

TESTIMONY

OF

DEBORAH WYNN

PENNSYLVANIA AFL-CIO

ON

RAISING THE MINIMUM WAGE

**HONORABLE STEPHEN H. STETLER, CHAIRMAN
HOUSE DEMOCRAT POLICY COMMITTEE**

July 27, 2005

**Deborah Wynn
Legislative Director
PA AFL-CIO
231 State Street (7th Floor)
Harrisburg, PA 17101
(717) 231-2842**

**Written Testimony on Raising the Minimum Wage
For the House Democrat Policy Committee
Submitted by the
Pennsylvania AFL-CIO
July 27, 2005**

Good afternoon Chairman Stetler, Members of the House Republican Policy Committee and Committee Staff. My name is Deborah Wynn and I am Legislative Director of the Pennsylvania AFL-CIO. I want to thank you for the opportunity to present comments on the importance of raising the minimum wage in Pennsylvania.

I am here today on behalf of William George, the President of the Pennsylvania AFL-CIO and Richard Bloomingdale, the Secretary-Treasurer. As you know, the Pennsylvania AFL-CIO represents over 900,000 workers in many diverse industries across the Commonwealth and 1.2 million working families.

I want to commend the Chairman and the Caucus for focusing on this extremely important policy issue of raising the minimum wage on which the State Legislature can provide badly needed assistance.

A higher minimum wage would mean more dollars that workers can spend on goods and services in their communities. Even President Bush said, "When people make more money they spend more, and when they spend more it helps the economy, which is good for all of us."

There are currently three bills in the legislature which deserve your consideration. Senator Tina Tartaglione sponsored SB 369 which would increase the minimum wage by \$2.00 over the next two years. Representative John Taylor introduced HB 216 which

also increases the minimum wage by \$2.00 over the next two years. Representative Mark Cohen's bill, HB 257, increases the minimum wage by \$2.00 over the next two years, and includes a cost of living adjustment to help the minimum wage keep up with inflation.

Approximately 850,000 Pennsylvania workers, or 17 percent of the workforce, would benefit from an increase in the minimum wage. More specifically, 500,000 Pennsylvanians would benefit directly and another 350,000 of our citizens should see their wages rise due to the minimum wage increase.

Most minimum wage workers are adults making significant contributions to their total family income. In the early 2000s, less than one in five workers earning the minimum wage was under 20 years old. In contrast, half of all workers earning minimum wage during the same time were between the ages of 25 and 54.

A job paying more than the current minimum wage is critical for families who want to achieve an above poverty lifestyle. Even if a worker is employed full-time, full-year at the minimum wage, she earns just \$10,300, putting her below the poverty threshold of \$13,020 for a one parent, one-child family. The choice of the word "she" is deliberate. Women comprise 61 percent of workers who would benefit from a minimum wage increase.

Critics contend that raising the minimum wage will force employers to let go of workers or stop hiring altogether. However, studies of the 1996-97 minimum wage increase have, again, found little evidence that there was any significant job loss as the result of the increase. In fact, many employers are thought to have benefited from increased productivity, lower employee turnover resulting from higher morale due to higher wages. Recently, the Fiscal Policy Institute (FPI) released a study of the impact of higher minimum wages on small businesses. Their analysis focuses on various outcomes for businesses with less than 50 employees, comparing these outcomes between states with minimum wages above the Federal level and those at the Federal level. If the theory that higher minimum wages hurt small businesses is correct, then we would expect there to be less growth in such enterprises in states with higher minimum wages. In fact the opposite is the case. For example,

- Between 1998 and 2001, the number of small business establishments grew twice as quickly in states with higher minimum wages (3.1% vs. 1.6%);
- Employment grew 1.5% more quickly in high minimum wage states; and
- Annual and average payroll growth was also faster in higher minimum wage states.

Seventeen states, including New Jersey, Delaware and New York, agree with the research that raising the minimum wage is the right thing to do and, as a result, have raised their minimum wages despite inaction by the US Congress. Most have raised

their minimum wages to \$7 per hour or more. Meanwhile, in Pennsylvania, hard working people are earning less in real dollars than they have since the 1950's.

The Pennsylvania AFL-CIO urges the immediate passage of an increase in the minimum wage. There is firm support on this issue in both chambers and the working poor need you help now.

I thank the Committee for its attention and will be glad to answer any questions.

/jav/UFCW-1776