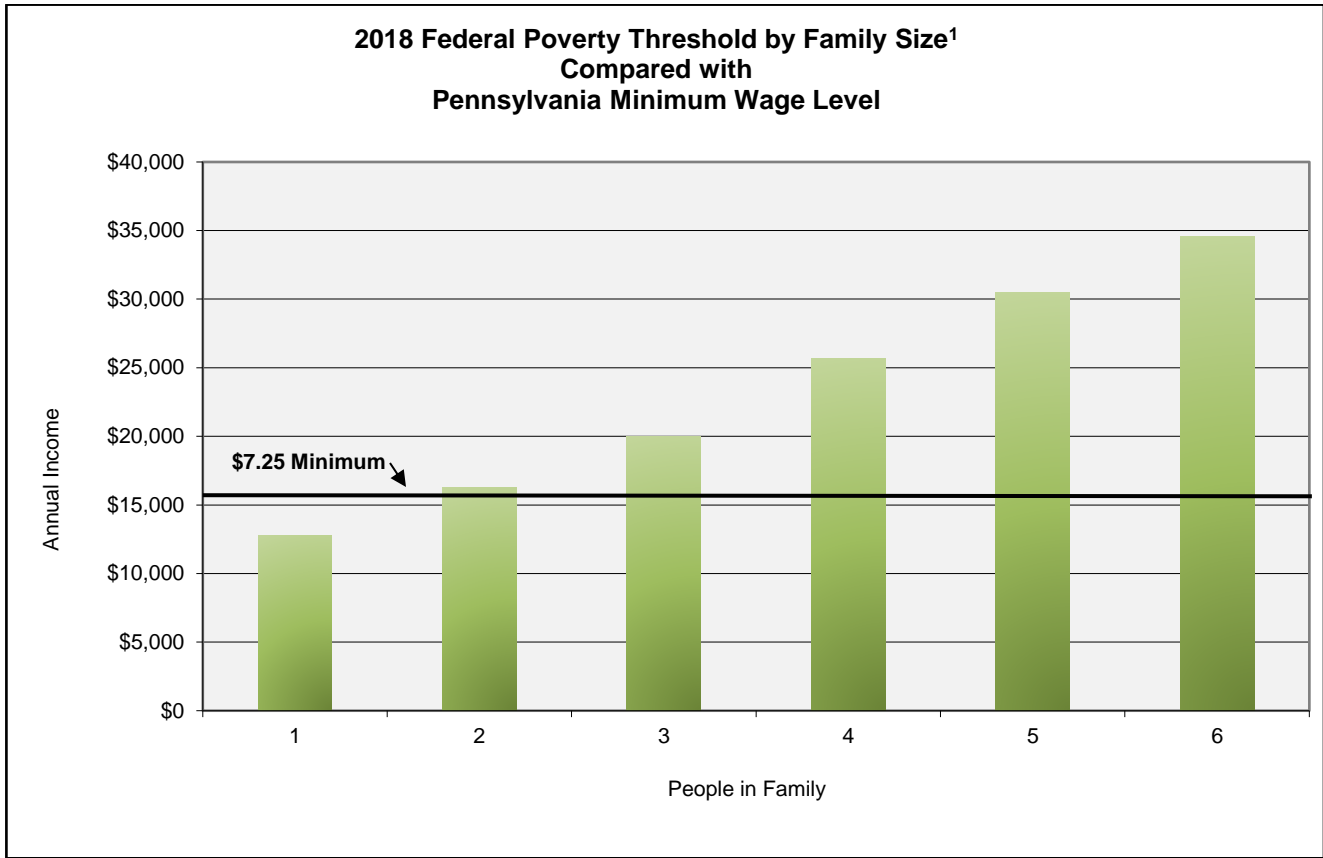
The Census annually sets poverty thresholds for families that vary by family size and the ages of its members. Each threshold is a monetary sum that is compared to the family’s income to determine the poverty status of all the members of that family³. Family income is pre-tax and includes earnings, unemployment 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 2018, the annual income for an individual in Pennsylvania making the minimum wage (\$7.25) was \$15,080 or 92.8 percent of the 2018 Federal Poverty Threshold for a two-person household (\$16,247).

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/further-resources-poverty-measurement-poverty-lines-and-their-history>.

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



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

A person working full time at the minimum wage of \$7.25 per hour earned \$15,080 (represented by the bold line on the graph) during 2018. This income exceeded the 2018 Federal Poverty Threshold for a one-person household (\$12,789). However, it fell short of the poverty threshold for two-person (\$16,247) and three- person households (\$19,985).

A single, two-children parent working full time at \$7.25 per hour would earn wages below the applicable poverty threshold. However, a two-parent, two-child family with both parents working full time at the minimum wage would earn \$30,160 and would exceed the poverty threshold for a four-person household (\$25,701).⁵

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

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

OTHER STATES

Minimum Wage Rates by State

Area	2018	2019	2020	Change 2018-2019	Change 2019-2020
Federal	\$7.25	\$7.25	\$7.25	-	-
Alabama	\$7.25	\$7.25	\$7.25	-	-
Alaska ¹	\$9.84	\$9.89	\$10.19	\$0.05	\$0.30
Arizona	\$10.50	\$11.00	\$12.00	\$0.50	\$1.00
Arkansas	\$8.50	\$9.25	\$10.00	\$0.75	\$0.75
California	\$11.00	\$12.00	\$13.00	\$1.00	\$1.00
Colorado	\$10.20	\$11.10	\$12.00	\$0.90	\$0.90
Connecticut	\$10.10	\$11.00	\$12.00	\$0.90	\$1.00
Delaware	\$8.75	\$9.25	\$9.75	\$0.50	\$0.50
Florida ¹	\$8.25	\$8.46	\$8.56	\$0.21	\$0.10
Georgia	\$7.25	\$7.25	\$7.25	-	-
Hawaii	\$10.10	\$10.10	\$10.10	-	-
Idaho	\$7.25	\$7.25	\$7.25	-	-
Illinois	\$8.25	\$8.25	\$10.00	-	\$1.75
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	\$10.00	\$11.00	\$12.00	\$1.00	\$1.00
Maryland	\$10.10	\$10.10	\$11.00	-	\$0.90
Massachusetts	\$11.00	\$12.00	\$12.75	\$1.00	\$0.75
Michigan	\$9.25	\$9.45	\$9.65	\$0.20	\$0.20
Minnesota ¹	\$9.65	\$9.86	\$10.00	\$0.21	\$0.14
Mississippi	\$7.25	\$7.25	\$7.25	-	-
Missouri	\$7.85	\$8.60	\$9.45	\$0.75	\$0.85

Area	2018	2019	2020	Change 2018-2019	Change 2019-2020
Federal	\$7.25	\$7.25	\$7.25	-	-
Montana ¹	\$8.30	\$8.50	\$8.65	\$0.20	\$0.15
Nebraska	\$9.00	\$9.00	\$9.00	-	-
Nevada	\$8.25	\$8.25	\$9.00	-	\$0.75
New Hampshire	\$7.25	\$7.25	\$7.25	-	-
New Jersey	\$8.60	\$10.00	\$11.00	\$1.40	\$1.00
New Mexico	\$7.50	\$7.50	\$9.00	-	\$1.50
New York	\$11.10	\$11.80	\$12.50	\$0.70	\$0.70
North Carolina	\$7.25	\$7.25	\$7.25	-	-
North Dakota	\$7.25	\$7.25	\$7.25	-	-
Ohio ¹	\$8.30	\$8.55	\$8.70	\$0.25	\$0.15
Oklahoma	\$7.25	\$7.25	\$7.25	-	-
Oregon	\$10.75	\$11.25	\$12.00	\$0.50	\$0.75
Pennsylvania	\$7.25	\$7.25	\$7.25	-	-
Rhode Island	\$10.10	\$10.50	\$10.50	\$0.40	-
South Carolina	\$7.25	\$7.25	\$7.25	-	-
South Dakota ¹	\$8.85	\$9.10	\$9.30	\$0.25	\$0.20
Tennessee	\$7.25	\$7.25	\$7.25	-	-
Texas	\$7.25	\$7.25	\$7.25	-	-
Utah	\$7.25	\$7.25	\$7.25	-	-
Vermont ¹	\$10.50	\$10.78	\$10.96	\$0.28	\$0.18
Virginia	\$7.25	\$7.25	\$7.25	-	-
Washington	\$11.50	\$12.00	\$13.50	\$0.50	\$1.50
West Virginia	\$8.75	\$8.75	\$8.75	-	-
Wisconsin	\$7.25	\$7.25	\$7.25	-	-
Wyoming	\$7.25	\$7.25	\$7.25	-	-

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

The data for 2020 (which includes enacted, but not yet effective statutory increases) was accurate as of January 3, 2020. 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

During 2019, 29 states had higher minimum wage rates than Pennsylvania, ranging from \$7.50 to \$12.00. Since 2015, the number and composition of the states that had minimum wages in excess of Pennsylvania's has remained unchanged. Since the beginning of 2015, all of Pennsylvania's neighboring states have had higher minimum wages than Pennsylvania which in 2019 ranged from \$8.55 to \$11.80 and for 2020 will range from \$8.70 to \$12.50.

Alaska, Florida, Minnesota, Montana, Ohio, South Dakota, and Vermont currently have their minimum wages tied to the Consumer Price Index or other similar measures to provide automatic increases that keep pace with inflation. Other states that previously had an automatic cost of living adjustment for their minimum wages have temporarily replaced it with a schedule of increases to get to a target wage (generally \$12 or \$15), after which they will reinstate it. Additional states have approved cost of living adjustments to their minimum wages over the coming years. Twenty-two states raised minimum wages in 2019 and 25 states have already done so or are projected to do so in 2020.

Tipped Minimum Wage Rates by State

Area	2018	2019	2020	Change 2018-2019	Change 2019-2020
Federal	\$2.13	\$2.13	\$2.13	-	-
Alabama	\$2.13	\$2.13	\$2.13	-	-
Alaska ¹	\$9.84	\$9.89	\$10.19	\$0.05	\$0.30
Arizona	\$7.50	\$8.00	\$9.00	\$0.50	\$1.00
Arkansas	\$2.63	\$2.63	\$2.63	-	-
California ¹	\$11.00	\$12.00	\$13.00	\$1.00	\$1.00
Colorado	\$7.18	\$8.08	\$8.98	\$0.90	\$0.90
Connecticut	\$6.38	\$6.38	\$6.38	-	-
Delaware	\$2.23	\$2.23	\$2.23	-	-
Florida	\$5.23	\$5.44	\$5.54	\$0.21	\$0.10
Georgia	\$2.13	\$2.13	\$2.13	-	-
Hawaii ¹	\$10.10	\$10.10	\$10.10	-	-
Idaho	\$3.35	\$3.35	\$3.35	-	-
Illinois	\$4.95	\$4.95	\$6.00	-	-
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	\$5.00	\$5.50	\$6.00	-	\$0.50
Maryland	\$3.63	\$3.63	\$3.63	-	-
Massachusetts	\$3.75	\$4.35	\$4.95	-	-
Michigan	\$3.52	\$3.59	\$3.67	\$0.07	\$0.08
Minnesota ¹	\$9.65	\$9.86	\$10.00	\$0.21	\$0.14
Mississippi	\$2.13	\$2.13	\$2.13	-	-
Missouri	\$3.93	\$4.30	\$4.73	\$0.37	\$0.43

Area	2018	2019	2020	Change 2018-2019	Change 2019-2020
Federal	\$2.13	\$2.13	\$2.13	-	-
Montana ¹	\$8.30	\$8.50	\$8.65	\$0.20	\$0.15
Nebraska	\$2.13	\$2.13	\$2.13	-	-
Nevada ¹	\$8.25	\$8.25	\$9.00	-	-
New Hampshire	\$3.26	\$3.26	\$3.26	-	-
New Jersey	\$2.13	\$2.63	\$3.13	\$0.50	\$0.50
New Mexico	\$2.13	\$2.13	\$2.35	-	\$0.22
New York	\$7.50	\$7.85	\$8.35	-	-
North Carolina	\$2.13	\$2.13	\$2.13	-	-
North Dakota	\$4.86	\$4.86	\$4.86	-	-
Ohio	\$4.15	\$4.30	\$4.35	\$0.15	\$0.05
Oklahoma ²	\$2.13	\$2.13	\$2.13	-	-
Oregon ¹	\$10.75	\$11.25	\$12.00	\$0.50	\$0.75
Pennsylvania	\$2.83	\$2.83	\$2.83	-	-
Rhode Island	\$3.89	\$3.89	\$3.89	-	-
South Carolina	\$2.13	\$2.13	\$2.13	-	-
South Dakota	\$4.43	\$4.55	\$4.65	\$0.12	\$0.10
Tennessee	\$2.13	\$2.13	\$2.13	-	-
Texas	\$2.13	\$2.13	\$2.13	-	-
Utah	\$2.13	\$2.13	\$2.13	-	-
Vermont	\$5.25	\$5.39	\$5.48	-	-
Virginia	\$2.13	\$2.13	\$2.13	-	-
Washington ¹	\$11.50	\$12.00	\$13.50	\$0.50	\$1.50
West Virginia	\$2.62	\$2.62	\$2.62	-	-
Wisconsin	\$2.33	\$2.33	\$2.33	-	-
Wyoming	\$2.13	\$2.13	\$2.13	-	-

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

² Oklahoma's tipped minimum wage equals 50% of the state's minimum wage, but is shown as \$2.13 because all FLSA covered employees are excluded. The data for 2020 (which includes enacted, but not yet effective statutory increases) was accurate as of January 3, 2020. 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.

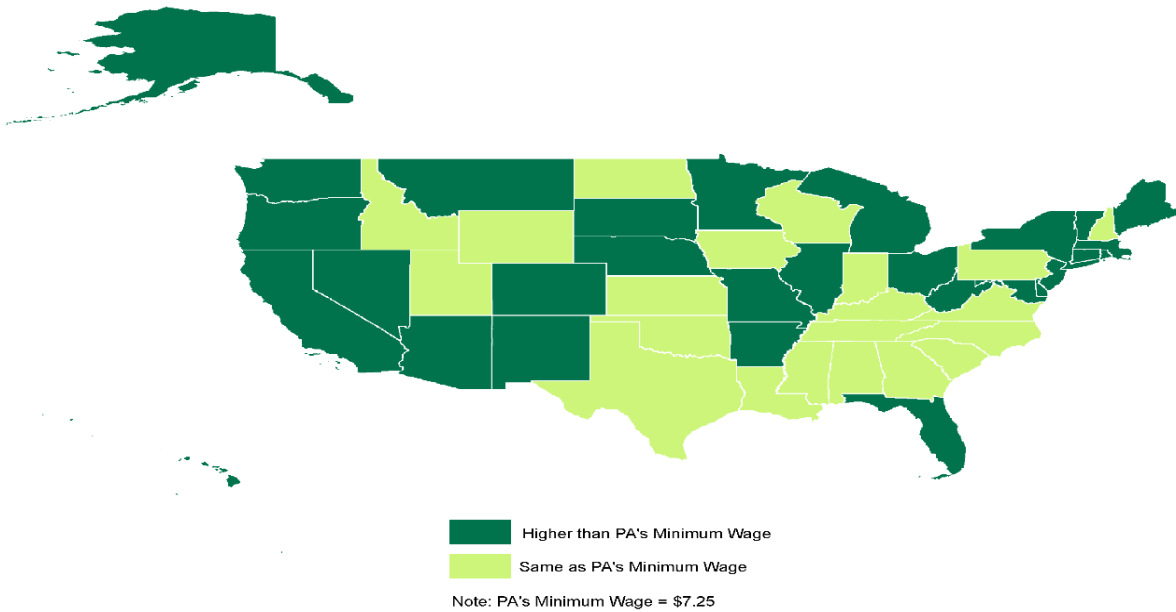
Many states and the federal government allow employers to pay a lower than minimum wage for tipped employees. These laws require that the sum of the direct cash payment and the tipped amount must at least equal the full minimum wage. States vary regarding which employees are covered and many differentiate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

The tipped minimum wage in Pennsylvania has been \$2.83 since 1997. Twenty-seven states had higher tipped minimum wage rates than Pennsylvania ranging from \$3.26 to \$12.00 during 2019. Seven of those states do not have a tip credit making their tipped minimum wage equal to their full minimum wage. Hawaii has a tip credit only when tips exceed \$7.00 per hour; otherwise, the tipped worker must receive the full minimum wage.

The federal tipped minimum wage has been at \$2.13 since 1991. Seventeen states had their tipped minimum wage rates equal to the federal level during 2019 while another five states had a tipped minimum wage above the federal level, yet below Pennsylvania's \$2.83. The tipped minimum wage in all of Pennsylvania's six neighboring states exceeds the federal level. In 2019, three of those states had higher rates than Pennsylvania and three were below. As of January 1, 2020, New Jersey joined those above by raising its tipped rate to \$3.13.

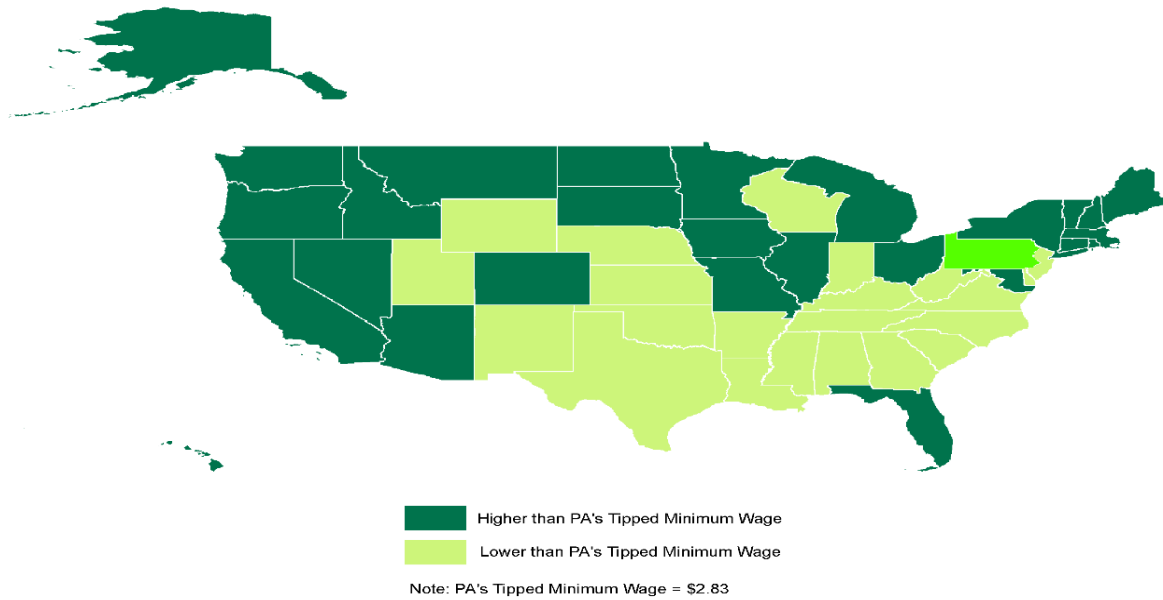
The tipped minimum wage was raised in 14 states during 2019 and has already been increased or is projected to do so by year's end in 16 states in 2020.

2019 Pennsylvania and Other States Minimum Wage Comparison



As of 01/07/2019

2019 Pennsylvania and Other States Tipped Minimum Wage Comparison



As of 01/07/2020

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 living standards for workers engaged directly or indirectly in interstate commerce, including those involved in production of goods bound for such commerce. In addition to establishing a minimum wage, it also established a maximum workweek, overtime pay, record keeping requirements, and child labor standards affecting full-time and part-time workers in the private sector and in federal, state, and local governments.
- Inflation – Inflation is a sustained increase in the general price level of goods and services in an economy over some period of time. Equivalently, it also represents a decreasing value of the country’s money. The inflation rate is the annualized percentage change in some price index. The Consumer Price Index (CPI) is a commonly used standard to measure inflation, since it measures the average change over time of the prices paid by urban consumers for a market basket of consumer goods and services.
- Minimum Wage – Minimum wage is the lowest lawful hourly level at which workers may be compensated by their employers; it is established by the FLSA at the federal level and by the Minimum Wage Act in Pennsylvania.
- National Bureau of Economic Research (NBER) – The NBER is the nation's leading nonprofit economic research organization. Due to its work on national accounts and business cycles, the NBER is well-known for providing start and end dates for recessions in the United States.
- Near Minimum Wage – A range of wage rates somewhat in excess of the legal minimum wage, but close to it. In addition to those earning at or below the minimum wage, the group most likely to be affected by an increase in the minimum wage are those earning the near minimum wage. For purposes of this report, wage rates between \$7.26 and \$12.00 per hour are referred to as the near minimum wage.
- Tipped Minimum Wage – Labor law in many states (including Pennsylvania) as well as federal law allows employers of tipped workers (variously defined) to take a “tip credit” that lowers the mandated cash minimum wage below that of the actual mandated minimum wage, if the combined cash and tip income is at least equal to the full minimum wage. The mandated hourly direct cash payment for these workers is usually referred to as the tipped minimum wage.
- Wage and Salary Workers – These are workers age 16 and older who receive wages, salaries, commissions, tips, payments in kind, or piece rates on their sole or principal job. This group includes employees in both the private and public sectors, as well as both hourly and non-hourly workers. All self-employed workers are excluded whether or not their businesses are incorporated.
- Workers Paid by the Hour (Hourly Workers) – These are employed wage and salary workers who report that they are paid at an hourly rate on their job. Historically, workers paid an hourly wage have made up approximately three-fifths of all wage and salary workers nationally. Estimates of workers paid by the hour include both full- and part-time workers unless otherwise specified.

Table of Industry Distributions

A Comparison of Industry Distributions of Various Populations

Pennsylvania and U.S.: 2019 Averages

(total numbers of workers in thousands, breakdown by occupation 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	90.7	1,609	938.4	3,335.1
Industry				
Accommodation	4%	2%	2%	1%
Agriculture, forestry fishing, and hunting	0%	1%	1%	1%
Arts, entertainment, and recreation	6%	4%	4%	2%
Construction	1%	1%	2%	7%
Educational services	8%	4%	7%	5%
Financial activities	0%	1%	2%	4%
Food services and drinking places	50%	56%	19%	8%
Health care services, except hospitals	1%	4%	12%	11%
Hospitals	0%	2%	3%	7%
Information	2%	1%	1%	1%
Manufacturing	1%	2%	5%	13%
Mining	0%	0%	0%	0%
Other services	3%	4%	5%	4%
Professional and business services	3%	4%	7%	8%
Public administration	0%	1%	2%	4%
Retail trade	14%	8%	21%	13%
Social assistance	7%	2%	5%	3%
Transportation and utilities	0%	2%	2%	6%
Wholesale trade	0%	0%	1%	2%
Work Status				
Full-time	34%	47%	46%	75%
Part-time	66%	53%	54%	25%

¹ Both the U.S. minimum wage and the PA minimum wage were \$7.25 during 2019

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.: 2019 Averages

(total numbers of workers in thousands, breakdown by industry in percent)

Occupation	Minimum Wage or Below		Above Minimum Wage	
			Near	Total
	PA ¹	U.S. ¹	PA	PA
TOTAL	90.7	1,609	938.4	3,335.1
Occupation				
Architecture & Engineering	0%	0%	0%	1%
Arts, Design, Entertainment, Sports & Media	0%	1%	1%	1%
Building, Grounds Cleaning & Maintenance	7%	4%	7%	4%
Business & Financial Operations	0%	1%	1%	3%
Community & Social Service	2%	0%	1%	2%
Computer & Mathematical Science	0%	0%	0%	2%
Construction & Extraction	0%	1%	1%	8%
Education, Training & Library	2%	1%	4%	3%
Farming, Fishing & Forestry	0%	1%	1%	0%
Food Preparation & Serving Related	55%	55%	20%	3%
Healthcare Practitioner & Technical	0%	1%	2%	10%
Healthcare Support	3%	3%	7%	5%
Installation, Maintenance & Repair	1%	1%	2%	6%
Legal	0%	0%	0%	0%
Life, Physical & Social Service	0%	0%	0%	1%
Management	0%	1%	2%	4%
Office & Administrative Support	4%	5%	10%	18%
Personal Care & Service	8%	7%	9%	2%
Production	1%	2%	3%	10%
Protective Service	1%	2%	2%	3%
Sales & Related	12%	9%	16%	6%
Transportation & Material Moving	3%	7%	10%	10%

¹ Both the U.S. minimum wage and the PA minimum wage were \$7.25 during 2019

Totals may not sum due to rounding

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

Programs that May Assist Low Income Workers

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

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

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

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

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

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

More detailed information on these programs can be found at:

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

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

<http://www.dhs.pa.gov/citizens/cashassistance/tanfandmovingtoindependence/>

<http://www.dhs.pa.gov/citizens/supplementalnutritionassistanceprogram/>

<http://www.dhs.pa.gov/citizens/healthcaremedicalassistance/>

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

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

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

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

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

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

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