

ANALYSIS OF THE PENNSYLVANIA MINIMUM WAGE

MINIMUM
WAGE
ADVISORY
BOARD



pennsylvania

DEPARTMENT OF LABOR & INDUSTRY
CENTER FOR WORKFORCE INFORMATION & ANALYSIS

MARCH 2023

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Preface

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

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

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Introduction

This report contains statistical information on Pennsylvanians **who earn hourly wages, including those who earn the minimum wage or less**, analyzes demographic characteristics of such hourly workers, details the industry characteristics of those making at or near the minimum wage, discusses the issues of inflation and poverty in relation to the minimum wage, and considers other states' minimum wage data.

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

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

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

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

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

Pennsylvania's minimum wage data and analyses in this report should be used with some caution due to the small size of the CPS sample. It should also be noted that the report utilizes the most current annual data available at the time of publication. Demographic data from the CPS and inflation data from the Consumer Price Index (CPI) are from 2022, 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 2021 data, because the data for the most current calendar year will not be released until later this year.

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

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

Although the survey can be used to analyze the minimum wage or below population, it was not specifically designed to do so and therefore may lead to both overcounting and undercounting of certain segments of the minimum wage or below population. For instance, tipped employees, such as servers, may legally be paid a lower cash minimum wage, which is usually referred to as the tipped minimum wage (\$2.83 per hour in Pennsylvania since 1997), due to the employer being able to offset the cash wage paid with a tip credit; however, employers are legally obligated to supplement their earnings if necessary to ensure that hourly rates are never below the minimum wage. Such employees may inaccurately be included in the category of those earning below the minimum wage although their combined earnings including tips may be at or above the minimum wage. Alternatively, with respect to wage rate data, salaried and other non-hourly workers are excluded from the survey. This may lead to undercounting the number of workers earning at or below the minimum wage.

Further, many characteristics of the minimum wage or below population that might be desirable to measure are not captured in the survey. For example, the average length of time for which a person earns the minimum wage is not measured. The survey is a federally taken snapshot in time and does not gather such information. Analysis of such data would require the commissioning and conducting of an additional survey.

In addition, the pandemic and its aftermath that manifested itself in 2020 initially created complications in data collection that exacerbated these issues. Further, it led to behavioral and institutional changes whose long-term effects are currently undetermined. The pandemic caused a dramatic decline in the employment of low wage workers which was concentrated in certain industries, occupations, and demographic groups. In 2021 and 2022, as employment was rebounding, wage rates increased due to labor shortages and increasing inflation. These increases were more pronounced in low wage jobs. The relatively small CPS sample size of total minimum wage or below workers and the smaller subsamples can lead to volatility in making comparisons over time. Disentangling the real changes from those due only to transitory data issues or unrepresentative samples makes interpreting changes in this data over time even in the short run challenging.

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 2022, there were an estimated 63,600 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 200 (0.4 percent) lower than the previous low of 2021 when it was 63,800. An increase in the number of hourly workers tends to increase the number of workers in each wage category, including that of minimum wage or below. The volume of workers earning \$7.25 or less would likely have decreased by a greater amount in 2022 had hourly employment not increased. Workers earning minimum wage or less represented 2.0 percent of all hourly workers and 1.0 percent of all workers.
- From 2021 to 2022, Pennsylvania's hourly employment increased by 31,200 (+1.0 percent), while Pennsylvania's overall employment increased by 270,000 (+4.6 percent). U.S. hourly employment increased by 2,627,000 (+3.4 percent), while the nation's overall employment increased by 5,718,000 (+3.7 percent). The proportion of all workers receiving hourly rates in 2022 decreased slightly in both Pennsylvania and the nation from 2021. In 2022, the percentage of the employed earning hourly rates was higher in Pennsylvania (53 percent) than in the U.S. overall (50 percent).
- In 2022, there were an estimated 417,800 Pennsylvania workers earning near minimum wage (\$7.26 - \$12.00). This was 168,200 (28.7 percent) lower than in 2021 when it was 586,000. In the nation, the number of workers in this wage category fell by an even greater percentage (31.1 percent).
- In 2022, labor markets in the U.S. and Pennsylvania continued rebounding in employment, hourly workers, and wages from the pandemic-induced recession. Their wage distributions shifted away from wage categories below \$15.01 (minimum wage or below, near minimum wage (\$7.26 - \$12.00), and \$12.01 - \$15.00). The above \$15.00 category was the only one to increase in both volume and percentage. The median wage in Pennsylvania increased from \$17.00 in 2021 to \$18.16 in 2022, while it rose from \$17.00 to \$18.00 in the nation.
- Pennsylvania had a higher percentage (2.0 percent) of workers at or below the federal minimum wage of \$7.25 than did the nation (1.3 percent). Close to seven out of every 10 wage earners in both Pennsylvania and the U.S. were in the highest wage category (of above \$15.00). Pennsylvania's share of wage earners in this category rose by 10.5 percentage points to 69.5 percent, while the nation's percentage rose 8.7 percentage points to 68.7 percent.

Comparison of Minimum Wage or Below Worker Characteristics to Other Populations

- A majority of Pennsylvania earners at or below the minimum wage in 2022 were from one or more of the following groups vs. its percentage in the population 16 and over:
 - ❑ Female 73% vs. 51%
 - ❑ White 80% vs. 77%
 - ❑ 16-to-34-year-olds 56% vs. 30%
 - ❑ High school graduates or less 53% vs. 45%
 - ❑ Never married 74% vs. 33%
- Females outnumbered males by almost 2.7 to one (72.9 percent to 27.1 percent) among at or below minimum wage workers in Pennsylvania during 2022.
- 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. 77%
 - ❑ 25-to-54-year-olds 57% vs. 46%
 - ❑ High school graduates or more 91% vs. 89%
 - ❑ Married (now or in the past) 55% 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 59% vs. 51%
 - ❑ White 68% vs. 77%
 - ❑ 16-to-34-year-olds 58% vs. 30%
 - ❑ High school graduates or less 67% vs. 45%
 - ❑ Never married 66% 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. 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. 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 93 percent of those earning the minimum wage or less in Pennsylvania, while the remaining 7 percent were 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 89 percent having no children.
- Almost 40 percent of those who earned the minimum wage or less were in families with less than \$50,000 per year in income and 28 percent were in families whose combined income was less than \$30,000 per year. In contrast, 35 percent had annual family incomes of \$75,000 or more a year and over 22 percent had annual family incomes of \$100,000 or more per year. See chart on page 15.

Industry and Occupational Distributions

- Pennsylvania workers earning at or below the minimum wage in 2022 were most likely to be employed in the following **industries**: food services and drinking places, educational services, retail trade, and other services. Combined, these industries employed 77 percent of all minimum wage or below earners in 2022 with food services and drinking places by itself accounting for 49 percent.
- In 2022, 70 percent of hourly wage workers in Pennsylvania earning the minimum wage or less worked part time. Seventy-eight 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 (24 percent). Historically, a large proportion of workers earning the minimum wage or below worked in retail trade, but that was not the case in 2022, possibly due to steadily increasing entry-level wage rates in the industry.
- In 2022, 51 percent of Pennsylvanians who earned the minimum wage or less worked in food preparation & serving related **occupations**. Workers earning the minimum wage or less also were likely to be employed in office & administrative support occupations (13 percent) or personal care & service occupations (7 percent).
- Food preparation & serving related occupations accounted for only 20 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 43,000 (40.4 percent) from 2017 to 2022. The absolute decrease in the number of at or below minimum wage workers from 2017 most likely reflects the relative decrease in the minimum wage compared to the average wage in Pennsylvania which was exacerbated by the pandemic's impact and its aftermath.
- The relative predominance of food services and drinking places in the employment of at or below minimum wage workers fell from 53.5 percent to 49.3 percent over the five-year interval as it decreased on an absolute scale by 25,700 workers (45.0 percent).
- The occupational category whose number and share of minimum wage or less earners increased the most between 2017 and 2022 was the office & administrative support occupations which rose by 8 percentage points. The share of minimum wage or below earners in the sales and related occupations fell by 7 percentage points. Over the five-year interval, food preparation & serving related occupations increased its share by 2 percentage points to 51 percent even as the number of such workers declined by 38 percent. On an absolute basis, the architecture & engineering occupations, arts, design, entertainment, sports & media occupations, building and grounds cleaning & maintenance occupations, healthcare support occupations, and personal care & service occupations also increased. See chart on page 24.

A Historical Perspective on the Minimum Wage in Relation to Inflation and the Poverty Threshold

- In 2006, Pennsylvania's minimum wage was 26 percent of the average wage, a lower percentage than at any point since the enactment of a federal minimum wage in 1938. The increase in the minimum wage to \$7.25 in 2009 brought the minimum wage up to 34 percent of the average wage. By 2021, Pennsylvania's minimum wage had fallen to 23 percent of the average wage, a new all-time low.
- Inflation adversely affects the purchasing power of an unchanging minimum wage. In 2009, the last year in which the minimum wage increased, the purchasing power of the minimum wage was \$9.89 (in 2022 dollars) and has been steadily declining since then. The value of the 2022 minimum wage of \$7.25 is projected to fall to \$7.07 in 2023 and \$6.90 in 2024 after adjusting for estimated inflation.
- In 2021, 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 2021 Federal Poverty Threshold for a one-person household (\$13,788) but fell short of the poverty threshold for a two-person (\$17,529) and a three-person household (\$21,559).

Other States

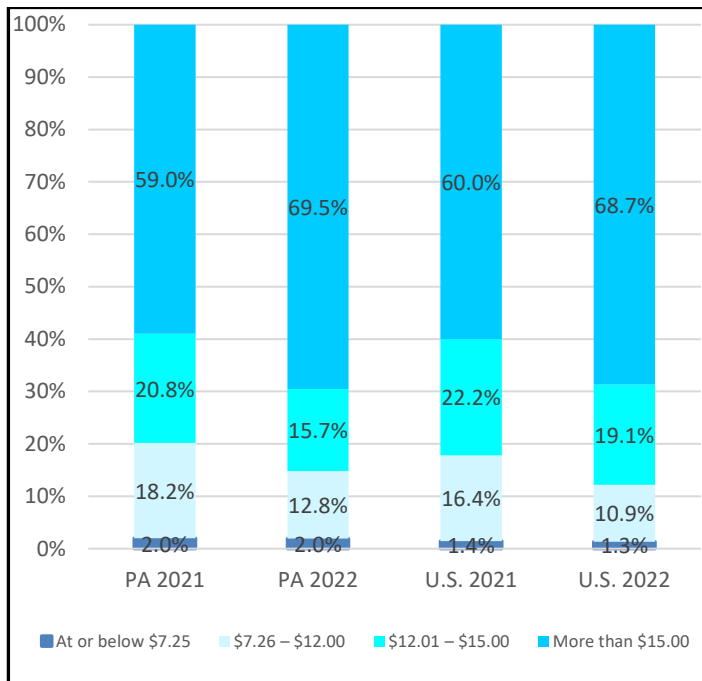
- During 2022, 30 states had higher minimum wage rates than Pennsylvania ranging from \$8.75 to \$15.00 per hour. States' minimum wage rates are discussed on page 34.
- Since the beginning of 2015, all of Pennsylvania's neighboring states have had higher minimum wage rates than Pennsylvania. The 2022 minimum wage rates of Pennsylvania's neighboring states ranged from \$8.75 to \$14.20.
- Michigan, Missouri, Nevada, and New Mexico have scheduled annual increases in their minimum wages until they reach \$12.00, which for Missouri and Nevada are scheduled to occur in 2023. Delaware, Florida, Illinois, Maryland, New Jersey, New York, Rhode Island, Vermont, and Virginia have scheduled increases in the coming years to reach a minimum wage of \$15.00. California attained that level in 2022, while Connecticut, Maryland, and Washington will be at least at that level in 2023. Hawaii is scheduled to raise its minimum wage to \$18 by 2028. Fifteen states currently have (or will after their scheduled increases) their minimum wages tied to the Consumer Price Index or other similar measures to provide automatic increases that keep pace with inflation. Twenty-six states raised minimum wages in 2022 and with significant overlap 27 states (including New York) have already done so or are projected to do so in 2023.
- The tipped minimum wage in Pennsylvania has been at \$2.83 since 1997. During 2022, 28 states had higher tipped minimum wage rates than Pennsylvania ranging from \$3.26 to \$15.00 per hour.

Conclusion

- In 2022, there were an estimated 63,600 Pennsylvania workers earning minimum wage or less, representing 2.0 percent of all hourly workers and 1.0 percent of all workers. This is the record lowest number of minimum wage or below workers in this annual report series. It is 200 (0.4 percent) lower than the previous low of 2021 when the minimum wage was at the 2009 level of \$7.25 per hour. The small decrease in 2022 would likely have been greater had employment not increased as much.
- In 2022, 417,800 Pennsylvania workers (12.8 percent) earned above \$7.25 per hour up to \$12 per hour and another 509,700 (15.7 percent) earned between \$12.01 and up to \$15 per hour. Almost seven of every 10 Pennsylvania hourly workers earned above \$15.00 per hour.
- Pennsylvania earners at or below the minimum wage tended to be from one or more of the following groups: female, White, 16-to-34-year-olds, high school graduates or less, or never married.
- Pennsylvanians earning from \$7.26 per hour through \$12.00 per hour tended to be from one or more of the following groups: female, White, 16-to-34-year-olds, high school graduates or less, or never married.
- The number of at or below minimum wage workers fell by 43,000 (40.4 percent) from 2017 to 2022. The absolute decrease in the number of at or below minimum wage workers from 2017 most likely reflects the relative decrease in the minimum wage compared to the average wage in Pennsylvania which was exacerbated by the pandemic's impact.
- Workers earning at or below the minimum wage were most likely to be employed in the following **industries**: food services and drinking places, educational services, retail trade, and other services. Part-time workers accounted for 70 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 \$9.89 (in 2022 dollars) and has been steadily declining since then. The value of the 2022 minimum wage of \$7.25 is projected to fall to \$7.07 in 2023 and \$6.90 in 2024 after adjusting for estimated inflation.
- In 2022, 30 states had higher minimum wage rates than Pennsylvania ranging from \$8.75 to \$15.00. Since January 1, 2015, all of Pennsylvania's neighboring states have minimum wages exceeding Pennsylvania's rate.
- The first state to have a minimum wage of \$15.00 was California and 12 more states will attain that level in the coming years. Hawaii has scheduled increases until it reaches \$18.00. Fifteen states have (or will have after their scheduled increase) their minimum wage rates tied to the Consumer Price Index or other similar measures.
- The tipped minimum wage in Pennsylvania has been at \$2.83 since 1997. During 2022, 28 states had higher tipped minimum wage rates than Pennsylvania.

WAGE DISTRIBUTION OF ALL HOURLY WORKERS

**Pennsylvania and U.S. Employed Wage & Salary Workers Paid Hourly Rates
2022 Average Compared to 2021 Average (numbers of workers in thousands)**



Total, 16 Years and Over	2021		2022	
	US	PA	US	PA
Total Paid an Hourly Rate	76,186	3,221.3	78,813	3,252.5
Total at or below \$7.25	1,099	63.8	1,031	63.6
Less than \$7.25	917	45.0	887	46.2
At \$7.25	183	18.8	144	17.4
\$7.26 – \$12.00	12,459	586.0	8,588	417.8
\$12.01 – \$15.00	16,915	671.2	15,040	509.7
More than \$15.00	45,712	1,900.3	54,153	2,261.4
Median Wage	\$17.00	\$17.00	\$18.00	\$18.16

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 2021 and 2022.
Totals and differences may not sum due to rounding.

In 2022, there were an estimated 63,600 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 200 (-0.4 percent) lower than the previous low in 2021 when it was 63,800. The small decrease in 2022 would likely have been greater had employment not increased as much. It was due to a decrease in those earning at the minimum wage and despite an increase in those earning below the minimum wage. Workers earning minimum wage or less represented 2.0 percent of all hourly workers and 1.0 percent of all workers.

Pennsylvania's hourly employment increased by 31,200 (+1.0 percent), while its overall employment increased by 270,000 (+4.6 percent). U.S. hourly employment increased by 2,627,000 (+3.4 percent), while the nation's overall employment increased by 5,718,000 (+3.7 percent). The proportion of all workers receiving hourly rates decreased in both Pennsylvania and the nation from 2021. In 2022, the percentage of the employed earning hourly rates was higher in Pennsylvania (53 percent) than in the U.S. overall (50 percent).

In 2022, as the labor market continued rebounding from the pandemic-induced recession, the U.S. and Pennsylvania had similar experiences. Employment, hourly workers, and wages all increased. Their wage distributions shifted away from wage categories below \$15.01 [minimum wage or below, near minimum wage (\$7.26 - \$12.00), and \$12.01 - \$15.00]. The above \$15.00 category was the only one to increase in both volume and percentage. Pennsylvania's share of above \$15.00 per hour workers rose by 10.5 percentage points to 69.5 percent, while the nation's percentage rose 8.7 percentage points to 68.7 percent. The median wage in Pennsylvania increased from \$17.00 to \$18.16, while it rose from \$17.00 to \$18.00 in the nation. Pennsylvania had a higher percentage (2.0 percent) of workers at or below the federal minimum wage of \$7.25 than did the nation (1.3 percent). In both Pennsylvania and the nation, the largest percentage point decline amongst the categories was in those earning the near minimum wage.

COMPARISON OF MINIMUM WAGE OR BELOW WORKER CHARACTERISTICS TO OTHER POPULATIONS

Pennsylvania and U.S. 2022 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	63.6	1,031	417.8	3,189.0	6,151.3	10,437.1	263,969
Gender							
Male	27.1%	32.2%	41.1%	49.6%	52.2%	48.7%	48.7%
Female	72.9%	67.8%	58.9%	50.4%	47.8%	51.3%	51.3%
Race							
Black, non-Hispanic	9.6%	16.4%	15.1%	11.8%	9.6%	10.8%	12.1%
Hispanic	7.9%	17.7%	9.8%	8.2%	6.6%	6.7%	17.5%
Other, non-Hispanic	2.3%	8.3%	6.8%	6.0%	6.0%	5.6%	8.9%
White, non-Hispanic	80.2%	57.5%	68.3%	74.0%	77.9%	77.0%	61.5%
Age							
16-19	23.4%	17.1%	27.1%	6.3%	3.7%	6.0%	6.5%
20-24	19.4%	28.0%	18.3%	13.2%	8.8%	7.7%	7.9%
25-34	13.4%	19.9%	12.9%	21.8%	21.8%	15.9%	16.7%
35-44	16.9%	11.6%	6.9%	17.6%	20.7%	15.3%	16.3%
45-54	11.1%	9.4%	11.4%	17.8%	19.7%	14.7%	15.2%
55-64	9.8%	10.4%	13.4%	17.3%	18.4%	16.7%	15.9%
65 and over	6.0%	3.7%	10.1%	6.1%	7.0%	23.6%	21.5%
Education							
Less than a high school diploma	9.8%	11.7%	26.6%	9.4%	6.7%	11.1%	12.2%
High school graduates, no college	42.8%	35.9%	40.3%	40.3%	29.9%	34.0%	28.1%
Some college, no degree	32.9%	28.2%	19.9%	15.3%	12.3%	12.7%	15.9%
Associate degree	1.7%	8.8%	5.6%	10.4%	8.7%	8.1%	9.6%
Bachelor's degree or higher	12.8%	15.4%	7.6%	24.6%	42.4%	34.2%	34.2%
Marital Status							
Married Spouse Present	22.2%	22.2%	22.5%	42.9%	52.8%	49.2%	48.8%
Marital Status Other	4.1%	11.1%	11.0%	12.4%	12.3%	17.4%	18.6%
Never Married	73.7%	66.7%	66.4%	44.7%	34.9%	33.4%	32.6%

¹Both the U.S. and PA minimum wages were \$7.25 during 2022.

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

Totals may not sum due to rounding.

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

Gender

The gender composition of Pennsylvania's at or below minimum wage workers was most similar to that of other at or below minimum wage workers in the U.S. and to a lesser extent to those in Pennsylvania earning the near minimum wage (\$7.26 to \$12.00). The overall population of those 16 years and older in both Pennsylvania and the U.S. was almost evenly divided between males and females as was the total population of those earning above the minimum wage in Pennsylvania. The Pennsylvania population of all employed was also almost evenly divided between males and females, but with a higher proportion of males. In contrast, females outnumbered males by 72.9 percent to 27.1 percent among at or below minimum wage workers in Pennsylvania during 2022.

Race

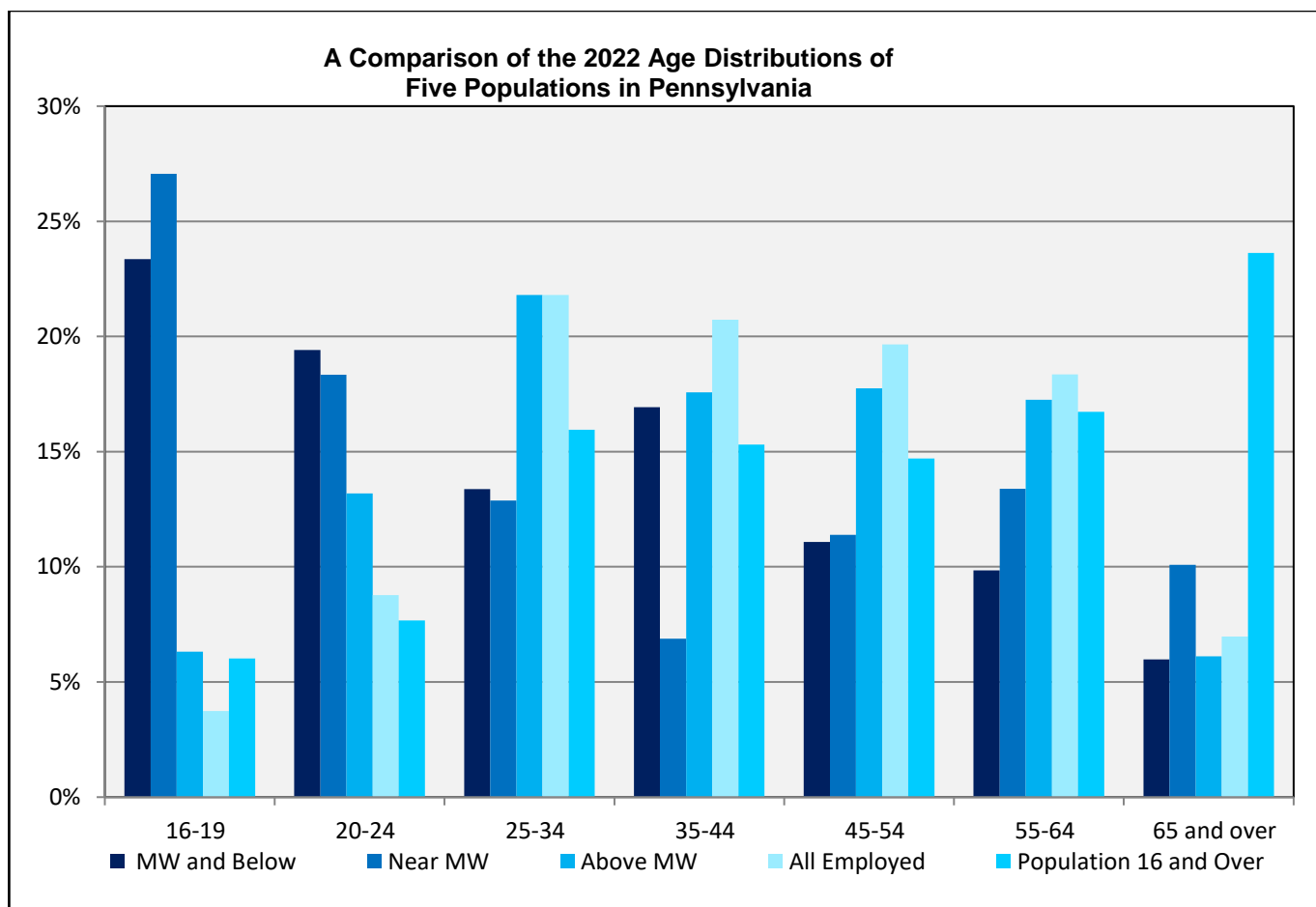
White workers represented a significant majority of Pennsylvania's at or below minimum wage workers, as they did for all of Pennsylvania's other reported wage categories. White workers were slightly underrepresented in all of the above minimum wage categories depicted relative to their percentage of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

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

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

Age



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

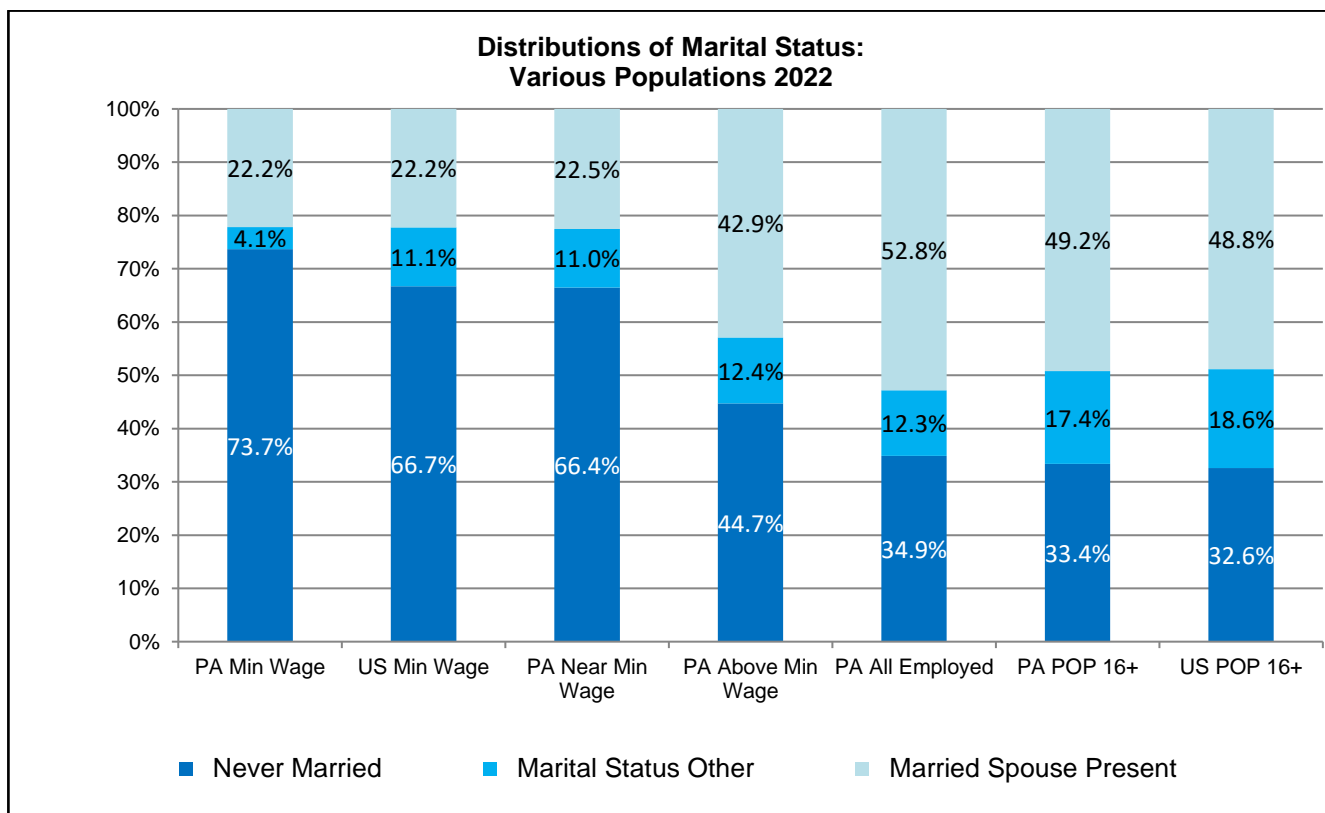
About 43 percent of Pennsylvania's minimum wage or below population was under 25 years of age, while less than 13 percent of all employed were under 25 years of age. Over 41 percent of Pennsylvania's minimum wage or below workers were between 25 and 54 years of age, while over 62 percent of the employed group was in that age range.

Almost 16 percent of minimum wage or below workers were 55 years old or older compared to over 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 53 percent of those earning the minimum wage or less in 2022 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 over 51 percent. The difference regarding bachelor's degrees was more pronounced. Less than 13 percent of those earning the minimum wage or less had bachelor's degrees compared to over 42 percent among all employed in Pennsylvania.

Marital Status



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

A sizable majority (73.7 percent) of minimum wage earners had never been married. The remainder was divided between those who were married with spouse present at 22.2 percent and those with a marital status of other (divorced, separated, or widowed) at 4.1 percent.

Family Status and Family Income of Workers Paid Hourly Rates: 2022 Selected Groups in Pennsylvania and the U.S. (numbers of workers in thousands)					
Characteristics	At or Below the Minimum Wage		Above the Minimum Wage		Total Hourly Workers
	PA ¹	U.S. ¹	Near PA	Total PA	
TOTAL	63.6	1,031	417.8	3,189.0	78,813
Family Status²					
No Children (Single or Married)	93%	81%	89%	75%	72%
Married Parent	0%	9%	6%	17%	19%
Single Parent	7%	10%	5%	8%	9%
1 child	2%	6%	1%	4%	5%
2 children	0%	1%	2%	2%	3%
3 children	4%	1%	1%	1%	1%
4 or more children	0%	0%	0%	1%	0%
Family Annual Income					
\$9,999 or less	11%	6%	4%	2%	3%
\$10,000 to \$19,999	7%	8%	7%	3%	5%
\$20,000 to \$29,999	11%	8%	13%	8%	7%
\$30,000 to \$39,999	11%	12%	10%	9%	11%
\$40,000 to \$49,999	0%	8%	8%	8%	8%
\$50,000 to \$59,999	8%	9%	9%	8%	9%
\$60,000 To \$74,999	18%	11%	8%	12%	12%
\$75,000 To \$99,999	13%	11%	13%	17%	15%
\$100,000 To \$149,999	14%	11%	17%	18%	17%
\$150,000 and Over	9%	15%	11%	14%	14%

¹ PA and U.S. minimum wages in 2022 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

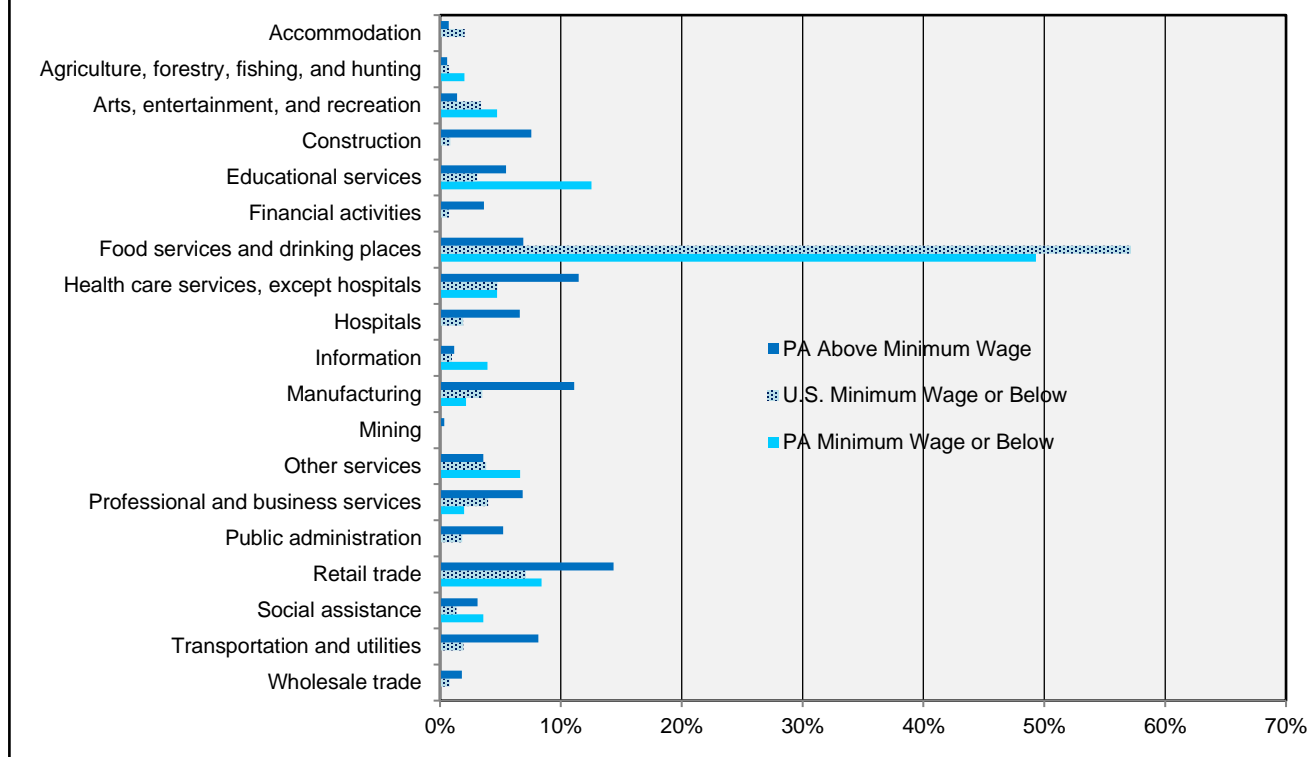
Workers having no children made up 93 percent of those earning the minimum wage or less in Pennsylvania. Among those earning near the minimum wage in Pennsylvania, married parents constituted a smaller percentage (6 percent) than in the other U.S. and Pennsylvania populations depicted above, with the exception of minimum wage or below earners in Pennsylvania, which had no married parent cohort. 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.

In 2022, almost two out of every three single parents in the Pennsylvania minimum wage or below population had three children. The remaining percentage had only one child. 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.

The family income of those who earned the minimum wage or less in Pennsylvania varied greatly. Slightly less than 40 percent of such workers were in families whose combined income was less than \$50,000 per year and 28 percent were in families with less than \$30,000 per year. In contrast, over 35 percent had annual family incomes of \$75,000 or more a year and over 22 percent had annual family incomes of \$100,000 or more per year. The family income distribution of near minimum wage workers in Pennsylvania was most similar to that of the U.S. minimum wage or below population, but was also fairly similar to Pennsylvania's minimum wage or below population.

INDUSTRY AND OCCUPATIONAL DISTRIBUTIONS

A Comparison of Industry Distributions in 2022 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 2022 were both at \$7.25.

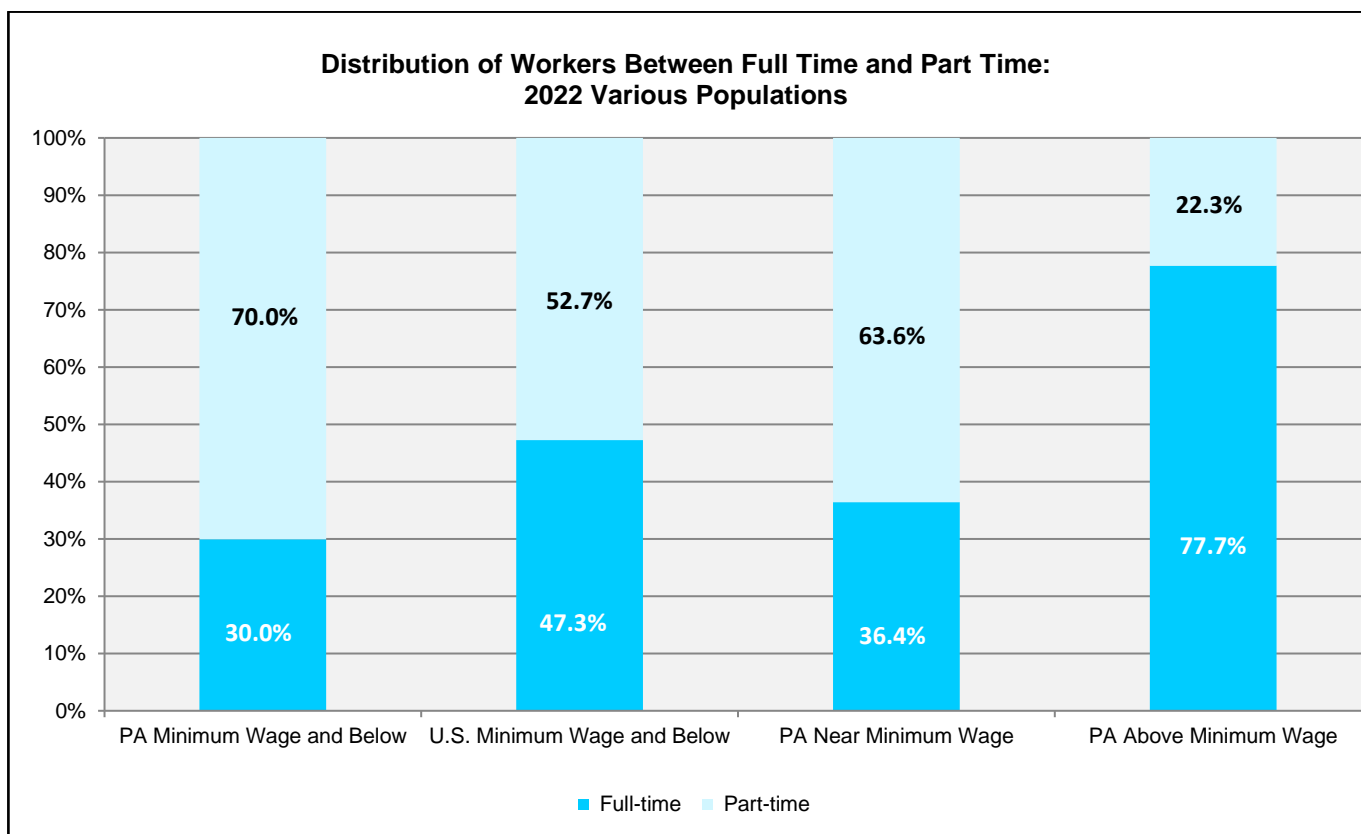
In Pennsylvania, workers earning at or below the minimum wage were most likely to be employed in the following industries: food services and drinking places, educational services, retail trade, and other services. Combined, these industries employed 77 percent of all minimum wage earners in 2022.

Forty-nine 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 decline 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 2022, excluding the top four industry groups mentioned above, each of the remaining industry groups had no more than 5 percent of the minimum wage workers and minimum wage workers were absent from over 42 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 (24 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 2022.

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.

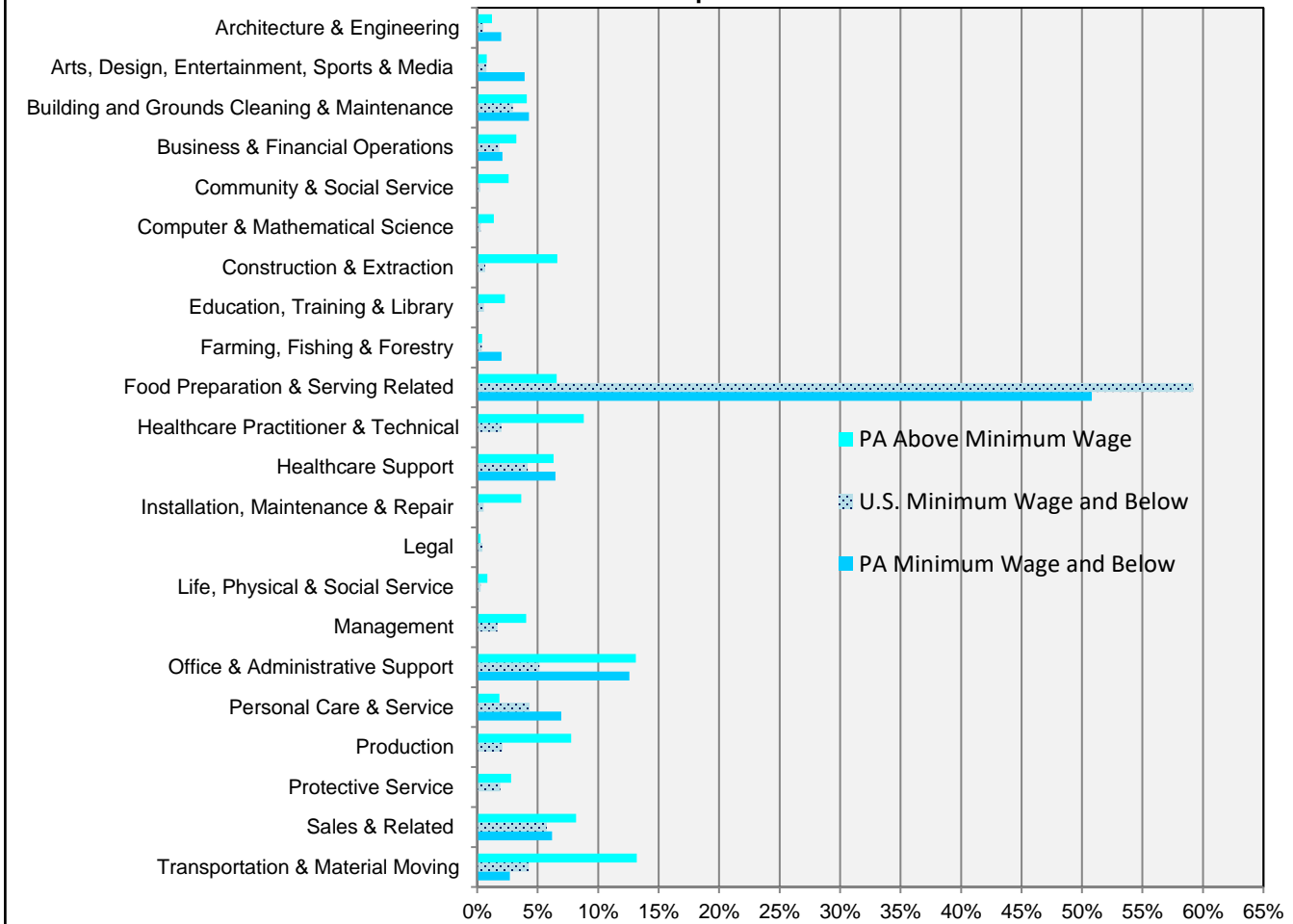


Source: U.S. Bureau of the Census, Current Population Survey
PA and U.S. minimum wages in 2022 were both at \$7.25.

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 2022, less than one third of at or below minimum wage earners in Pennsylvania worked full time. More than three out of four of all hourly workers earning above the minimum wage in Pennsylvania worked full time. The ratio of full-time to part-time minimum wage or below workers was lowest among the depicted groups and closest to that of Pennsylvania's near minimum wage workers. The ratio of full-time to part-time among the nation's minimum wage or below population was higher than that of Pennsylvania near minimum wage workers, but was still less than one (i.e., there were fewer full-time workers than part-time workers).

2022 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 2022.
 Source: U.S. Bureau of the Census, Current Population Survey

In 2022, 51 percent of Pennsylvanians who earned the minimum wage or less worked in food preparation & serving related occupations, 13 percent were employed in office & administrative support occupations and 7 percent in personal care & service occupations. Minimum wage or below workers in the U.S. were more concentrated in the food preparation & serving occupational group than those of Pennsylvania (59 percent compared with 51 percent) but had a more diverse distribution otherwise.

The distribution of occupations for Pennsylvanians who earned above the minimum wage was more diverse than those who earned the minimum wage or less. Their top four occupational groups were transportation & material moving (13 percent), office & administrative support (13 percent), healthcare practitioner & technical (9 percent), and sales & related (8 percent). Food preparation & serving related occupations accounted for only 20 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 50 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 2022 Compared to Annual Average 2021 and 2017 (total numbers of workers in thousands, all other numbers in percent)					
Demographic Characteristics	2017	2021	2022	Percentage Point Change	
	PA ¹	PA ²	PA ²	2017 to 2022	2021 to 2022
TOTAL	106.5	63.8	63.6	-	-
Gender					
Male	38%	33%	27%	-11%	-6%
Female	62%	67%	73%	11%	6%
Race					
Black, non-Hispanic	12%	5%	10%	-3%	5%
Hispanic	8%	3%	8%	0%	5%
Other, non-Hispanic	7%	14%	2%	-4%	-12%
White, non-Hispanic	73%	79%	80%	7%	2%
Age					
16-19	34%	34%	23%	-10%	-10%
20-24	22%	17%	19%	-2%	3%
25-34	13%	18%	13%	0%	-4%
35-44	5%	18%	17%	11%	-1%
45-54	8%	7%	11%	3%	4%
55-64	11%	4%	10%	-2%	6%
65 and over	6%	4%	6%	0%	2%
Education					
Less than a high school diploma	31%	25%	10%	-21%	-15%
High school graduates, no college	28%	39%	43%	15%	3%
Some college, no degree	22%	16%	33%	11%	17%
Associate degree	7%	9%	2%	-5%	-8%
Bachelor's degree or higher	13%	11%	13%	0%	2%
Marital Status					
Married Spouse Present	22%	14%	22%	1%	8%
Marital Status Other	7%	4%	4%	-3%	0%
Never Married	72%	82%	74%	2%	-8%

¹ The minimum wage in 2017, 2021, and 2022 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 2017 through 2022, the minimum wage in Pennsylvania was constant at \$7.25, having last been increased in July 2009. During that period, the number of minimum wage or below workers in Pennsylvania dramatically declined by 43,000 or 40.4 percent. Labor market conditions from 2017 through 2019 improved in Pennsylvania as evidenced by the growth in employment as well as by an increase in average wages. The pandemic and the public response to it in 2020 caused a steep decline in total and hourly employment (particularly in March and April), while average wages increased as many of the jobs lost were low wage. The employment recovery which began in 2020 continued through 2022 and along with higher inflation led to further increases in wages. The increased wages led to the continued trend of fewer minimum wage or below workers which was partially offset due to the large increase in employment.

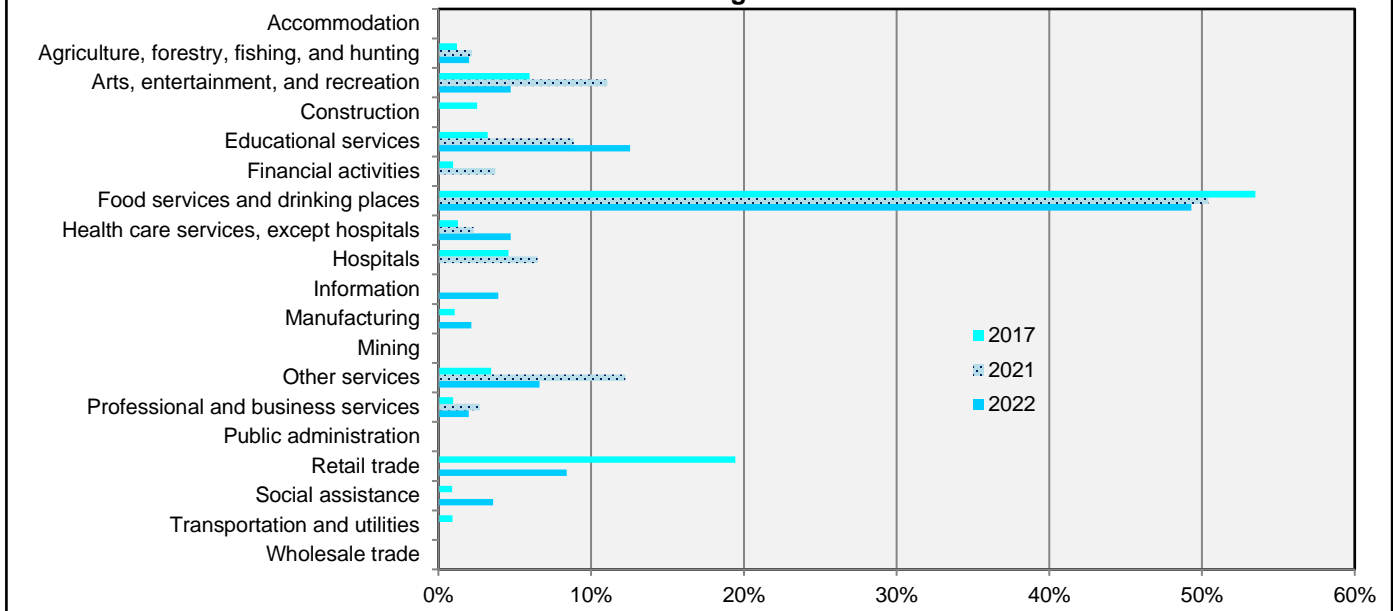
In 2022, males comprised 27 percent of minimum wage or below workers. This represented a decrease of 11 percentage points from 2017 and a decrease of six percentage points from 2021.

From 2017 to 2022, the proportion of Pennsylvania's minimum wage or below earners under 25 years of age fell by 13 percentage points, while the share of those between the ages of 25 and 64 increased by 13 percentage points.

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

Both the changes from 2021 to 2022 and those from five years ago were fairly volatile. The small sample of minimum wage or below workers as well as changes in the aftermath of the pandemic 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: 2022 vs. 2021 and 2017¹



¹ The minimum wage was constant at \$7.25 from 2017 through 2022.
Source: U.S. Bureau of the Census: Current Population Survey

In 2017, 2021, and 2022, workers earning at or below the minimum wage were most likely to be employed in food services & drinking places. Over the five-year interval both the number and percentage of minimum wage workers in that industry declined. Retail trade typically was the second ranked industry group in terms of number of minimum wage or below workers. Such was the case in 2017 when 19 percent of minimum wage or below workers were in retail trade. The representation of this industry group fell by 11 percentage points by 2022, even after recovering 8 percentage points from 2021. 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 educational services more than doubled between 2017 and 2022 and it accounted for 13 percent of such workers, an increase of 9 percentage points. In addition, the number of minimum wage or below workers also more than doubled over that period in non-hospital health care services and social assistance.

The decrease in workers earning minimum wage or below from 2017 to 2022 has been accompanied by fewer industry groups having representation of such workers. In 2017, accommodation, information, mining, public administration, and wholesale trade were the only five industry groups without representation by such workers. In 2022, information left that group, but construction, financial activities, hospitals, and transportation & utilities joined. The largest decreases in the number of minimum wage or below workers over the last five years were in food services and drinking places and retail trade which fell by 45 percent and 74 percent respectively. Arts, entertainment, & recreation also fell by 53 percent over that period.

Between 2017 and 2022, the proportion of hourly workers earning the minimum wage or less who worked part time decreased from 71.8 percent to 70.0 percent, although it rose by 16.2 percentage points from 2021.

**Occupational Characteristics of Wage & Salary Workers Paid Hourly Rates at or Below the Minimum Wage
Pennsylvania Annual Average 2022 Compared to Annual Average 2021 and 2017
(total numbers of workers in thousands, all others are in percent)**

Occupation	2017	2021	2022	Percentage Point Change	
	PA ¹	PA ¹	PA ¹	2017 to 2022	2021 to 2022
TOTAL	106.5	63.8	63.6	-	-
Architecture & Engineering	1%	0%	2%	1%	2%
Arts, Design, Entertainment, Sports & Media	0%	0%	4%	4%	4%
Building and Grounds Cleaning & Maintenance	1%	6%	4%	3%	-2%
Business & Financial Operations	2%	2%	2%	0%	0%
Community & Social Service	1%	0%	0%	-1%	0%
Computer & Mathematical Science	1%	4%	0%	-1%	-4%
Construction & Extraction	2%	0%	0%	-2%	0%
Education, Training & Library	1%	0%	0%	-1%	0%
Farming, Fishing & Forestry	2%	0%	2%	0%	2%
Food Preparation & Serving Related	49%	40%	51%	2%	11%
Healthcare Practitioner & Technical	3%	0%	0%	-3%	0%
Healthcare Support	2%	7%	6%	4%	-1%
Installation, Maintenance & Repair	0%	0%	0%	0%	0%
Legal	0%	0%	0%	0%	0%
Life, Physical & Social Service	0%	0%	0%	0%	0%
Management	2%	0%	0%	-2%	0%
Office & Administrative Support	4%	7%	13%	8%	6%
Personal Care & Service	3%	22%	7%	4%	-15%
Production	2%	0%	0%	-2%	0%
Protective Service	1%	0%	0%	-1%	0%
Sales & Related	13%	3%	6%	-7%	3%
Transportation & Material Moving	8%	9%	3%	-6%	-7%

¹ The PA minimum wage in 2017, 2021, and 2022 was \$7.25.

Totals and changes may not add up due to rounding.

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

In 2017, almost half (49 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 2017 to 2022, the proportion of Pennsylvania minimum wage or below earners who worked in food preparation & serving related occupations increased by 2 percentage points even as it declined by 38 percent on an absolute level. Sales & related occupations decreased by 7 percentage points, which was the largest relative decrease.

The occupational category whose percentage of minimum wage or below earners increased the most over the five-year interval was office & administrative support occupations which rose by 8 percentage points. This occupational group also had the largest absolute increase of such workers, as it also increased by 80 percent. Architecture & engineering occupations; arts, design, entertainment, sports & media occupations; building and grounds cleaning & maintenance occupations; healthcare support occupations; and personal care & service occupations also increased absolutely over this period, despite a large decrease in total workers earning at or below minimum wage.

The relative changes from 2021 to 2022 were sometimes much larger than the changes over the five-year period due to some anomalous changes in 2021. Two examples of this were in the food preparation & serving related occupations and in the personal care & service occupations. In the first case the share of minimum wage or below workers fell dramatically from 2017 to 2021, while in the second case the share rose dramatically. In both cases the changes in 2022 brought the shares closer to their historical values. In addition to the differential impact of the pandemic and its aftermath on various occupational groups, such volatility may also be due to small sample sizes.

Pennsylvania Family Status and Family Income Characteristics of Workers Paid Hourly Rates At or Below the Minimum Wage Comparison of 2022, 2021, and 2017					
Characteristic	2017	2021	2022	Percentage Point Change	
	PA ¹	PA ¹	PA ¹	2017 to 2022	2021 to 2022
TOTAL (in thousands)	106.5	63.8	63.6	-	-
Family Status ² (in Percent)					
No Children (Single or Married)	93%	75%	93%	0%	18%
Married Parent	6%	14%	0%	-6%	-14%
Single Parent	1%	11%	7%	6%	-4%
1 child	0%	7%	2%	2%	-5%
2 children	1%	2%	0%	-1%	-2%
3 children	0%	2%	4%	4%	2%
4 or more children	0%	0%	0%	0%	0%
Family Annual Income (in Percent)					
\$9,999 or less	7%	6%	11%	4%	4%
\$10,000 to \$19,999	6%	2%	7%	1%	5%
\$20,000 to \$29,999	15%	11%	11%	-5%	0%
\$30,000 to \$39,999	13%	7%	11%	-2%	4%
\$40,000 to \$49,999	6%	15%	0%	-6%	-15%
\$50,000 to \$59,999	3%	9%	8%	5%	-1%
\$60,000 To \$74,999	16%	8%	18%	2%	10%
\$75,000 To \$99,999	16%	12%	13%	-3%	1%
\$100,000 To \$149,999	8%	19%	14%	6%	-5%
\$150,000 and Over	9%	11%	9%	0%	-3%

¹ The PA minimum wage in 2017, 2021, and 2022 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.

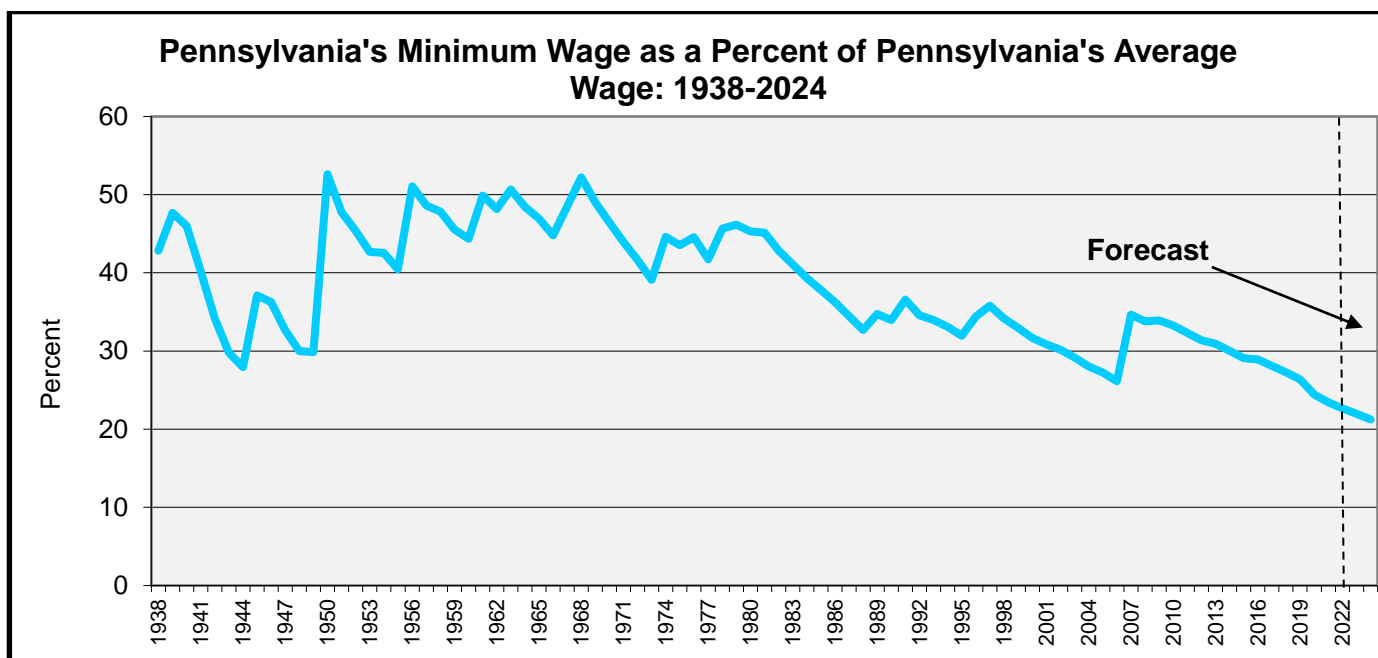
Source: U.S. Bureau of the Census, Current Population Survey

The biggest change in family composition of minimum wage or below workers from 2017 to 2022 was the decrease (6 percentage points) of married parents and an equal increase in single parents. From 2017 to 2022, there was no change in the percentage of those without children; however, from 2021 to 2022 that percentage increased by 18 percentage points. The year-to-year changes in the last few years have exhibited greater volatility than in the past. This is most likely due to smaller sample sizes which was exacerbated by the impact of the pandemic.

On a relative basis, the distribution of family income of minimum wage and below workers shifted to the lowest incomes (under \$20,000) and to incomes in excess of \$49,999 over the last five years. From 2017 to 2022, the percentage of minimum wage or below workers whose family income was less than \$20,000 increased by 5 percentage points to 18 percent, a decrease of 10 percentage points from 2021. At the same time, the percentage of such workers with family income of at least \$100,000 was 22 percent which was 6 percentage points higher than in 2017, but 8 percentage points lower than in 2021. The family income cohort with family income from \$40,000 to \$49,000 fell by 6 percentage points compared to five years prior and decreased by 15 percentage points compared to 2021.

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. The pandemic caused a dramatic decline in the employment of low wage workers which was concentrated in certain industries, occupations, and demographic groups. In 2021 and 2022, as employment was rebounding, wage rates increased due to labor shortages and increasing inflation. These increases were more pronounced in low wage jobs. Therefore, it is difficult to determine whether these results are simply statistical anomalies due to small sample sizes or caused by the aftermath of pandemic induced changes or both.

A HISTORICAL PERSPECTIVE ON THE 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 2021 was \$7.25.

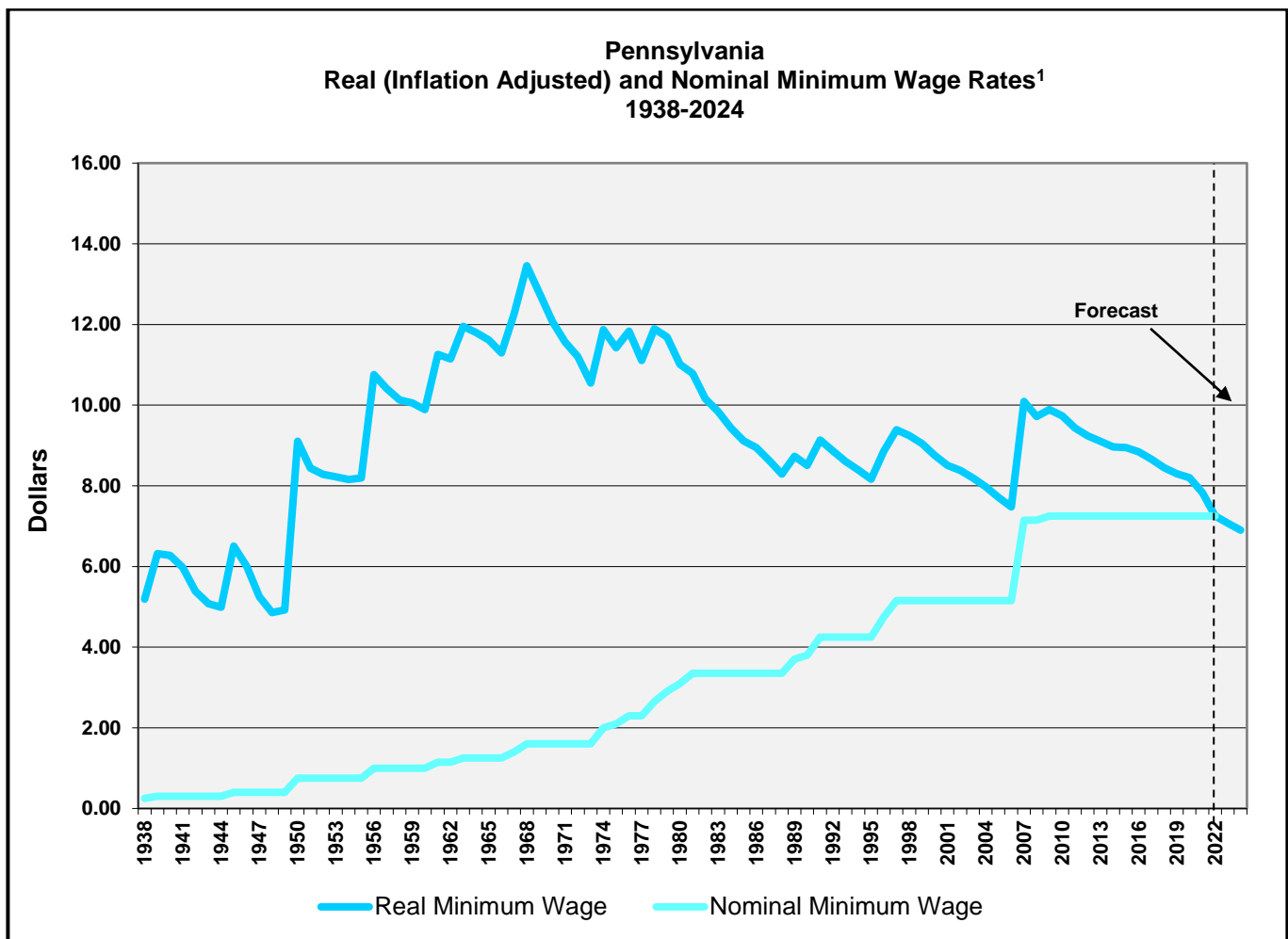
The original level of the minimum wage was set in 1938 at 25 cents which was 50 percent of the national average manufacturing wage. According to Jonathan Grossman, a Department of Labor historian, “..., The act applied only to interstate commerce and to accommodate various interests, exemption after 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 \$15.48 in 2021. It is projected to rise to \$15.99 in 2022, \$16.51 in 2023, and \$17.06 in 2024.

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 2021, 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 and to 21 percent by 2024.

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.



¹Indexed to 2022 dollars

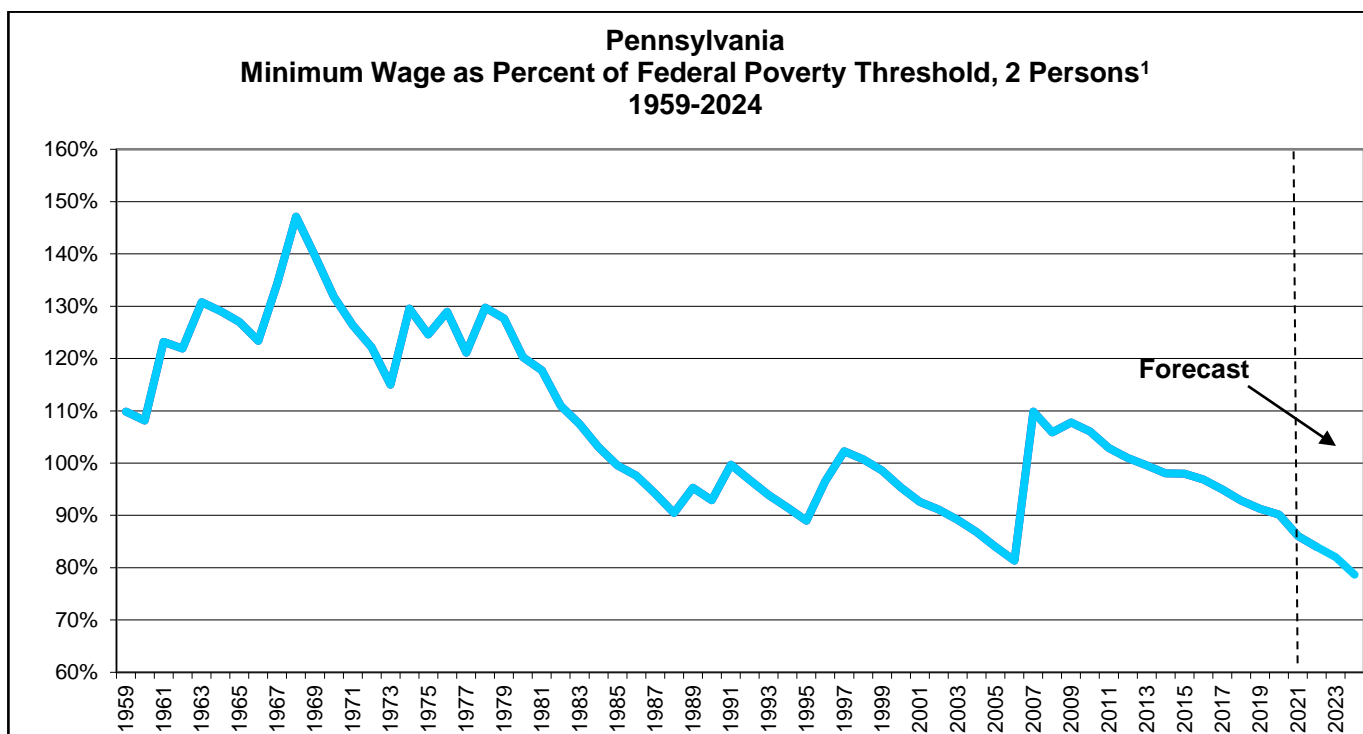
The inflation forecast was based on its 10-year arithmetic average applied to the minimum wage.

The minimum wage in 2022 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 \$7.07 in 2023 and \$6.90 in 2024.

The 1938 minimum wage of \$0.25 would have been equivalent in purchasing power to \$5.19 in 2022 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 \$4.86 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 \$13.46 in 2022 dollars. Pennsylvania's minimum wage remained unchanged from September of 1997 to the end of 2006, while prices rose considerably. As the above graph indicates, in 2006 the purchasing power of the minimum wage was less than at any time since the 1950s. In 2009, the last year in which the minimum wage increased, the purchasing power of the minimum wage was \$9.89 (in 2022 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

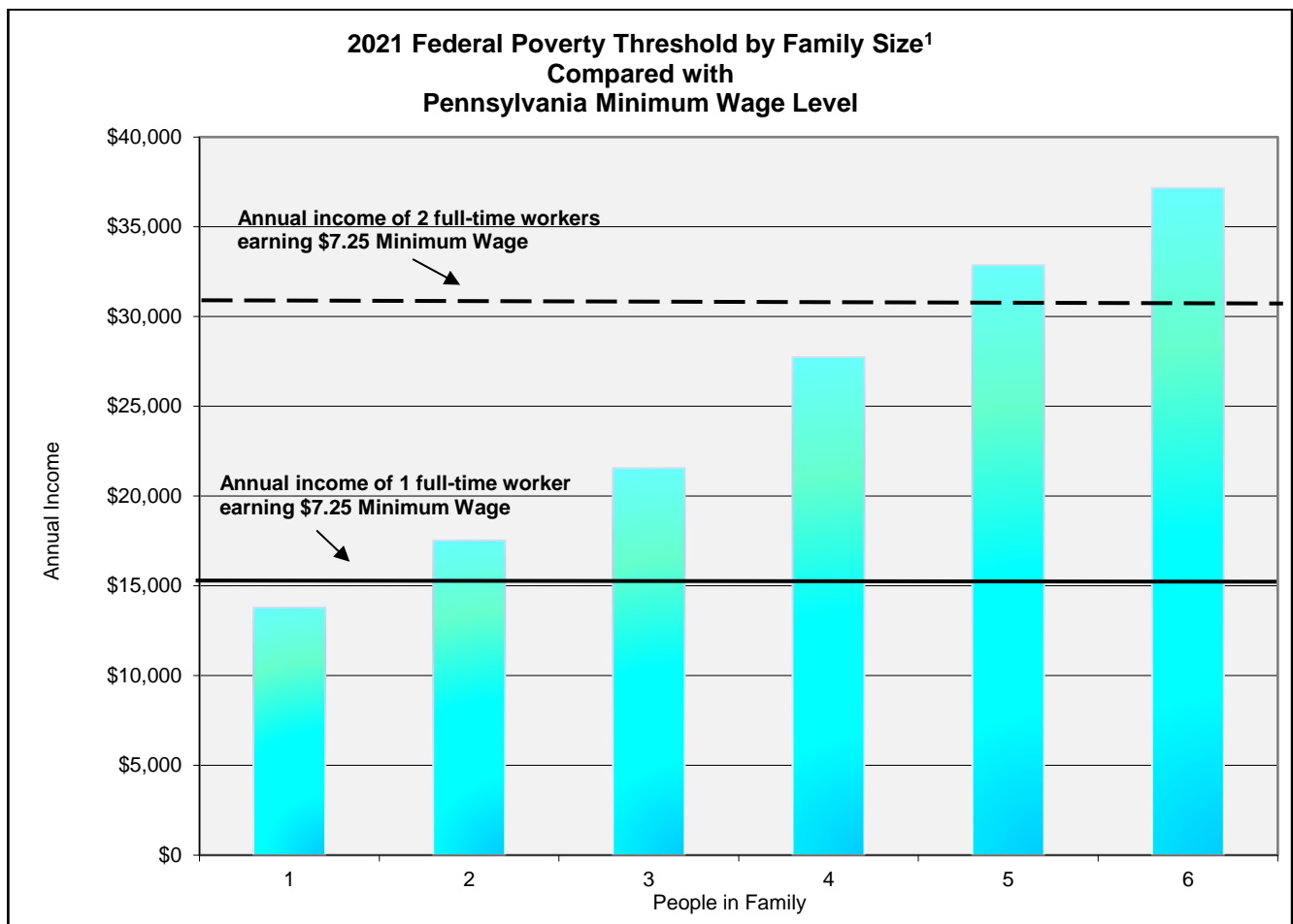
The Census annually sets poverty thresholds for families that vary by family size and the ages of its members. Each threshold is a monetary sum that is compared to the family's income to determine the poverty status of all the members of that family³. Family income is pre-tax and includes earnings, unemployment 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 2021, the annual income for an individual in Pennsylvania making the minimum wage (\$7.25) was \$15,080 or 86.0 percent of the 2021 Federal Poverty Threshold for a two-person household (\$17,529).

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

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



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

A person working full time at the minimum wage of \$7.25 per hour earned \$15,080 (represented by the bold line on the graph) during 2021. This income exceeded the 2021 Federal Poverty Threshold for a one-person household (\$13,788). However, it fell short of the poverty threshold for two-person (\$17,529) and three-person households (\$21,559).

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 (\$27,740).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, 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	2021	2022	2023	Change 2021-2022	Change 2022-2023
Federal	\$7.25	\$7.25	\$7.25	-	-
Alabama	\$7.25	\$7.25	\$7.25	-	-
Alaska ¹	\$10.34	\$10.34	\$10.85	-	\$0.51
Arizona ¹	\$12.15	\$12.80	\$13.85	\$0.65	\$1.05
Arkansas	\$11.00	\$11.00	\$11.00	-	-
California	\$14.00	\$15.00	\$15.50	\$1.00	\$0.50
Colorado ¹	\$12.32	\$12.56	\$13.65	\$0.24	\$1.09
Connecticut	\$13.00	\$14.00	\$15.00	\$1.00	\$1.00
Delaware	\$9.25	\$10.50	\$11.75	\$1.25	\$1.25
Florida ¹	\$10.00	\$11.00	\$12.00	\$1.00	\$1.00
Georgia	\$7.25	\$7.25	\$7.25	-	-
Hawaii	\$10.10	\$12.00	\$12.00	\$1.90	-
Idaho	\$7.25	\$7.25	\$7.25	-	-
Illinois	\$11.00	\$12.00	\$13.00	\$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	\$12.15	\$12.75	\$13.80	\$0.60	\$1.05
Maryland	\$11.75	\$12.50	\$13.25	\$0.75	\$0.75
Massachusetts	\$13.50	\$14.25	\$15.00	\$0.75	\$0.75
Michigan	\$9.65	\$9.87	\$10.10	\$0.22	\$0.23
Minnesota ¹	\$10.08	\$10.33	\$10.59	\$0.25	\$0.26
Mississippi	\$7.25	\$7.25	\$7.25	-	-
Missouri ¹	\$10.30	\$11.15	\$12.00	\$0.85	\$0.85

Area	2021	2022	2023	Change 2021-2022	Change 2022-2023
Federal	\$7.25	\$7.25	\$7.25	-	-
Montana ¹	\$8.75	\$9.20	\$9.95	\$0.45	\$0.75
Nebraska	\$9.00	\$9.00	\$10.50	-	\$1.50
Nevada	\$9.75	\$10.50	\$11.25	\$0.75	\$0.75
New Hampshire	\$7.25	\$7.25	\$7.25	-	-
New Jersey ¹	\$12.00	\$13.00	\$14.13	\$1.00	\$1.13
New Mexico	\$10.50	\$11.50	\$12.00	\$1.00	\$0.50
New York ¹	\$13.20	\$14.20	TBD	\$1.00	TBD
North Carolina	\$7.25	\$7.25	\$7.25	-	-
North Dakota	\$7.25	\$7.25	\$7.25	-	-
Ohio ¹	\$8.80	\$9.30	\$10.10	\$0.50	\$0.80
Oklahoma	\$7.25	\$7.25	\$7.25	-	-
Oregon ¹	\$12.75	\$13.50	TBD	\$0.75	TBD
Pennsylvania	\$7.25	\$7.25	\$7.25	-	-
Rhode Island	\$11.50	\$12.25	\$13.00	\$0.75	\$0.75
South Carolina	\$7.25	\$7.25	\$7.25	-	-
South Dakota ¹	\$9.45	\$9.95	\$10.80	\$0.50	\$0.85
Tennessee	\$7.25	\$7.25	\$7.25	-	-
Texas	\$7.25	\$7.25	\$7.25	-	-
Utah	\$7.25	\$7.25	\$7.25	-	-
Vermont ¹	\$11.75	\$12.55	\$13.18	\$0.80	\$0.63
Virginia	\$9.50	\$11.00	\$12.00	\$1.50	\$1.00
Washington ¹	\$13.69	\$14.49	\$15.74	\$0.80	\$1.25
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 2023 (which includes enacted, but not yet effective statutory increases) was accurate as of January 6, 2023. Some states have multiple minimum wage rates due to type of work or number of employees, while others are based on geography. The highest rate is used above for non-geographic rates, while for geographic ones those applicable to most of the state are used. All data are as of year-end.

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

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

On May 1, 2021, Virginia became the 30th state with a higher minimum wage than Pennsylvania. Prior to that increase, the number and composition of the states that had minimum wages in excess of Pennsylvania's had remained unchanged since 2015. During 2022, the minimum wage rates that exceeded Pennsylvania's ranged from \$8.75 to \$15.00. All of Pennsylvania's neighboring states have had minimum wages that exceeded Pennsylvania's since the beginning of 2015. In 2022, they ranged from \$8.75 to \$14.20 and, for 2023, they are projected to range from \$8.75 to \$14.13 plus a still to-be-determined inflation adjustment by New York, which is already at \$14.20.

Michigan, Missouri, Nevada, and New Mexico have scheduled annual increases in their minimum wages until they reach \$12.00, which for Missouri and Nevada are scheduled to occur in 2023. Delaware, Florida, Illinois, Maryland, New Jersey, New York, Rhode Island, Vermont, and Virginia have scheduled increases in the coming years to reach a minimum wage of \$15.00. California attained that level in 2022, while Connecticut, Massachusetts, and Washington will be at least at that level in 2023. Hawaii is scheduled to raise its minimum wage to \$18 by 2028. Fifteen states currently have (or will after their scheduled increases) their minimum wages tied to the Consumer Price Index or other similar measures to provide automatic increases that keep pace with inflation. Some states have provisions that forgo increases if the unemployment rate is high (e.g., Michigan in 2021) or when the CPI falls (e.g., Alaska for 2022). New York's inflation adjustment will be determined later this year. Twenty-six states raised minimum wages in 2022 and with significant overlap 27 states (including New York) have already done so or are projected to do so in 2023.

Tipped Minimum Wage Rates by State

Area	2021	2022	2023	Change 2021-2022	Change 2022-2023
Federal	\$2.13	\$2.13	\$2.13	-	-
Alabama	\$2.13	\$2.13	\$2.13	-	-
Alaska ¹	\$10.34	\$10.34	\$10.85	-	\$0.51
Arizona	\$9.15	\$9.80	\$10.85	\$0.65	\$1.05
Arkansas	\$2.63	\$2.63	\$2.63	-	-
California ¹	\$14.00	\$15.00	\$15.50	\$1.00	\$0.50
Colorado	\$9.30	\$9.54	\$10.63	\$0.24	\$1.09
Connecticut	\$6.38	\$6.38	\$6.38	-	-
Delaware	\$2.23	\$2.23	\$2.23	-	-
Florida	\$6.98	\$7.98	\$8.98	\$1.00	\$1.00
Georgia	\$2.13	\$2.13	\$2.13	-	-
Hawaii ¹	\$10.10	\$12.00	\$12.00	\$1.90	-
Idaho	\$3.35	\$3.35	\$3.35	-	-
Illinois	\$6.60	\$7.20	\$7.80	\$0.60	\$0.60
Indiana	\$2.13	\$2.13	\$2.13	-	-
Iowa	\$4.35	\$4.35	\$4.35	-	-
Kansas	\$2.13	\$2.13	\$2.13	-	-
Kentucky	\$2.13	\$2.13	\$2.13	-	-
Louisiana	\$2.13	\$2.13	\$2.13	-	-
Maine	\$6.08	\$6.38	\$6.90	\$0.30	\$0.52
Maryland	\$3.63	\$3.63	\$3.63	-	-
Massachusetts	\$5.55	\$6.15	\$6.75	\$0.60	\$0.60
Michigan	\$3.67	\$3.75	\$3.84	\$0.08	\$0.09
Minnesota ¹	\$10.08	\$10.33	\$10.59	\$0.25	\$0.26
Mississippi	\$2.13	\$2.13	\$2.13	-	-
Missouri	\$5.15	\$5.58	\$6.00	\$0.43	\$0.42

Area	2021	2022	2023	Change 2021-2022	Change 2022-2023
Federal	\$2.13	\$2.13	\$2.13	-	-
Montana ¹	\$8.75	\$9.20	\$9.95	\$0.45	\$0.75
Nebraska	\$2.13	\$2.13	\$2.13	-	-
Nevada ¹	\$9.75	\$10.50	\$11.25	\$0.75	\$0.75
New Hampshire	\$3.27	\$3.27	\$3.27	-	-
New Jersey	\$4.13	\$5.13	\$5.26	\$1.00	\$0.13
New Mexico	\$2.55	\$2.80	\$3.00	\$0.25	\$0.20
New York	\$8.80	\$9.45	\$9.45	\$0.65	-
North Carolina	\$2.13	\$2.13	\$2.13	-	-
North Dakota	\$4.86	\$4.86	\$4.86	-	-
Ohio	\$4.40	\$4.65	\$5.05	\$0.25	\$0.40
Oklahoma ²	\$2.13	\$2.13	\$2.13	-	-
Oregon ¹	\$12.75	\$13.50	TBD	\$0.75	TBD
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	\$4.73	\$4.98	\$5.40	\$0.25	\$0.42
Tennessee	\$2.13	\$2.13	\$2.13	-	-
Texas	\$2.13	\$2.13	\$2.13	-	-
Utah	\$2.13	\$2.13	\$2.13	-	-
Vermont	\$5.88	\$6.28	\$6.59	\$0.40	\$0.31
Virginia	\$2.13	\$2.13	\$2.13	-	-
Washington ¹	\$13.69	\$14.49	\$15.74	\$0.80	\$1.25
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 2023 (which includes enacted, but not yet effective statutory increases) was accurate as of January 6, 2023. All data are as of year-end.

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

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

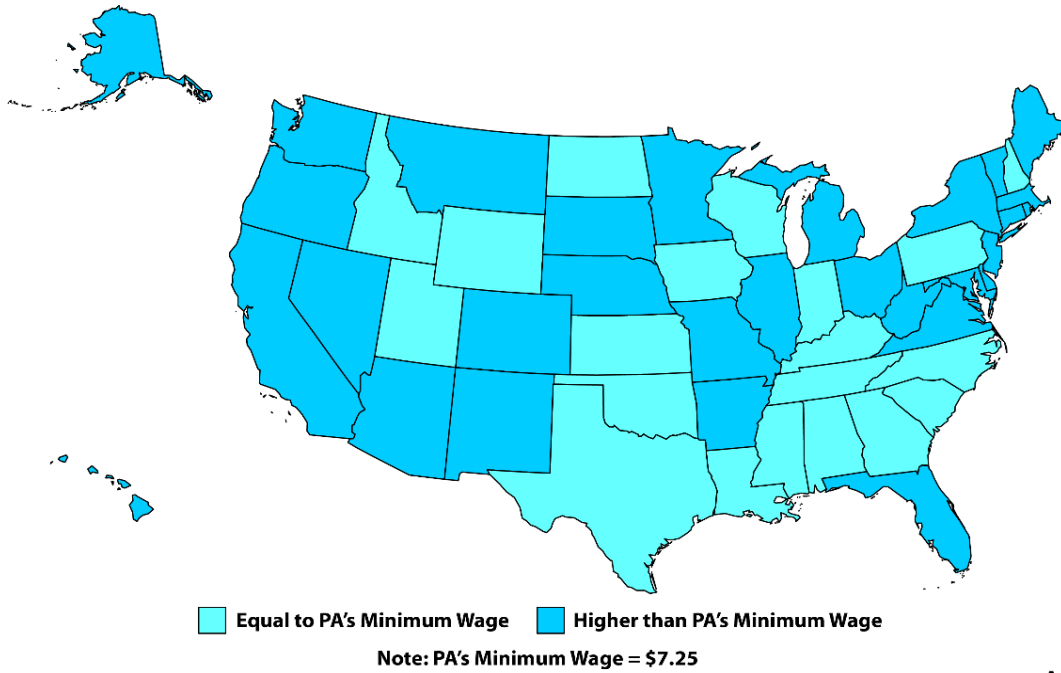
Many states and the federal government allow employers to pay a cash wage lower than the minimum wage for tipped employees. These laws require that the sum of the direct cash payment and the tipped amount must at least equal the full minimum wage. States vary regarding which employees are covered and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

The tipped minimum wage in Pennsylvania has been \$2.83 since 1997. Twenty-eight states had higher tipped minimum wage rates than Pennsylvania ranging from \$3.26 to \$15.00 during 2022. 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 tips exceed \$7.00 per hour; otherwise, the tipped worker must receive the full minimum wage.

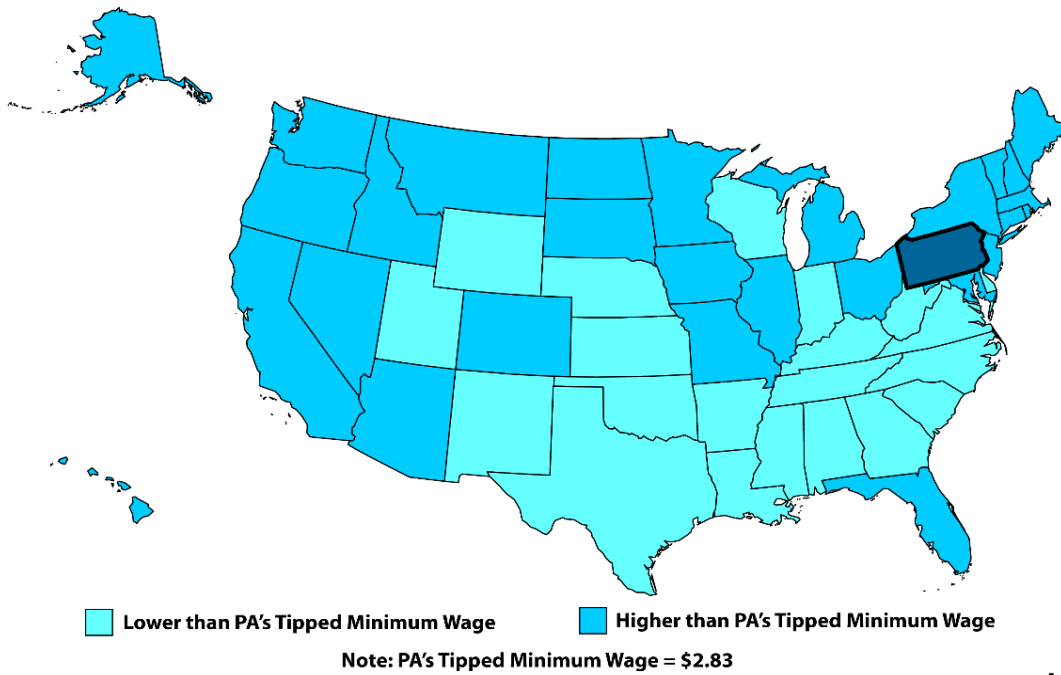
The federal tipped minimum wage has been at \$2.13 since 1991. Sixteen states had their tipped minimum wage rates equal to the federal level during 2022 while another five states had a tipped minimum wage above the federal level, yet below Pennsylvania's \$2.83. The tipped minimum wages in all of Pennsylvania's six neighboring states exceed the federal level. In 2022, four of those states had higher rates than Pennsylvania and two were below.

The tipped minimum wage was raised in 21 states during 2022 and, in 2023, has already been increased or is projected to do so by year's end in 20 states. New York had a schedule of increases through December 31, 2021, and will decide later this year whether to increase its tipped minimum wage. Alaska's tipped minimum wage is adjusted for inflation but was not increased in 2022 because the relevant CPI fell in 2020. Oregon will be raising its tipped minimum wage in 2023, by an (undetermined as yet) inflation adjustment.

2022 Pennsylvania and Other States Minimum Wage Comparison



2022 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.: 2022 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	63.6	1,031	417.8	3,189.0
Industry				
Accommodation	0%	2%	3%	1%
Agriculture, forestry, fishing, and hunting	2%	1%	0%	1%
Arts, entertainment, and recreation	5%	3%	3%	1%
Construction	0%	1%	2%	8%
Educational services	13%	3%	6%	5%
Financial activities	0%	1%	1%	4%
Food services and drinking places	49%	57%	22%	7%
Health care services, except hospitals	5%	5%	11%	11%
Hospitals	0%	2%	2%	7%
Information	4%	1%	1%	1%
Manufacturing	2%	3%	3%	11%
Mining	0%	0%	0%	0%
Other services	7%	4%	5%	4%
Professional and business services	2%	4%	7%	7%
Public administration	0%	2%	2%	5%
Retail trade	8%	7%	24%	14%
Social assistance	4%	1%	4%	3%
Transportation and utilities	0%	2%	4%	8%
Wholesale trade	0%	1%	1%	2%
Work Status				
Full-time	30%	47%	36%	78%
Part-time	70%	53%	64%	22%

¹ Both the U.S. minimum wage and the PA minimum wage were \$7.25 during 2022

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.: 2022 Averages (total numbers of workers in thousands, breakdown by occupation in percent)				
Occupation	Minimum Wage or Below		Above Minimum Wage	
			Near	Total
	PA ¹	U.S. ¹	PA	PA
TOTAL	63.6	1,031	418	3,189.0
Occupation				
Architecture & Engineering	2%	1%	0%	1%
Arts, Design, Entertainment, Sports & Media	4%	1%	0%	1%
Building, Grounds Cleaning & Maintenance	4%	3%	9%	4%
Business & Financial Operations	2%	2%	1%	3%
Community & Social Service	0%	0%	0%	3%
Computer & Mathematical Science	0%	0%	1%	1%
Construction & Extraction	0%	1%	1%	7%
Education, Training & Library	0%	1%	2%	2%
Farming, Fishing & Forestry	2%	0%	1%	0%
Food Preparation & Serving Related	51%	59%	20%	7%
Healthcare Practitioner & Technical	0%	2%	1%	9%
Healthcare Support	6%	4%	10%	6%
Installation, Maintenance & Repair	0%	1%	3%	4%
Legal	0%	0%	0%	0%
Life, Physical & Social Service	0%	0%	0%	1%
Management	0%	2%	1%	4%
Office & Administrative Support	13%	5%	10%	13.1%
Personal Care & Service	7%	4%	5%	2%
Production	0%	2%	3%	7.8%
Protective Service	0%	2%	3%	2.8%
Sales & Related	6%	6%	16%	8.2%
Transportation & Material Moving	3%	4%	14%	13.2%

¹ Both the U.S. minimum wage and the PA minimum wage were \$7.25 during 2022

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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