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House of Representatives  
COMMONWEALTH OF PENNSYLVANIA  
HARRISBURG

**HOUSE DEMOCRATIC POLICY COMMITTEE HEARING**

**Topic: Minimum Wage**

**Temple University – Philadelphia, PA**

**March 11, 2015**

**AGENDA**

- 10:00 a.m. Welcome and Opening Remarks
- 10:10 a.m. Panel from the Pennsylvania Department of Labor & Industry:
- Eileen Cipriani, Special Assistant for Strategic Initiatives
  - Jennifer Berrier, Executive Assistant, Safety and Labor Management Relations
- 10:30 a.m. Mark Price, Labor Economist, Keystone Research Center
- 10:50 a.m. Councilman Kenyatta Johnson, 2<sup>nd</sup> District, Philadelphia City Council
- 11:10 a.m. Panel One:
- Andre Butler, Board Member, Philadelphia Unemployment Project
  - John Meyerson, Consultant on Legislation & Policy Action, UFCW 1776
- 11:40 a.m. Panel Two:
- Kati Sipp, State Director, PA Working Families
  - Bill Ladd, Member, 15 NOW Philadelphia
  - Pastor Gregory Holston, New Vision United Methodist Church
- 12:20 p.m. Closing Remarks



**Written Testimony of Acting Secretary Kathy Manderino  
Department of Labor & Industry**

**Presented by Eileen Cipriani, Special Assistant for Strategic Initiatives  
Department of Labor & Industry**

**before the House Democratic Policy Committee  
regarding Minimum Wage**

**Philadelphia, Pennsylvania  
March 11, 2015**

Chairman Sturla and members of the House Democratic Policy Committee, I would like to thank you for the opportunity to testify today regarding the minimum wage in Pennsylvania. I would also like to thank Temple University for hosting this event.

Pennsylvania's minimum wage was last raised on July 24, 2009 by the federal Fair Labor Standards Act. The last time the rate was raised by Pennsylvania legislation was 2006.

Currently, 29 states have minimum wages higher than \$7.25 and all of Pennsylvania's neighboring states have minimum wages higher than ours. It's time Pennsylvania step up to support our workers whose wages haven't kept pace with inflation and the higher cost of goods and services.

Governor Wolf's proposed budget would raise the minimum from \$7.25 to \$10.10 an hour. Raising the minimum wage helps rebuild the middle class. If we were at \$10.10 per hour, that would put the average salary at \$21,000 for a family of 3; above the poverty level of \$18,000.

When wages are increased for minimum wage workers, workers earning just above the minimum wage (\$7.25 - \$10.10) also will see a wage increase. This increase would help 1.265 million hard-working Pennsylvanians making minimum wage and up to and including \$10.10 an hour as those who stand to benefit from a minimum wage increase.

An increase in the minimum wage from \$7.25 to \$10.10 would reduce poverty statewide by 9%. This would mean 160,000 fewer people living in poverty in Pennsylvania. A full-time, year-round worker earning the proposed new minimum wage of \$10.10 would earn \$21,008 per year. This would put the worker's earnings above the 2014 federal poverty threshold for a family of three (\$18,853). If you increase this by 2% per year to account for inflation from 2014 through 2016 (when the \$10.10 minimum would go into effect), then the poverty threshold for a family of three would be \$19,615, so the full-time annual equivalent of the minimum wage would still be above the threshold.

In contrast, the current minimum wage of \$7.25 equates to full-time, year-round earnings of \$15,080, which is below the 2014 federal poverty threshold for a family of two (\$15,388) and of course is even further below the estimated 2016 threshold of \$16,010.

When we raise the minimum wage not only do employees see a benefit so do employers. Businesses benefit because workers receiving higher wages have more disposable income and business that pay higher wages attract employees.

In a Patch.com poll just this past month, about two-thirds of readers said the minimum wage should be raised and more than 50 percent said it should be raised to \$10.10 per hour. Not only is raising the minimum wage popular among the public, it is also popular among economists. Six hundred economists, seven of them Nobel Prize winners in economics, have signed a letter of support for raising the minimum wage to \$10.10 by 2016.

In closing, again I would like to thank Chairman Sturla, the members of the House Democratic Policy Committee and Temple University. The time is now for Pennsylvania to raise its minimum wage and to make Pennsylvania a state that supports its worker with jobs that pay.

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**TESTIMONY OF MARK PRICE**  
**House Democratic Policy Committee**  
**Minimum Wage Hearing**  
**Wednesday, March 11th, 2015**  
**Temple University, Morgan Hall, Room 301D**

My name is Mark Price and I hold a Ph. D. in economics from the University of Utah. I am a labor economist at the Keystone Research Center (KRC), a non-partisan economic think tank based in Harrisburg. I very much appreciate the opportunity to testify before you today about the need to raise wages in Pennsylvania.

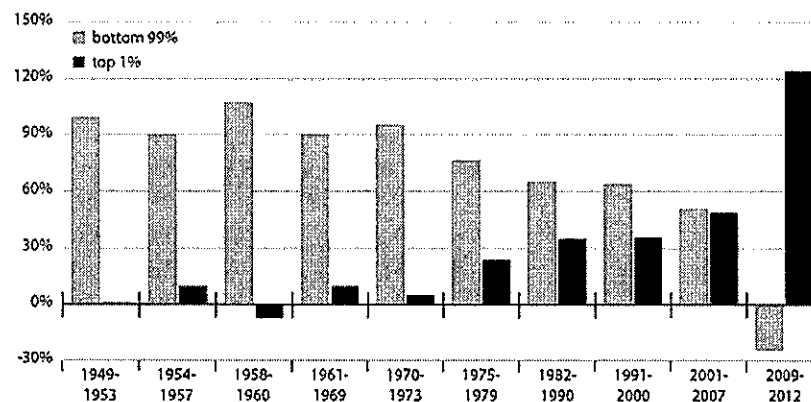
If people in the local community don't earn enough to pay for food, rent and transportation, the basic necessities of life, that hurts the broader economy. It is consumer spending that powers the economy and for the better part of three decades there has been very little wage growth for most Pennsylvania workers.

This trend not only sapped the vitality of the overall economy but has crushed the middle class. In 1979, 62% Pennsylvania households had an income that placed them in the middle class.<sup>1</sup> Today that figure is 53%.

Powerful corporations have used their influence to hold down wages and in the process created economy-busting jobs rather than economy-boosting jobs. As a result there has been a rapid rise in income inequality in the commonwealth.

In 1978 the top 1% of earners in Pennsylvania took home just shy of 9 cents of every dollar of income.<sup>2</sup> Today the top 1% take home just under 20 cents of every dollar of income. In other words the income share of the top 1% has doubled and it has done so because the top 1% have captured a disproportionate share of the new income the economy is generating.

**Since 1979, the Top 1% Have Captured a Larger and Larger Share of Income Growth During Economic Expansions in Pennsylvania**  
 Distribution of Average Income Growth During Expansions in Pennsylvania



Source: Sommeiller, Estelle and Mark Price, 2015. The Increasingly Unequal States of America: Income Inequality by State, 1917 to 2012. Economic Analysis Research Network (EARN) Report. <http://goo.gl/AnFmAt>

<sup>1</sup> Mark Price, Estelle Sommeiller, Ellis Wazeter and Luis Basurto. *Divergent Fortunes: Top Incomes and the Middle Class in Pennsylvania*. Keystone Research Center. September 2014 <http://goo.gl/tS3yyd>

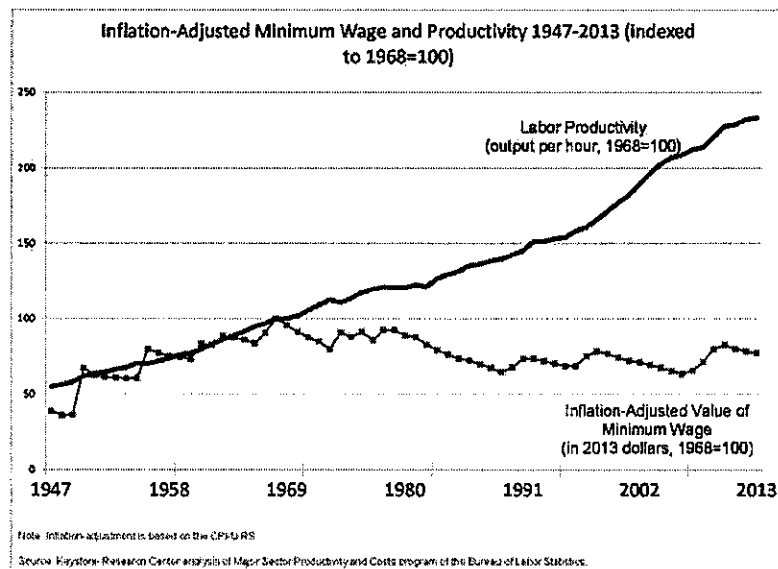
<sup>2</sup> Mark Price and Estelle Sommeiller. *What About the Rest of Us? Top 1% Takes Home All the Increase in Pennsylvania Income in Current Economic Recovery*. Keystone Research Center. February 2015 <http://goo.gl/Knmb5t>

In a world where money is the most important ingredient in political campaigns economy-busting jobs and rising top incomes are also undermining the voice of working people in their government.

And this brings us to the public sector which has an important role to play in shaping these trends through its power to set the floor for wages. Raising the wage floor can boost spending which in turn drives the economy.

But the federal government has allowed the purchasing power of the minimum wage to fall by 25% since 1968. This decline in the wage floor has like quicksand pulled down the wages of the bottom fifth of Pennsylvania workers.

This pattern stands in stark contrast to the quarter century that followed World War II when the minimum wage in the United States tracked the growth in productivity. This meant that as the economy grew over this period the income of minimum wage workers also grew. It was in this era that the incomes of the poor, the middle class and even the rich grew together.



The failure of federal policy makers to raise the wage floor enough to restore the purchasing power of the minimum gave birth to the living wage movement in which cities and states in the 1990s began setting their minimum wage higher than the federal level. Another round of this state level innovation in the 2000s included the last Pennsylvania minimum wage increase from \$5.25 to \$7.10 (the last stage of a federal increase in the minimum wage raised Pennsylvania's minimum to \$7.25 in 2009).

Today 29 states, including all of the states bordering Pennsylvania, have raised their minimum wage above \$7.25.

## 1.2 Million Workers and \$1.8 billion in total wages

We estimate that should Pennsylvania policy makers choose to raise the minimum wage to \$10.10 by July 2016 such an increase would raise the wages of 1.2 million workers, boosting total wages in Pennsylvania by \$1.8 billion.<sup>3</sup> Because rising wages power

<sup>3</sup> David Cooper and Mark Price, *Falling Short: The Impact of Raising the Minimum Wage in PA to \$8.75 vs. \$10.10*. Keystone Research Center. February 2015. <http://keystoneresearch.org/fallingshort>

consumer spending we estimate that a minimum wage increase to \$10.10 per hour would also create 6,000 jobs.

Of the workers affected, 87% are adults and 61% have family incomes that lie below the median. National data indicate that that two-thirds of workers making less than \$10 per hour are employed by firms with 100 or more employees.

## **Voters, Including Small Business Support Minimum Wage Increases**

When the issue is left to voters in referenda minimum wage increases pass. In November voters in four red states — Alaska, Nebraska, South Dakota and Arkansas — approved increases in their state minimum wage.

Here in Pennsylvania seven in ten Pennsylvania voters (including the majority of Democratic, Independent and Republican voters) support raising the state's minimum wage.<sup>4</sup>

Business for a Fair Minimum Wage a national network of business owners, executives, and business organizations including Pennsylvania employers like Lancaster Food Company conducted a national poll that found 61 percent of small business owners support increasing the minimum wage to \$10.10 per hour.<sup>5</sup>

## **What Does The Research Say About Employment Impacts?**

When states raise their minimum wage above the federal level it creates “natural experiments” that allow researchers to compare job trends in a state after it raises its minimum wage with trends in other states and the nation.

Because of these natural experiments, the debate about the minimum wage and jobs is no longer a case of “he said, she said,” or one in which policymakers need to be satisfied by anecdotes from individual low-wage employers or business lobbyists. We can look at what actually happened.<sup>6</sup>

After New Jersey raised its minimum wage in the early 1990s, to take one famous example, no difference was observed in employment growth in fast food restaurants as compared with neighboring Pennsylvania.<sup>7</sup>

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<sup>4</sup> Quinnipiac University Poll, February 26, 2014 <http://www.quinnipiac.edu/institutes-and-centers/polling-institute/pennsylvania/release-detail?ReleaseID=2012>

<sup>5</sup> <http://www.businessforafairminimumwage.org/news/00573/national-poll-small-business-owners-favor-raising-federal-minimum-wage>

<sup>6</sup> For a complete and readable review of the economic literature on the employment impact of minimum wage increases see John Schmitt, “Why Does the Minimum Wage Have No Discernible Effect on Employment?”, Center for Economic and Policy Research, February 2013, available at <http://www.cepr.net/index.php/publications/reports/why-does-the-minimum-wage-have-no-discernible-effect-on-employment>

<sup>7</sup> David Card and Alan Krueger, “Minimum Wages and Employment: A Case Study of the Fast-Food Industry in New Jersey and Pennsylvania: Reply,” *The American Economic Review*, Vol. 90, Number 5, December 2000, pp. 1397-1420. See also, in general, David Card and Alan Krueger, *Myth and Measurement: The New Economics of the Minimum Wage* (Princeton: Princeton University Press, 1995).

In the last several years researchers have generalized this case study approach in data sets that span several decades and track employment changes in adjacent counties that lie along state borders.

Think of comparing employment in Camden county New Jersey to employment in Philadelphia County after the New Jersey state minimum wage is raised and Pennsylvania's minimum wage remains fixed but being able to make that comparison for every similar combination that has occurred across the country since 1990. This research found no evidence of job losses for sectors most likely to be impacted by a higher minimum wage, restaurants and retail.<sup>8</sup> Follow up work focusing on teens - a demographic group most likely to be negatively impacted by a minimum wage increase again found no reduction in teen employment associated with a minimum wage increase.<sup>9</sup>

The proliferation of individual studies into the impact of minimum wage has also made possible meta-studies which attempt to assess which direction the body of statistical work is heading on an issue. As in the more recent individual studies briefly summarized above a meta-study of 64 high quality minimum wage studies completed between 1972 and 2007 estimated that the employment impact of minimum wage increase was near zero.<sup>10</sup>

As the body and quality of economic research on the minimum wage has improved over the last quarter century evidence is mounting that the majority of economists no longer believe that modest increases in the minimum wage necessarily lead to job loss.<sup>11</sup>

### **Channels of Adjustment**

The failure to observe large negative employment impacts from minimum wage increases suggests that employers overall likely absorb the impact of a higher minimum wage through a wide variety of adjustment channels including but not limited to improvements in organizational efficiency, lower employee turnover, and changes in prices.

Of course, some individual employers may lose with a higher minimum wage just as others will gain. Businesses are destroyed every day in response to oil price fluctuations, new technologies, and changing consumer tastes. This process of creative destruction lies at the heart of our market economy: firms adapt to changing market conditions or they die.

To put it bluntly a higher minimum wage is a threat to employers who fail to use their workers as productively as their competitors. If these employers lose out when the

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<sup>8</sup> Arindrajit Dube, William Lester, and Michael Reich, "Minimum Wage Effects Across State Borders: Estimates Using Contiguous Counties." *Review of Economics and Statistics*, vol. 92, no. 4, 2010, pp. 945-964.

<sup>9</sup> Sylvia Allegretto, Arindrajit Dube, and Michael Reich, "Do Minimum Wages Really Reduce Teen Employment? Accounting for Heterogeneity and Selectivity in State Panel Data." *Industrial Relations*, vol. 50, no. 2, 2011, pp. 205-240

<sup>10</sup> See Hristos Doucouliagos and Tom Stanley "Publication Selection Bias in Minimum-Wage Research? A Meta-Regression Analysis." *British Journal of Industrial Relations*, vol. 47, 2009, no. 2, pp. 406-428 and See also Paul Wolfson and Dale Belman, *What Does the Minimum Wage Do?* Kalamazoo, MI: Upjohn Institute for Employment Research

<sup>11</sup> Arindrajit Dube, Testimony, U.S. Senate Committee on Health, Education, Labor & Pensions, March 14<sup>th</sup>, 2013, available at <http://www.help.senate.gov/imo/media/doc/Dube.pdf>

minimum wage increases the demand for goods and services which they serve will be absorbed by their better paying more efficient competition. That is a good thing.

The bottom line is a higher minimum wage will raise the wages of 1.2 million Pennsylvania workers raising total wages by \$1.8 billion in turn creating 6,000 new jobs.



**Testimony of Kenyatta Johnson, Philadelphia City Council – 2<sup>nd</sup> District**  
**Pennsylvania House Democratic Policy Committee**  
**March 11, 2015**

Good morning, members of the House Democratic Policy Committee. My name is Kenyatta Johnson, and I serve as City Councilman for the 2<sup>nd</sup> District of the City of Philadelphia. Thank you for inviting me to testify before this esteemed body on an issue that is very important to the citizens of the City of Philadelphia, raising the minimum wage.

It is important that we fully understand the scope of Philadelphia's poverty problem if we are going to discuss wages, so I would like to take this time to share a few relevant statistics with the committee. Philadelphia is the poorest big city in the nation, with 26.5% of its population living below the poverty line and 12.3% percent of Philadelphians living in deep poverty. With over one quarter of our population living in poverty, it is clear that poverty in Philadelphia is an epidemic that the government on all levels, local, state and federal, should recognize as a top priority and a social justice issue. A full 30.5% percent of families with children in Philadelphia are living in poverty. Poverty disproportionately affects minorities and women – women make up almost two thirds of minimum wage workers, and one third of them are minorities. It is clear that poverty is a pervasive issue which impacts far too many citizens of Philadelphia, especially women and minorities.

Wages have everything to do with poverty. A fulltime worker making minimum wage earns only \$15,080 per year, which is well below \$19,790, the poverty line for a family of three. According to findings of the National Low Income Housing Coalition, housing in the Philadelphia area is not affordable for minimum wage workers, because an individual needs to make at least \$17 dollars an hour to afford the average two bedroom apartment in the Philadelphia area. Raising the minimum wage will lift families out of poverty and allow them to achieve income security so that they can afford to live comfortably in the Philadelphia region.

Statistics show that our minimum wage, which is currently \$7.25 per hour, is not sufficient to allow our citizens to afford to live and support their families in the Philadelphia area, so government must step in to address our serious poverty epidemic. Opponents claim that any government mandated raise in the minimum wage will hurt our economy because it will force employers to cut costs and eliminate jobs, but the research does not support this argument. Institutions such as the National Employment Law Project cite research in concluding that increases in the minimum wage do not result in a reduction in jobs in the local or regional economy. In fact, putting more money in the pockets of minimum wage workers will allow them to spend this money on local goods and services and broaden the tax base. We know that low-income folks put additional income straight back into the economy in the form of essential goods and services they previously could not afford. Accordingly, local markets, restaurants and other businesses will see an almost immediate increase in revenue from the expansion of their current

customer base. Raising the minimum wage is not only the right thing to do, it makes economic sense.

For the last several months I have been working with the 15 Now Coalition to advocate for an increase in the statewide minimum wage. On March 4<sup>th</sup>, 2015 the City Council Committee on Commerce and Economic Development held a hearing on a resolution I introduced to examine the impact of raising the minimum wage to \$15 per hour. During this hearing, the committee heard testimony from economists, minimum wage workers, employers, labor leaders, and legal experts who all agreed that we must act to raise our minimum wage. I understand that Governor Wolf recently voiced his support for raising the statewide minimum wage to \$10.10 per hour, and I applaud his position. It is important that our state legislature works with the Governor of the Commonwealth of Pennsylvania to raise our minimum wage so that the citizens of Philadelphia who work fulltime and play by the rules can earn a living and support their families. I would go further to suggest that we need to raise the minimum wage even higher, to \$15 per hour, so that our minimum wage employees can truly afford to live and support their families, but any increase is progress. In the coming months I will continue to work with stakeholders in Philadelphia and around the Commonwealth to raise the minimum wage and I look forward to working with this committee on this important issue.

I thank the committee for allowing me to testify this morning and I am happy to answer any questions.

# City of Philadelphia



Council of the City of Philadelphia  
Office of the Chief Clerk  
Room 402, City Hall  
Philadelphia

(Resolution No. 141039)

## RESOLUTION

Authorizing the Philadelphia City Council Committee on Commerce and Economic Development to hold hearings regarding increasing the minimum wage to \$15 an hour in the City of Philadelphia.

WHEREAS, The City of Philadelphia is one of the poorest major cities in the United States where nearly 30 percent of Philadelphians live below the poverty line and 50 percent make less than \$15 an hour; and

WHEREAS, Some of the poorest neighborhoods in Philadelphia are experiencing poverty rates as high as 57 percent; and

WHEREAS, The overall median income in Philadelphia has dropped 13.5 percent since 1999; and

WHEREAS, The top one percent of income earners in Pennsylvania received more than half of the total income increases in the past 30 years; and

WHEREAS, A minimum wage earner working full time, with no days off, earns \$15,080 or 82 percent of the U.S. Department of Health & Human Services Poverty Guideline for a family of three; and

WHEREAS, Pennsylvania and Philadelphia have the lowest minimum wage allowed by federal law and Pennsylvania is one of the only states in the Northeast to take no action to raise the minimum wage; and

WHEREAS, 18 states throughout the country have increased the minimum wage above that of the federal minimum wage level; and

WHEREAS, 75 percent of minimum wage workers are over the age of 20, of which one quarter are parents and a majority are the primary providers for their families; and

# City of Philadelphia

*RESOLUTION NO. 141039 continued*

WHEREAS, Low wages contribute to familial instability, high crime and drug abuse rates, increases in foreclosures and homelessness and low academic performance; and

WHEREAS, Low wage work disproportionately affects women, people of color, immigrants, LGBTQ individuals and members of the disabled community; and

WHEREAS, Increasing the minimum wage in the City of Philadelphia will benefit workers at all income levels, union and non-union workers; and

WHEREAS, Philadelphians have been protesting, striking and petitioning to demand increasing the minimum wage to \$15; and

WHEREAS, Newly elected Pennsylvania Governor Tom Wolf supports increasing the minimum wage from its current rate of \$7.25 an hour; and

WHEREAS, President Barack Obama has advocated for and encouraged raising the minimum wage to improve the quality of life throughout the United States; and

WHEREAS, The current federal and state minimum wage of \$7.25 an hour does not adequately provide a living wage for workers and is insufficient with the rising cost of living in the City of Philadelphia; now, therefore, be it

RESOLVED, THAT THE COUNCIL OF THE CITY OF PHILADELPHIA, Hereby authorizes the Philadelphia City Council Committee on Commerce and Economic Development to hold hearings regarding increasing the minimum wage to \$15 an hour in the City of Philadelphia.

## **Remarks of John Meyerson, Consultant on Legislation and Political Action UFCW 1776 to House Democratic Policy Committee**

**March 11, 2015, Temple University**

My name is John Meyerson, I am representing Wendell Young, the President of UFCW 1776 and our 21,000 members who work in retail, food processing and public employment across two thirds of our great Commonwealth. I am happy to be here today with this prestigious panel to address this important issue. First I would like to thank Chairman Sturla for holding this hearing and Representative Acosta for hosting and the rest of the committee for taking the time to attend.

This hearing today is being held in the middle of North Philadelphia a section of the city that bears the scars of every economic recession that has not led to a full recovery. We can see in this community and throughout our Commonwealth that even as the economic markets have recovered and unemployment inches up wages have been left behind causing more Pennsylvania families to try to do more with less.

Dr. Price was able to give you all the statistics related to this problem but to those of us in Labor and the community this is not a statistical problem but a human crisis. I have the honor of sitting on the PA Department of Labor and Industry's Minimum Wage Advisory Board. Every year we see the buying power of the minimum wage deteriorate, you see it too I know because we send an annual report to the General Assembly. Simply put the Minimum Wage no longer keeps a family of two above the federal poverty line.

It breaks my heart but worse it breaks the bargaining power of the members of UFCW 1776 and other unions that I have given my adult life to represent. The companies where our members work are forced to compete against low wage retail giants like WalMart and Target. In my time with the union I have seen thousands of decent jobs at Caldor's, Bradlee's and other retail stores destroyed when the low wage behemoths moved in.

I hope that there is no doubt at this time about the need to raise the minimum wage so lets look at what we need to do.

- 1) Increase the minimum wage to at least \$10.10/hour in no more than two years.
- 2) Establish a cost of living escalator to prevent wages from being degraded by inflation. Representative Kim had the delicious idea of using the same formula that is used by the General Assembly to calculate their COLA.
- 3) Eliminate the tipped minimum wage.
- 4) Revoke the local preemption which prevents local jurisdictions from passing ordinances which would raise the minimum wage above the State's minimum.
- 5) Increase enforcement and fund it by increasing fines and penalties against scofflaw employers.

[MORE ON BACK]

I know that some might be wondering where the 10.10/hour comes from and I am aware that you will be hearing from people and organizations that will be advocating for higher figures up to \$15.00. We think that a \$15 minimum wage would be wonderful but ask yourself if it would be achievable. Is it fair to sacrifice the good on the alter of the perfect? Is it fair to ask people who are making \$7.25 to wait as we wage ideological battle across all 67 counties to try to win \$15 when \$10.10 is achievable this year? President Obama has called for \$10.10 because he believes that its achievable, Governor Wolf has called for \$10.10 because its achievable. We are calling for \$10.10 because were with those guys.

In many areas \$10.10 is not going to be enough which is why we also need the elimination of local preemption. If it takes \$15/hour to live in Philadelphia and there is the political will to fight and win \$15/hour in Philadelphia the Commonwealth of PA should not preempt such a move. The same thing goes for the cities of Pittsburgh and Allentown or the counties of Montgomery or Erie. Where there is a will and the votes to pass a higher minimum wage those jurisdictions should be allowed to do it.

Finally, this is not just something we need to do for the low wage worker. Raising the minimum wage will benefit every person in this Commonwealth. Every company and worker who produces, or sells goods will see a higher demand for their products. Every business and employee who provides services will feel the demand for their services. Public or private everyone will benefit when low wage workers earn more money. When low wage workers are given the opportunity to make they will spend it, not in Switzerland or the Bahamas but, here in North Philly and communities like this all around the Commonwealth. They will spend the money locally and immediately creating economic opportunity for businesses and creating good jobs in the neighborhoods that need them the most.

Again on behalf of Wendell Young, President and the 21,000 members of UFCW Local 1776 I urge you to move on this issue with the greatest haste and thank you for your time and effort.

Testimony to House Democratic Policy Committee

Kati Sipp, Director  
Pennsylvania Working Families  
3/11/15

Good morning, and thank you for inviting me to testify today. My name is Kati Sipp, and I'm the director of Pennsylvania Working Families, an independent political organization that is dedicated to fighting for economic and racial justice for families. PA Working Families has been active in the fight to raise the minimum wage in Pennsylvania, and here in Philadelphia.

As you no doubt know, at this point every state that is adjacent to Pennsylvania has raised its minimum wage above the federal level of \$7.25 per hour. Workers in New Jersey, New York, Ohio, Maryland and West Virginia all currently enjoy higher wages than the lowest-paid workers in Pennsylvania. Year after year, low-wage workers see their buying power decrease, as their wages stay flat and the prices of everything else goes up.

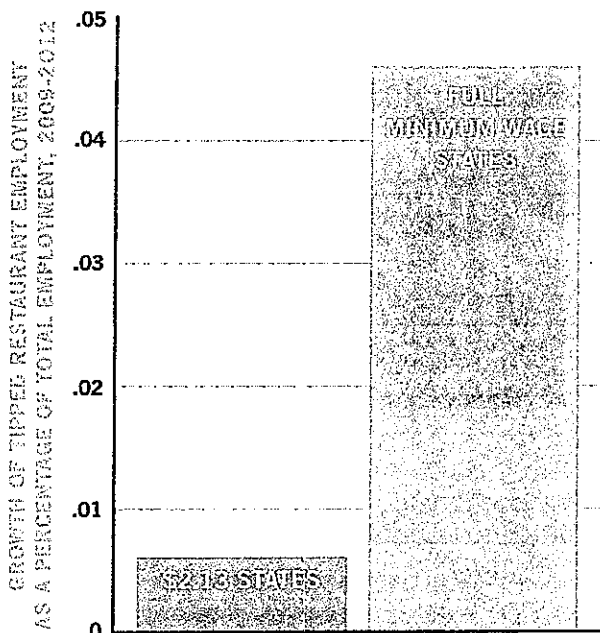
I had hoped to have a tipped worker and member of the Restaurant Opportunities Center here with me today to talk about the need to dispense with a lower minimum wage in restaurants, but unfortunately, he has the flu—and since we strongly support paid sick leave, for both worker safety & public health reasons, I'm glad he stayed home.

The tipped minimum wage in Pennsylvania is currently \$2.83 per hour—and while employers are required to supplement, if the combination of that low wage plus tips does not equal \$7.25/hour, the reality is that many restaurant workers earn very low wages, and because of the erratic nature of tips, cannot predict their income from one week to the next.

At this point, seven states have set the base wage for tipped workers to 100 percent of the state's minimum wage—we strongly encourage Pennsylvania to become the eighth. Those states have maintained thriving restaurant industries, and we see no evidence that Pennsylvania's restaurants will do worse than those in Alaska. I have provided you, in my testimony, a copy of a fact sheet about the tipped minimum wage created by ROC, and you will see that, since the end of the recession, employment of tipped restaurant workers grew faster in states with a higher tipped minimum wage, than in those with a lower one. In California, where restaurants are required to pay a minimum of \$9/hour, the National Restaurant Association projects that average sales will outpace the US average for 2014.

Opponents of our efforts to raise wages in Pennsylvania often talk about the jobs that will be lost, if the minimum wage is raised. I'd like to challenge those—and for all of you to join me in challenging them—to find a pizza shop that's moved across

Tipped restaurant employment grows in importance as the tipped minimum wage rises.



**FACT** Since the end of the Great Recession in 2009, employment of tipped restaurant workers grew faster in states with a higher tipped minimum wage.

- Since 2009, tipped restaurant workers have grown in importance as a percentage of total employment in \$2.13 states, states where tipped worker wages are higher than \$5.00, and states without a subminimum wage—but growth of tipped restaurant workers as a percentage of total employment is highest in states without a subminimum wage.
- Across the country (and in a majority of states) employment of tipped and non-tipped restaurant workers has grown in absolute terms since 2009. This is true in \$2.13 states, in states where tipped worker wages are higher than \$5.00, and in states with no tipped minimum wage.
- The percentage of tipped workers as a percentage of total restaurant employment has fallen in \$2.13 states, but grown in states without a subminimum wage.

**Restaurant Sales and Employment Growth Increase as the Tipped Minimum Wage Increases**

	2011 Real sales per capita <sup>38</sup>	2012 Real sales per capita	2013 Real sales per capita	2009-2012 Restaurant Tipped Worker Job Growth	2009-2012 Restaurant Job Growth as % of Total Employment	2009-2012 Tipped Job Growth as % of Total Restaurant Employment	2009-2012 Tipped Restaurant Job Growth as % of Total Employment
National Average	1.45	1.49	1.53	2%	0.08%	-0.37%	0.01%
\$2.13 States	1.34	1.38	1.42	2%	0.09%	-0.37%	0.01%
Min. Wage > \$5	1.69	1.73	1.78	3%	0.07%	0.11%	0.04%
Full Min. Wage	1.60	1.64	1.68	4%	0.05%	0.49%	0.05%





**Testimony of Bill Ladd, Member, 15 Now Philadelphia**  
House Democratic Policy Committee Hearing – March 11, 2015

My name is Bill Ladd I am a born and raised Philadelphian and a proud member of the Transportation Communications Union, which is affiliated with the international association of machinists. Today I am not here representing my union, but as a member of 15 Now Philly. We are a nationwide organization whose dedicated organizing has contributed to winning significant minimum wage increases across the country. In Pennsylvania, we have chapters in Philadelphia, Pittsburgh and Lancaster.

Pennsylvanians, and Philadelphians especially, need a \$15 an hour minimum wage now. As part of the movement for \$15 an hour, workers, families, and communities in this great city are taking a stand to build a better Philadelphia for working people. Nearly one third of our neighbors live in poverty. Destitution-level wages in Philadelphia and across the state are unacceptable and unnecessary. So, we implore you--as our elected officials-- to take immediate action to raise the minimum wage.

While other states in the region, as well as comparable large cities, have raised the minimum wage, Pennsylvania's minimum wage has remained at \$7.25 since 2009. The federal minimum wage was last increased on July 24, 2009, rising from \$6.55 to \$7.25 per hour. Before 2007, the minimum wage was stuck at \$5.15 per hour for ten years. This means that the minimum-wage in Pennsylvania has risen a total of \$2.10 over a period of 18 years and counting. Is there anyone in this room that truly believes that a \$2.10 "raise" over the course of 18 years has been enough to keep up with the rising cost of living? Only if they are paid to think so.

Or perhaps you have never tried to live on or close to a minimum wage salary. In the course of a year, 15 Now Philly has spent hundreds of hours talking to thousands of working class Philadelphians in their neighborhoods. We've stood on strike lines. We've gotten arrested with fast food workers. We've heard thousands of stories of working moms with not one or two-- but THREE minimum wage jobs trying to raise a family. Our members are Temple students looking ahead to starting their post-school careers \$80,000 in debt, taking a full course load and working several minimum wage jobs to pay for living expenses. Parents choosing between paying for utilities or a cell phone. This is not the Philadelphia we want to build.

Philadelphia is the economic engine of our state. Our politicians say over and over again that they want this city to be a world-class city. But where does Philadelphia rate when compared to the largest cities in the US? Dead last among the 10 most populous cities in the country.

Philadelphia cannot be a world-class city when we have a few nice buildings downtown and hundreds of thousands of people suffering in the neighborhoods. We can't give tens of millions of dollars in tax breaks to Comcast and Shell while allowing Walmart and McDonalds to pay poverty wages.

What we face in Pennsylvania and across the US is not a lack of resources. The CEOs of Comcast make over 40 million dollars a year, while the CEO of McDonald's make \$9,237 an hour--more than the average worker earns in one year! What we face in the US is a horrifying misplacement of priorities.

It is not just working families and activist organizations making the case for a true living wage. Economists from the University of Massachusetts examined whether U.S. fast food businesses could adjust to an increase in the federal minimum wage from its current level of \$7.25 per hour to \$15 an hour without having to lay off workers. The study shows how the fast food industry could easily adjust without impacting profits! Now imagine, what wages could look like if top executives were forced to take reasonable, competitive salaries.

Critically, the minimum wage has not kept up with inflation, massive increases in worker productivity, and the ever-rising cost of living. In Philadelphia, the average minimum wage worker today would need to earn at least \$17/hour to afford a two-bedroom residence. With the existing minimum wage, a person would have to work three full-time jobs at minimum wage to afford two-bedroom housing in the Philadelphia region.

Many who have spoken before us have advocated for a higher minimum wage, for the most part \$10.10. Of course we support any help for working families, however we need action that addresses the years of stagnant wages that have left hard working Philadelphians in dire straits. We go further than what has been proposed here today. Income inequality is at rates not seen since the Gilded Age. We have seen repeated uprisings in Wisconsin, during Occupy, and still continuing today as part of Black Lives Matter. Voters are angry about assaults on wages and unions, the cost of higher education, racism in the workplace and in the police force. We need dramatic action now. We need a \$15 an hour minimum wage as a first step towards leveling the playing field for everyday Americans.

Senator Wagner has introduced a cynical minimum wage bill that maintains a training wage and raises the minimum wage to \$8.75 over 3 years. It is obviously intended to cut across the growing movement for \$15 an hour and the right to unionize. We on the left have to be willing to use bold tactics and strategies to secure good living conditions for workers. The politics as usual that Democrats have used-- reasonable compromise and asking politely for fairness-- will not work when we are fighting massive ruthless corporations that have spent hundreds of thousands of dollars just in Pennsylvania to keep wages down and fight a policy as basic, as morally just, as paid sick leave.

As 15 Now Pennsylvania, we implore our elected officials to join us in advocating unapologetically for working class interests. Voters are looking for champions, and workers deserve a living wage now.

We are here to lift up 3 demands, for this is not the time for pragmatic, compromise politics-as-usual because our City's working people deserve better:

1. Immediately introduce a bill that instates a \$15 an hour minimum wage statewide
2. Fight alongside us to strike the statewide preemption language from the Minimum Wage of 1968, so that the citizens of large impoverished cities have the opportunity to decide on our own what qualifies as a fair wage.
3. Eliminate the tipped minimum wage on a statewide level.

The data supports it. The people support it. Common sense and decency cry out for it. Join us to fight for the living wage Pennsylvanians deserve...\$15 now.