

Draft Talking Points/Testimony on Minimum Wage
Prepared for Philadelphia Commerce Director Michael Rashid

Thank you, Chair Roae, Democratic Chair Galloway, and members of the House Commerce Committee for the opportunity to testify in support of raising the minimum wage. My name is Michael Rashid and I am the Commerce Director of the City of Philadelphia.

As you know, Governor Wolf has renewed his call to increase the state's minimum wage to \$12 per hour on July 1, with annual increases of fifty cents per year until reaching \$15 per hour on July 1, 2027. Simply put, as the Governor explained, "Pennsylvania workers are being left behind, and all of us are suffering for it."

In Philadelphia, we have already taken steps to boost the earnings of low wage workers. In 2018, City Council passed Mayor Kenney's proposal to incrementally raise the minimum wage governing employees of contractors, subcontractors, and City workers from \$12.20 an hour to \$15.00 by July 2022.

That is a good start, but state law reserves the power of setting Pennsylvania's minimum wage to the General Assembly. I am here to urge this committee to support the Governor's proposals that will increase the earnings and spending of low wage workers across the Commonwealth.

I want to specifically address the claims by defenders of the status quo that making an overdue adjustment in the minimum wage would trigger an exodus of jobs. These fears are unfounded.

As the Commerce Director, my job is to make Philadelphia a business-friendly city where companies choose to start, stay and grow. Prior to joining the Kenney Administration, I spent most of my career in the private sector running multi-million dollar enterprises in the health care sector. I understand how businesses make decisions and there is nothing in my experience that suggests adjusting wages for the lowest paid workers would cause firms to relocate or slash jobs.

But you don't just have to take my word for it. Listen to leaders of the Philadelphia business community. In a recent op-ed, Harold T. Epps, former commerce director for the City of Philadelphia, was joined by 28 prominent Philadelphia business and civic leaders -- including the Hispanic and African American Chambers of Commerce -- who endorsed a statement supporting raising the minimum wage. Instead of echoing fears of job loss, they argued that "Wage increases can be good for businesses. Higher wages increase buying power and improve employee satisfaction and productivity."

The argument that the economy is better off when workers don't have to just scrape by gains more traction every year. The math is undeniable. A full-time earning the minimum wage takes home \$14,500 before taxes or barely half of what it takes to support a family of four. Clearly, these families are not in a position to "prime the pump" of the local economy. Given a modest increase in wages, they would inevitable spend more at local businesses.

We can also look at the experience in neighboring states – in my case this is New Jersey and Delaware – to see if there are any adverse impacts on jobs and business. As of 2021, New Jersey's minimum wage is \$12 and Delaware's is \$10.25. These wages are 65% and 41% above Pennsylvania's rate, respectively. If it were the case that businesses make locational decisions based on the minimum wage, businesspeople from New Jersey and Delaware would be lining up outside my door in order to open up shop in the city to pay lower wages. My experience does not bear this out. In fact, New Jersey has raised its minimum wage seven times since 2013 with no discernable effect on its economy.

Finally, raising the minimum wage is especially important as we are approaching the one-year anniversary of the arrival of the pandemic in Pennsylvania. Those of us who are able to work from home applaud the frontline workers who keep the grocery stores and other retail establishments up and running. We praise these workers as heroes, but at the same time overlook the fact that many of them are earning at or near \$7.25 an hour.

Thank you for the opportunity to testify and I urge you to take action to support the people who are keeping the economy going in this difficult time.