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## PUBLIC HEARING ON MINIMUM WAGE BILL

### McKEESPORT HIGH SCHOOL

July 27, 2005

Good afternoon ladies and gentlemen I commend members of the state legislature for introducing the minimum wage legislation we are here to discuss. I also want to thank you for planning and scheduling this public hearing on the matter.

I am John Hannigan, director of the Office of Community Service Liaison for the Pittsburgh Catholic Diocese.

For over one hundred years, Catholic Church teachings on work and compensation for work performed have clearly stated that workers have the right to receive a just wage.

In Catholic teaching, work is an expression of our human dignity; the right to a just wage is derived from the human right to employment and the moral demands of human dignity. We believe that government has a duty to establish the conditions for a just wage when the market fails to do so.

We believe that "a just wage is the legitimate fruit of work. To refuse or withhold it can be a grave injustice." In determining fair pay, both the needs and the contributions of each person must be taken into account. Remuneration for work should guarantee men and women an opportunity to provide a dignified livelihood for themselves and their families.

The foundation for this position is not an ideological agenda, economic theory or political preference, rather it is the moral principles at the heart of our religious tradition.

We are here today to discuss House Bill 257 and House Bill 216, both of which propose a raise in the minimum wage in Pennsylvania.

House Bill 216 would immediately increase the state minimum wage to correspond to the existing Federal minimum wage - \$5.15 an hour. The following year, beginning on September 1, 2006, the minimum wage would increase to \$6.15 an hour.

House bill 257 would amend the Minimum Wage Act of 1968 to immediately increase the state minimum wage to \$6.00 an hour. On January 1, 2006, it would increase to \$6.75 an hour. The following year, 2007, the minimum wage would increase to \$7.15 an hour.

Both bills provide that, should the Federal minimum wage be increased above the state minimum wage, the provision in state law would be suspended and the Federal minimum wage would apply.

We strongly urge the passage of much-needed minimum wage legislation. We are deeply concerned that the minimum wage has been eroded by inflation and Congressional inaction. People can differ on the details and economic impacts, but we know that the nation is paying a moral and social price—that millions of people are paying significant human and economic costs for our societal indifference and inaction.

We should act to insure that people who work hard every day can provide a decent life for themselves and their children. This is not an economic imperative, it is a moral duty.



# Minimum Wage

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*(Update June 2005)*

## Background

Since the last time the minimum wage was raised in 1997 to its current \$5.15 per hour, it has lost more than 20% of its buying power. The value of the current minimum wage, adjusted for inflation, is \$4.23 and falling. Advocates for low wage workers need to convince Congress that providing a raise for low income workers would not only help them make ends meet but would also advance the economic recovery.

## Four Reasons to Increase the Minimum Wage

1. **\$5.15 an hour is not a livable wage:** A single earner working full time at the current minimum wage earns only \$10,700 per year--nearly \$5,000 below the poverty line for a family of three.

According to the U.S. Department of Labor, about 40 percent of the workers who would benefit from an increase in the minimum wage are the sole wage earners in their households. Minimum wage workers not only prepare and serve our food at local restaurants; they take care of our children, our parents and our grandparents. They should be able to provide for their own families as well.

2. **An increase in the minimum wage would positively affect nearly 8.2 million of low-wage workers:** According to one study, 7.3 million workers (5.8 percent of the workforce) would directly benefit from an increase in the minimum wage. Moreover, because employers often like to maintain wage differentials between entry-level workers and those who are more experienced, nearly a million more workers who already make more than the new minimum wage would also benefit from the increase.
3. **An increase in the minimum wage would disproportionately benefit women, minorities, and the nation's poor:** studies show that households in the bottom 20

percent of the income spectrum, who receive only 5 percent of total family income (\$15,728 per year, on average), received 35 percent of the total benefits of the last increase in the minimum wage.

Most of those affected by the last minimum wage increase (72 percent) were adults aged 20 and over, and more than half of all teenagers earning the minimum wage are in households with below-average incomes. An increase in the minimum wage would disproportionately benefit African Americans and Hispanics, and almost 60 percent of the benefits would go to women.

4. **An increase in the minimum wage will not increase joblessness:** opponents of the minimum wage often argue that it increases unemployment for entry-level workers, thereby hurting the very people it is meant to help.

History clearly shows that raising the minimum wage has not negatively impacted the economy. In the four years after the last minimum wage increase passed, the economy experienced its strongest growth in over three decades. Nearly 11 million new jobs were added, at a pace of 232,000 per month. There were ten million new service industry jobs, including more than one and a half million retail jobs, of which nearly 600,000 were restaurant jobs.

## **USCCB Position**

Work has a special place in Catholic social thought: work is more than just a job; it is a reflection of our human dignity, and a way to contribute to the common good. Most importantly, it is the ordinary way people meet their material needs and community obligations. In Catholic teaching, the principle of a living wage is integral to our understanding of human work. Wages must be adequate for workers to provide for themselves and their families in dignity. Although the minimum wage is not a living wage, the Catholic bishops have supported increasing the minimum wage over the decades. The minimum wage needs to be raised to help restore its purchasing power, not just for the goods and services one can buy but for the self-esteem and self-worth it affords the worker. The United States Conference of Catholic Bishops supports legislation that would increase the minimum wage and is urging Congress to raise the minimum wage in a timely and meaningful way.

## **June 06 Update**

In mid-May, Senator Edward Kennedy (D-MA) and Representative George Miller (D-CA) introduced the Fair Minimum Wage Act of 2005 (S. 1062, with 31 cosponsors in the Senate including Kennedy and HR 2429, with 100 cosponsors in the House including Miller). The bills would raise the minimum wage to \$7.25 an hour in three steps, providing economic relief to 7.3 million Americans. The Bishops have long supported a minimum wage set to insure that no full time worker lived in poverty.

## **Action**

Urge Members of Congress to increase the minimum wage. Watch the USCCB/SDWP website for a new bill number when it is introduced later in the 109th Congress.

## Resources

United States Conference of Catholic Bishops. *Economic Justice for All*. Washington, D.C., 1984.

United States Conference of Catholic Bishops. *"A Catholic Framework for Economic Life,"* Washington, D.C., 1996.

Ryan, John A. *Economic Justice: Selections from Distributive Justice and A Living Wage*. Edited by Harlan R. Beckley. Louisville: Westminster John Knox Press, 1996.

Website <http://www.usccb.org/sdwp>

## For More Information

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