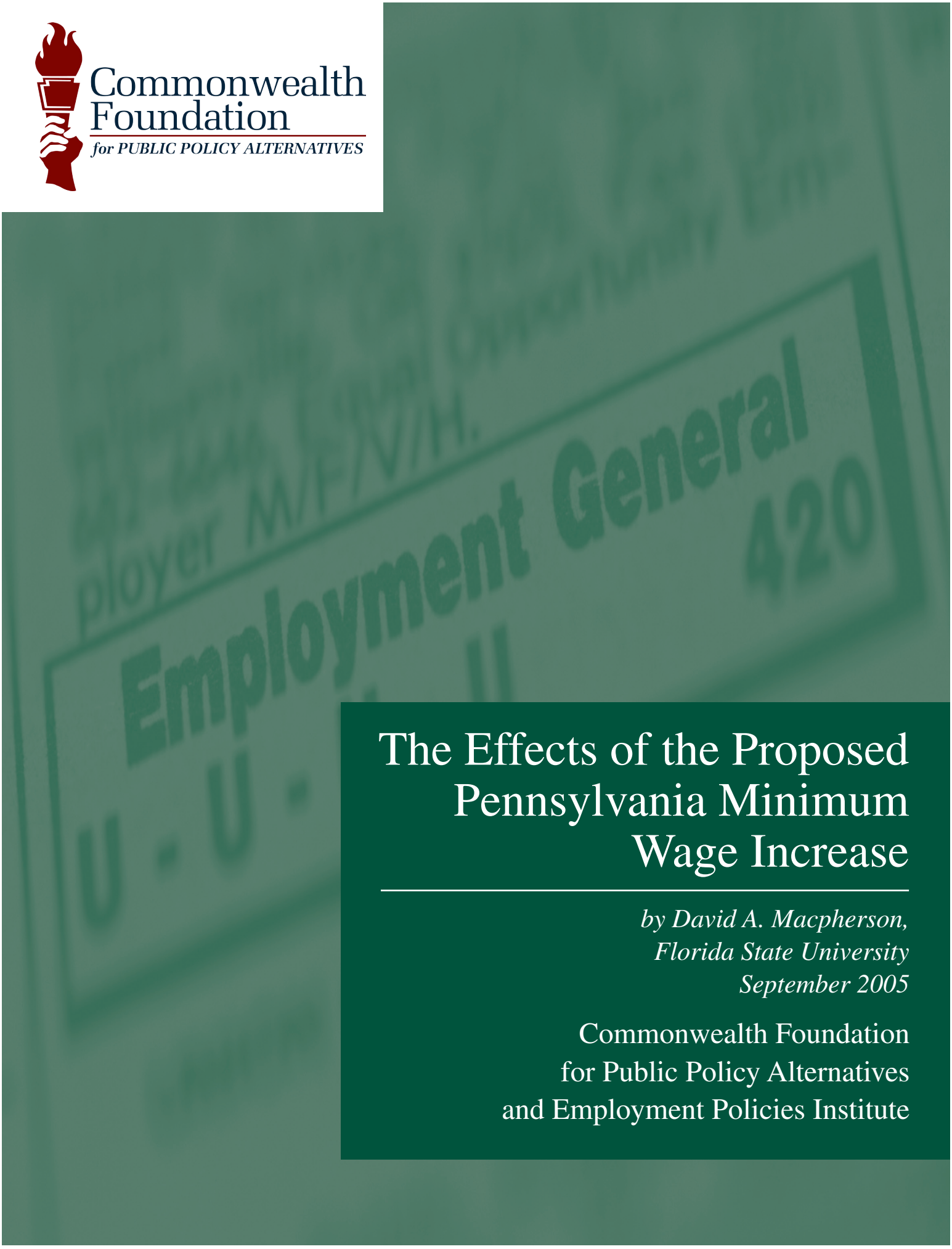

Commonwealth Foundation
for PUBLIC POLICY ALTERNATIVES

The Effects of the Proposed Pennsylvania Minimum Wage Increase

by David A. Macpherson,
Florida State University
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Commonwealth Foundation
for Public Policy Alternatives
and Employment Policies Institute

The Employment Policies Institute (EPI) is a nonprofit research organization dedicated to studying public policy issues surrounding employment growth. In particular, EPI research focuses on issues that affect entry-level employment. Among other issues, EPI research has quantified the impact of new labor costs on job creation, explored the connection between entry-level employment and welfare reform, and analyzed the demographic distribution of mandated benefits. EPI sponsors nonpartisan research that is conducted by independent economists at major universities around the country.

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David A. Macpherson, Florida State University

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The Effects of the Proposed Pennsylvania Minimum Wage Increase

Foreword

Who among us is opposed to helping low-income individuals and families lift themselves out of poverty? But can it be achieved by simply increasing the minimum wage? If so, why not elevate the wage floor to $15 or $20 per hour—or $30,000 to $40,000 per year—and lift every employee's income above "average"? If only it were so easy.

The economic reality that proponents of artificial and arbitrary increases in the minimum wage must face is that there are negative economic consequences to such government interference in the marketplace. Indeed, by attempting to help low-income individuals and families, proponents of such policies are actually hurting the very people they are hoping to help. That is the clear conclusion of decades of economic research on the topic, and it is also the finding of Dr. Macpherson's analysis of a minimum wage increase proposal in Pennsylvania.

When government artificially raises labor costs for employers, without the same ability to increase productivity or investment returns, the net impact is lost jobs, higher consumer prices, or both. In the end, many low-income individuals and families will have fewer opportunities to climb the economic ladder and will become victims, not beneficiaries, of such well-intentioned but economically flawed policies.

Dr. Macpherson's lesson for Pennsylvania policymakers is that it would be economic folly to artificially raise Pennsylvania's minimum wage. Instead of destroying entry-level jobs and increasing the cost of doing business in Pennsylvania by raising the minimum wage, lawmakers should pursue alternative policies that expand rather than contract economic opportunities for low-income citizens.

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The Effects of the Proposed Pennsylvania Minimum Wage Increase

Executive Summary

In recent years, the movement to enact "living wages" or increases in the minimum wage has been active in states and cities across the country. Advocates of these wage hikes argue that the increases will help low-income families escape poverty. While emotionally compelling, this argument ignores the unintended consequences the proposed increase would create. Worse, the mandated increase confers its benefits overwhelmingly on employees who aren't poor, while those who are bear a disproportionate share of the costs.

This paper by economist Dr. David Macpherson from Florida State University analyzes one such proposal—legislation to increase the minimum wage in Pennsylvania. Using Current Population Survey data and labor demand estimates (as reported by a consensus of economists), Dr. Macpherson's research shows that the proposed increase will be an expensive mandate on the employers of Pennsylvania.

The study concludes that the mandate increase would result in a loss of just over 10,000 jobs and impose a $350 million hit on the Pennsylvania economy. Most of the economic cost—$262.7 million—stems from increased labor costs for employers. A significant portion, however—$86.7 million—is the result of the lost income for the 10,000 employees who will lose their jobs. That more than half of the job losses fall on those under 25 and almost 30 percent on those earning less than $25,000 adds cruel irony to the consequences.

As this study shows, minimum wage increases are a blunt and ineffective means to assist low-income employees. Many low-income persons are not affected because they do not work or they work few hours. This report found that minimum wage employees with incomes below $12,500 would experience only an $89 increase in annual income. It's the amount they work, not the wage they work at, that is the critical determinate of their economic situation.

Wage increases also fail to meet their stated goals for the simple fact that most minimum wage earners aren't poor. Only 10 percent of earners are the sole earner of a family with kids. Over half—56.2 percent—are under 24 and 45.9 percent still live with their parents. Almost two-thirds, 65 percent, are part-time employees. This study found that the average family income of minimum wage employees in Pennsylvania is just over $49,000 and that 80 percent of the benefits of the wage hike go to families that aren't poor.

This paper's calculation of the enormous economic cost of a mandated wage increase ought to caution policymakers. When this is added to the research that the proposed wage increase would confer most of its benefits on families that aren't poor and impose a disproportionate share of its costs on those who are, policymakers would be wise to explore alternative measures to assist low-income families.

The Effects of the Proposed Pennsylvania Minimum Wage Increase

Introduction

"Living wage" laws have been enacted in over 100 cities and counties.[1] According to their proponents, a living wage is approximately one-half of the average local or state wage. In an attempt to increase the wages of low-income workers to meet this goal, living wage supporters have proposed minimum wage levels greater than the federal minimum wage of $5.15.

This paper examines in a variety of dimensions the effects of one such proposal. In Pennsylvania, the minimum wage is proposed to rise from $5.15 to $6.75 in January 2006 $7.15 in January 2007, and indexed to inflation starting in January 2008. The study reaches several conclusions regarding this proposed minimum wage increase. First, the employees who would be affected by this proposed increase tend to be younger and less educated than the average Pennsylvania employee. Second, only about one-tenth of the affected employees are the sole earner for a family supporting one or more children. Third, about four-fifths of the income gains will go to families above the poverty line. Fourth, the minimum wage increase is projected to cause 10,027 employees to lose their jobs, with one-third of the job losses in leisure and hospitality industries. This would cause an annual income loss to these workers of $87.6 million. Fifth, the cost to employers would be substantial. It is estimated to raise their labor costs by $262.7 million per year.

The study is organized as follows. The data employed to calculate some of the consequences of a higher minimum wage are described in section 2, and a statistical portrait of the employees affected by the minimum wage increase is provided in section 3. The impact of the increase on the distribution of family income is discussed in section 4. An analysis of the employment effects of the minimum wage increase is presented in section 5, and an investigation of the cost to employers of the wage hike, as well as the income loss to laid-off employees, is reported in section 6. Lastly, section 7 provides a summary and conclusion.

The Data

To analyze the effects of the proposed Pennsylvania minimum wage increase, data are drawn from the July 2004 through June 2005 Current Population Survey (CPS) Outgoing Rotation Group (ORG) files. The CPS ORG has the important advantage of being a large and representative sample of the population.

The main sub-sample of the CPS ORG data employed here includes wage and salary employees who are residents of Pennsylvania, 16 years of age or older, and whose hourly wages are between $5.15 and $7.15 in January 2007 dollars.[2] Observations missing data necessary to compute the hourly wage, family income, or other relevant variables are deleted from the sample. The data appendix describes the calculation of the hourly wage variable and other data issues.

Who Will Be Affected by the Minimum Wage Increase?

A vivid statistical portrait of the employees affected by the minimum wage increase (i.e., earning $5.15-$7.15 in January 2007 dollars) emerges from Table 1, which presents the means of demographic variables for such employees. For comparison purposes, means for all Pennsylvania residents and employees who are 16 years of age and older are also included.

The results reveal that a large fraction of employees affected by the higher minimum wage are young. In fact, 37.8 percent of affected employees are between 16 and 19 years of age, and an additional 18.4 percent are between 20 and 24 years of age. Thus, 56.2 percent of affected employees are 24 or younger.

The affected employees differ from the average Pennsylvania resident on several other demographic characteristics. Affected employees are substantially less educated than the average Pennsylvanian, as over one-third have not graduated from high school. Also, they are much more likely to be never-married (66.3 percent) and female (64.2 percent) than the population as a whole.

Employees impacted by the minimum wage increase are less likely to be supporting a family than the typical Pennsylvania employee. For example, 45.9 percent of these employees are living with their parent or parents, while only 13.1 percent of all Pennsylvania employees are in this category. Also, they are much less likely to be a dual earner in a married couple (14.7 percent versus 43.8 percent) than the typical Pennsylvania employee. Lastly, only one-tenth are a single head or a single earner in a married couple supporting a family with children.

The family income of the affected employee is somewhat lower than the average Pennsylvania employee ($49,956 versus $67,589). However, less than 20 percent of the minimum wage employees are in families with an income of less than $12,500. In fact, 70 percent are in families with an income of $25,000 or more.

The affected employees are less involved in the labor market than the average Pennsylvania employee. About 65 percent of the affected employees are employed part-time, while only 19.4 percent of all Pennsylvania employees work part-time. In addition, the affected employees are employed 1.4 fewer weeks per year than the typical employee.

The location of the affected employees differs from the typical Pennsylvania resident and employee. The affected employees are slightly more likely to live in Non-Metro/Small Metro Areas (20.2 percent) than the average Pennsylvania employee (17.4 percent). On the other hand, they are much less likely to live in the Philadelphia CBSA (20.4 percent) than the average Pennsylvania employee (31.8 percent).

What Will Be the Impact on the Distribution of Family Income?

Table 2 provides calculations of the annual income increases for employees affected by the minimum wage increase as well as the resulting impact on family income. The top row shows the mean increase in annual income is $1,085. Since the average family income of the affected families is $49,808 per year, the resulting increase in average family income would be 2.2 percent.[3]

Column 4 of Table 2 presents the percentage share of the total income gains resulting from the minimum wage increase that accrue to families in various family income groupings. The gains are roughly proportional to the percentages of affected families in each grouping. For example, 16.6 percent of the affected families have incomes of less than $12,500, a rough approximation of the poverty threshold.[4] The share of total income gains going to these families is only 18.6 percent. In other words, about four-fifths of the total income gains will go to affected families living above the poverty level.

To provide a broader view of the impact on income distribution, Table 3 presents calculations of the impact of the minimum wage increase on before-tax family income across all families. The mean increase in family income across persons 16 and over is $59. Since the average income of all families is $52,518 per year, the resulting increase in average family income would be 0.1 percent. A problem with

minimum wage increases is that many low-income persons are not affected by them since they do not work. The impact of this problem is shown when the results are broken out by income. For persons in families below the poverty level, the increase in income would be $86. These numbers are substantially less than the corresponding figures presented in Table 2.

How Many Employees Will Be Laid Off?

An important effect of the minimum wage increase is that some employees will lose their jobs, since it will no longer be profitable for firms to employ them. In order to estimate the job loss, the following procedure was used. First, the fractional wage gain due to the minimum wage increase is computed for each affected employee and then averaged across the sample. Second, estimated fractional wage gain is used in the following formula to calculate the employment loss:

Employment Loss	=	Fractional Wage Gain	*	Affected Employee Employment	*	Labor Demand Elasticity

This study uses an estimate of labor demand elasticity (-0.22) for minimum wage employees reported by Neumark and Wascher (2000). An elasticity of –0.22 implies that a 10 percent increase in wages results in a 2.2 percent decrease in employment of the affected group.[5]

Table 4 presents the results of these calculations for all of the affected employees as well as subgroups of employees. Overall, the analysis indicates that 10,027 employees are projected to lose their job due to the minimum wage increase. The breakdowns by age, family income, and location are not surprising. More than one-half of the layoffs would occur among employees under the age of 25. Almost 30 percent of the job losses would occur among employees with incomes under $25,000. About one-fifth of the job losses (1,992) would occur in the non-metro/small metro areas and nearly one-quarter in the Pittsburgh metropolitan area.

The results by industry indicate that nearly one-third of the job losses are projected to occur in the leisure and hospitality industry (3,261 jobs). This is not surprising, since nearly one-quarter of the employees in the leisure and hospitality industry will be affected by this increase. Another 2,536 jobs, or 25.3 percent of the losses, are projected to occur for employees in the retail trade industry.

The findings by occupation show that over two-fifths of the losses are predicted to be for those in service occupations. Another 23.1 percent would occur for those in sales occupations.

What Will Be the Cost to Employers and the Income Loss to Laid-Off Employees?

Another critical issue is the cost to employers of the minimum wage increase. These higher costs will be either passed on to consumers through higher prices or profits will be reduced for firms. Also, an important cost to employees is the loss in income due to the layoffs caused by the minimum wage increase.

These costs are calculated with the following manner. First, the increase in labor cost that would occur if no employees are laid off is calculated. This figure is estimated by multiplying the annual increase in wages due to the minimum wage increase times the number of affected employees. Second, the lost income to employees (and thus reduction in labor cost) due to the layoffs is estimated.[6] This number is calculated by multiplying the number of employees who are projected to lose their jobs times their average wage before the minimum wage increase. Third, the net increase in labor cost to employers is calculated by taking the difference between the cost to employers if no layoffs occurred and the reduction in costs due to the layoffs of employees.

Table 5 presents the results of these calculations. The first row of the table indicates that if no layoffs occurred then the cost of labor to employers would rise by $350.2 million.[7] The projected employee layoffs of 10,027 will cause $87.6 million of employee income to be lost. The net rise in the cost of labor to employers is estimated to be $262.7 million.

The results by industry and location indicate these costs are clearly concentrated in certain industries and locations. In the leisure and hospitality industry, net labor costs will rise by $78.6 million and the income of laid-off employees will be reduced by $26.7 million. For the retail trade industry, the net employer cost will rise by $60.7 million and the income loss to displaced employees will be $19.6 million. The net labor cost to employers in the Philadelphia area will rise by $65.0 million, while fired employees will suffer an income loss of $18.8 million. For the non-metropolitan/small metropolitan areas, the employer costs will rise by $50.8 million and laid-off employees are projected to have a $17.5 million reduction in income.

Summary and Conclusions

This paper examines in a variety of dimensions the effects of the proposed rise in the Pennsylvania minimum wage to $7.15 in January 2007. The study reaches several conclusions regarding this proposed minimum wage increase. First, the employees affected by this increase tend to be younger and less educated than the average Pennsylvania employee. Second, one-tenth of the affected employees are the sole earner for a family supporting one or more children. Third, much of the wage gains would go to low-wage employees in higher-income families, rather than those most in need. For instance, about two-fifths of the wage gains would go to employees in families with incomes of $40,000 or greater. Fourth, the minimum wage increase is projected to cause 10,027 employees to lose their jobs, with one-third of the job losses in the leisure and hospitality industry. This will cause an annual income loss to these employees of $87.6 million. Fifth, the cost to employers will be quite substantial. It will raise their labor costs by $262.7 million per year.

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DATA APPENDIX

Hourly Wage

This study uses data from the July 2004 through June 2005 Current Population Survey (CPS) Outgoing Rotation Group (ORG) files. The main sub-sample of the CPS data employed here includes wage and salary employees who are residents of Pennsylvania, 16 years of age or older, and whose hourly wages are between $5.15 and $7.15 in January 2007 dollars.

The hourly wage is constructed to account for problems caused by employees with variable hours, "top coded" or "capped" earnings, tips, commissions, and overtime, inflation, and changes in the minimum wage.

The first step is to assign a wage for employees who don't have these difficulties. Non-top coded employees who are paid by the hour and receive tips, commissions, or overtime are assigned their reported hourly earnings. For all non-hourly employees, the hourly wage is constructed by dividing usual weekly earnings (which includes tips, commissions, and overtime pay) by usual hours worked per week.

The second step is to estimate usual weekly earnings for employees whose weekly earnings are top coded or capped at a maximum value. The CPS ORG files have a top code of $2,885 per week or about $150,000 per year for year-round employees. If the earnings of top-coded employees were not adjusted, average earnings would be understated. To estimate the mean earnings of top-coded employees, it is assumed that the upper tail of weekly earnings distribution follows a Pareto distribution. These estimated mean values for the CPS ORG files using this approach are presented in Hirsch and Macpherson (2005) by gender and year and are used in this study.

The third step is to estimate usual weekly hours for employees who indicate their weekly hours are variable. This is calculated by using the results of a regression model based on a sample of employees that have non-missing data on usual hours worked. The model is estimated by gender and year and includes controls for hours worked in the prior week, full-time status, marital status, years of schooling, age, race and ethnic status, broad occupation, and broad occupation interacted with full-time status. The parameters from this regression model are then used to estimate the usual hours for those whose weekly hours are variable.

The next step is to assign a wage for hourly employees who receive tips, commissions, or overtime pay or are top-coded employees. In this case, their hourly wage is constructed by dividing usual weekly earnings (adjusted for top codes) by usual hours worked (or estimated usual hours if usual hours is missing).

The last step is to adjust the wages of employees for inflation and changes in the minimum wage. Wages of employees are adjusted for inflation to January 2007 using the CPI-U (a 2.5 percent annual inflation rate is assumed for the period between July 2005 and January 2007). Employees who earned exactly the minimum wage at the time of the survey are assigned a wage of $5.15 in January 2007 dollars. Employees whose wage at the time of the survey was less than the legal minimum wage ($5.15 per hour) were deleted from the sample.

Family Income

Family income is reported as a categorical variable in the CPS ORG and includes all sources of money income received in the prior 12 months. The income ranges are:

less than $5,000
$5,000-$7,499
$7,500-$9,999
$10,000-$12,499
$12,500-$14,999
$15,000-$17,499
$17,500-$19,999
$20,000-$24,999
$25,000-$29,999
$30,000-$34,999
$35,000-$39,999
$40,000-$49,999
$50,000-$74,999
$75,000-$99,999
$100,000-$149,999
$150,000 and up

To assign a dollar value to these categories, mean values of family income for persons in each income range was calculated from a sample of Pennsylvania residents in the March 2004 CPS (which reports family income received in the prior year as a continuous variable). Very similar results occurred when a national, rather than a Pennsylvania-based sample, was employed to generate the mean income values.

Annual Income

Though the CPS ORG provides measures of hourly earnings and hours worked, it does not indicate the number of weeks worked per year. Thus, to generate annual income estimates for employees affected by the higher minimum wage, an alternative data source must be used and merged with the CPS ORG. Fortunately, the April 1993 CPS provides such a measure and the mean usual weeks worked was calculated for all employees earning $5.15-$7.15 per hour in January 2007 dollars.

Endnotes

1. See Employment Policies Institute (2005).

2. Hourly wages are adjusted for changes in the minimum wage and inflation and other data issues. See the Data Appendix for a more detailed explanation. The analysis examines the final wage hike in order to simplify the analysis and discussion.

3. These calculations are based on the assumption that all affected employees increase their wage to the new minimum wage of $7.15 per hour. Hence, we are not allowing for noncompliance or exemptions from the law.

4. The Earned Income Tax Credit (EITC) would bring a single employee supporting two children slightly above the poverty level for such a family.

5. The average elasticity reported by a survey of labor economists at leading universities is –0.21. See Fuchs, Krueger, and Poterba (1998). Other research confirms that a 10 percent hike leads to at least a 2 percent decrease in employment for employees affected by the hike. See, e.g., Neumark, Schweitzer, and Wascher (2004) (For employees at the minimum wage, a 10 percent increase in the minimum wage reduces employment by about 2 percent and reduces hours of work by about 6 percent). Some studies using microdata on individuals, or panel data using year and state and the unit of observation, have documented much higher negative employment effects. See Neumark, Schweitzer, and Wascher (2004); and Burkhauser, Couch, and Wittenberg (2000). Longer-term effects are likely to be larger because there is more time for employers to make adjustments.

6. Employees may reduce this income loss if they are able to obtain employment in a job not covered by the minimum wage.

7. This calculation ignores the cost of payroll taxes. If they were included, the cost to employers would be at least 7.65 percent higher (the employer portion of the Social Security tax).

Table 1 Means for Selected Variables

Variable	Affected Workers		Percent of All Workers	All 16 + Percent
	Percent	Population		
Age:				
16 to 19	37.8	120,907	4.8	7.2
20 to 24	18.4	58,966	10.0	8.3
25 to 29	8.9	28,322	9.5	7.1
30 to 39	12.2	39,148	22.0	16.3
40 to 64	18.3	58,470	50.3	42.7
65 to 99	4.3	13,813	3.3	18.4
Average	29.6		40.7	46
Years of Schooling:				
0 to 8	4.1	13,086	1.5	4.5
9 to 11	33.2	105,973	7.7	12.6
12	35.1	112,167	38.1	39.5
13 to 15	21.4	68,447	23.4	20.1
16 or more	4.3	19,953	19.6	15.7
Average	11.9		13.6	13.0
Race:				
White	86.0	274,951	88.8	87.9
African American	11.0	35,217	8.6	9.4
Asian	1.2	3,680	1.7	1.8
Other Race	1.3	5,778	0.3	0.2
Ethnic Status:				
Hispanic	6.6	21,239	3.8	3.7
Non-Hispanic	93.4	298,387	96.2	96.3
Gender:				
Male	35.8	114,302	51.0	47.7
Female	64.2	205,324	49.0	52.3
Marital Status:				
Married, Spouse Present	21.3	68,064	56.0	53.1
Divorced, Separated, Widowed	12.4	39,496	14.7	18.8
Never Married	66.3	212,066	29.3	28.0
Family Status:				
Single Individual	19.9	63,515	19.4	NA
Single Head	9.2	29,405	9.4	NA
Single Head with No Children	1.9	5,946	1.8	NA
Single Head with 1 Child	3.5	11,242	4.2	NA
Single Head with 2 Children	2.3	7,285	2.4	NA
Single Head with 3+ Children	1.5	4,932	1.0	NA

Continued on next page

Table 1 Continued	Means for Selected Variables			
Variable	Affected Workers		Percent of All Workers	All 16 + Percent
	Percent	Population		
Single Earner in Married Couple	6.6	21,076	12.2	NA
Single Earner with No Children	4.0	12,897	4.6	NA
Single Earner with 1 Child	0.7	2,204	2.8	NA
Single Earner with 2 Children	0.7	2,391	2.6	NA
Single Earner with 3+ Children	1.1	3,584	2.2	NA
Dual Earner in Married Couple	14.7	46,988	43.8	NA
Dual Earner with No Children	7.1	22,540	16.1	NA
Dual Earner with 1 Child	2.2	7,086	9.9	NA
Dual Earner with 2 Children	3.7	11,681	12.5	NA
Dual Earner with 3+ Children	1.8	5,681	5.4	NA
Living with Parents	45.9	146,723	13.1	NA
Other Relative	3.7	11,919	2.1	NA
Family Income:				
< $12,500	12.9	41,286	3.7	9.2
$12,500-$24,999	17.0	54,270	8.8	14.1
$25,000-$39,999	20.6	65,854	17.7	18.8
$40,000-$49,999	10.5	33,667	11.4	10.3
$50,000-$59,999	9.6	30,561	12.0	9.9
$60,000-$74,999	11.4	36,526	14.8	11.8
$75,000 or more	18.0	57,461	31.5	26.0
Mean	$ 49,956		$ 67,589	$ 59,771
Median	$ 37,071		$ 54,461	$ 44,153
Location:				
Non-Metro/Small Metro Areas	20.2	64,453	17.4	18.9
Allentown-Bethlehem-Easton	6.5	20,842	7.2	6.9
Altoona	1.0	3,312	0.5	0.8
Erie	3.6	11,465	2.0	2.0
Harrisburg-Carlisle	6.0	19,111	5.3	4.5
Johnstown	3.2	10,347	1.5	1.4
Lancaster	2.8	9,034	3.4	3.3
Philadelphia	20.4	65,164	31.8	31.5
Pittsburgh	21.4	68,330	18.8	19.3
Reading	3.3	10,562	3.4	3.2
Scranton-Wilkes Barre	7.0	22,480	4.9	4.8
York-Hanover	4.5	14,526	3.8	3.4
Hours Per Week	26.4		38.0	NA
Full-time	34.8		80.6	NA
Weeks Worked Per Year	46.7		50.0	NA
Population	319,626		5,342,263	8,775,883
Sample Size	359		6,115	11,573
	65.2			

Source: July 2004 to June 2005 Outgoing Rotation Group Current Population Survey files.

Table 2 Income Increases for Families of Workers Affected by Minimum Wage Increase to $7.15

Group	Percent in Class Before Increase	Annual Income Increase	Percent Increase in Family Income	Percent Share of Total Income Increase
All	100.0	$ 1,085	2.2	100.0
Family Income:				
< $12,500	11.4	$ 1,768	29.8	18.6
$12,500-$24,999	18.5	$ 1,030	5.7	17.5
$25,000-$39,999	21.3	$ 1,116	3.5	21.8
$40,000-$49,999	10.6	$ 986	2.2	9.6
$50,000-$59,999	9.8	$ 820	1.5	7.4
$60,000-$74,999	11.2	$ 959	1.4	9.9
$75,000 or more	17.2	$ 945	0.8	15.0
Mean Family Income	$49,808			

Table 3 Income Distribution Impact of Minimum Wage Increase to $7.15 Across All Families

Group	Percent in Class Before Increase	Annual Income Increase	Percent Increase in Family Income	Percent Share of Total Income Increase
All	100.0	$ 59	0.1	100.0
Family Income:				
< $12,500	12.8	$ 86	1.2	18.6
$12,500-$24,999	16.8	$ 62	0.3	17.6
$25,000-$39,999	20.2	$ 65	0.2	21.9
$40,000-$49,999	10.2	$ 56	0.1	9.6
$50,000-$50,999	9.3	$ 48	0.1	7.4
$60,000-$74,999	10.2	$ 58	0.1	9.9
$75,000 or more	20.6	$ 43	0.0	15.0
Mean Family Income	$52,518			

Table 4	Employment Levels and Job Losses by Sector for Minimum Wage of $7.15			
	Employment All Workers	Affected Workers	Projected Job Loss	Percent of all Job Loss
Group				
All	5,342,263	319,626	10,027	100.0
Age:				
16-19	258,572	120,907	4,131	41.2
20-24	534,335	58,966	2,080	20.7
25-29	508,412	28,322	629	6.3
30-39	1,174,781	39,148	1,067	10.6
40-64	2,689,587	58,470	1,690	16.9
65-99	176,576	13,813	431	4.3
Family Income:				
< $12,500	199,279	41,286	1,388	13.8
$12,500-$24,999	471,378	54,270	1,488	14.8
$25,000-$39,999	946,846	65,854	2,186	21.8
$40,000-$49,999	607,181	33,667	1,062	10.6
$50,000-$59,999	643,320	30,561	777	7.7
$60,000-$74,999	792,163	36,526	1,049	10.5
$75,000 or more	1,682,096	57,461	2,116	21.1
Gender:				
Male	2,722,104	114,302	3,651	36.4
Female	2,620,159	205,324	6,376	63.6
Race:				
White	4,746,445	274,951	8,663	86.4
African Americans	461,819	35,217	1,058	10.6
Asian	90,244	3,680	115	1.1
Other Race	43,755	5,778	191	1.9
Ethnic Status:				
Hispanic	201,242	21,239	703	7.0
Non-Hispanic	5,141,021	298,387	9,324	93.0
Years of Schooling:				
0 to 8	80,257	13,086	538	5.4
9 to 11	413,751	105,973	3,634	36.2
12	2,033,326	112,167	3,031	30.2
13 to 15	1,250,005	68,447	2,236	22.3
16 or more	1,564,924	19,953	589	5.9

Continued on next page

Table 4 Continued	Employment Levels and Job Losses by Sector for Minimum Wage of $7.15			
	Employment All Workers	Affected Workers	Projected Job Loss	Percent of all Job Loss
Location:				
Non-Metro/Small Metro Areas	929,493	64,453	1,992	19.9
Allentown-Bethlehem-Easton	385,938	20,842	755	7.5
Altoona	27,639	3,312	98	1.0
Erie	104,400	11,465	411	4.1
Harrisburg-Carlisle	283,636	19,111	702	7.0
Johnstown	80,594	10,347	408	4.1
Lancaster	184,159	9,034	221	2.2
Philadelphia	1,700,364	65,164	1,798	17.9
Pittsburgh	1,003,806	68,330	2,309	23.0
Reading	182,347	10,562	435	4.3
Scranton-Wilkes Barre	259,230	22,480	484	4.8
York-Hanover	200,657	14,526	413	4.1
Industry:				
Agriculture, forestry, fishing, and hunting	41,615	6,946	285	2.8
Mining	19,511	-	-	0.0
Construction	313,201	3,567	43	0.4
Manufacturing	801,040	10,332	292	2.9
Wholesale trade	161,000	7,298	210	2.1
Retail trade	596,974	86,474	2,536	25.3
Transportation and utilities	284,887	3,912	126	1.3
Information	112,788	5,271	201	2.0
Financial activities	350,307	4,021	159	1.6
Professional and business services	452,385	11,289	414	4.1
Educational and health services	1,294,230	59,367	1,651	16.5
Leisure and hospitality	401,243	98,432	3,261	32.5
Other services	250,617	21,736	765	7.6
Public administration	262,465	981	84	0.8
Occupation:				
Management, business, and financial occupations	620,834	2,919	61	0.6
Professional and related occupations	1,185,107	18,532	483	4.8
Service occupations	843,869	137,141	4,333	43.2
Sales and related occupations	519,356	77,842	2,316	23.1
Office and administrative support occupations	859,907	35,258	1,384	13.8
Farming, fishing, and forestry occupations	37,587	5,153	250	2.5
Construction and extraction occupations	262,965	3,567	43	0.4
Installation, maintenance, and repair occupations	204,140	1,678	52	0.5
Production occupations	415,435	17,471	552	5.5
Transportation and material moving occupations	393,063	20,065	555	5.5

Table 5	Cost to Employers and Lost Income to Workers of Minimum Wage Increase to $7.15

Group	Rise in Labor Cost if No Layoffs of Workers	Lost Income due to Layoffs	Net Rise in Cost of Labor to Employers
All	$ 350,223,532	$ 87,568,611	$ 262,654,921
Industry:			
Agriculture, forestry, fishing, and hunting	$ 20,455,668	$ 4,676,555	$ 15,779,113
Mining	$ -	$ -	$ -
Construction	$ 2,787,339	$ 622,007	$ 2,165,332
Manufacturing	$ 18,214,650	$ 3,962,930	$ 14,251,720
Wholesale trade	$ 8,940,033	$ 2,337,854	$ 6,602,179
Retail trade	$ 80,246,651	$ 19,577,771	$ 60,668,880
Transportation and utilities	$ 4,582,263	$ 1,050,460	$ 3,531,803
Information	$ 4,671,188	$ 1,084,192	$ 3,586,996
Financial activities	$ 5,090,255	$ 1,442,601	$ 3,647,654
Professional and business services	$ 14,067,614	$ 3,225,074	$ 10,842,540
Educational and health services	$ 57,421,127	$ 14,964,335	$ 42,456,792
Leisure and hospitality	$ 105,284,680	$ 26,657,393	$ 78,627,287
Other services	$ 24,381,106	$ 6,960,594	$ 17,420,512
Public administration	$ 4,080,960	$ 897,811	$ 3,183,149
Location:			
Non-Metro/Small Metro Areas	$ 68,387,816	$ 17,540,884	$ 50,846,932
Allentown-Bethlehem-Easton	$ 20,203,673	$ 5,380,266	$ 14,823,407
Altoona	$ 2,989,659	$ 959,107	$ 2,030,552
Erie	$ 13,884,721	$ 3,743,730	$ 10,140,991
Harrisburg-Carlisle	$ 23,972,660	$ 6,775,355	$ 17,197,305
Johnstown	$ 9,435,260	$ 2,649,365	$ 6,785,895
Lancaster	$ 4,183,582	$ 1,402,242	$ 2,781,340
Philadelphia	$ 83,863,339	$ 18,829,517	$ 65,033,822
Pittsburgh	$ 79,054,304	$ 19,152,653	$ 59,901,651
Reading	$ 13,366,831	$ 3,409,805	$ 9,957,026
Scranton-Wilkes Barre	$ 17,343,937	$ 3,943,537	$ 13,400,400
York-Hanover	$ 13,537,749	$ 3,258,834	$ 10,278,915

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