

FIVE MISCONCEPTIONS ABOUT THE **MINIMUM WAGE**

CLAIM: The minimum wage was never meant to be a living wage, it's primarily for young people starting out.

WRONG. THE MINIMUM WAGE WAS ESTABLISHED TO ENSURE THAT ALL JOBS COULD SUPPORT FAMILIES.

Historically, the minimum wage was set at about half the wage paid to a typical (median) worker, but today Pennsylvania's minimum wage pays only 30% of a typical worker's hourly earnings. Almost 20% of the PA workforce makes under \$12 an hour—that's well over a million workers, so it's not just teenagers. Of the PA workers who would benefit from a \$12/hour minimum wage, 90% are age 20 or older and 41% have at least some college education and a majority are full-time workers.

CLAIM: Raising the minimum wage increases the price of everything.

WRONG. BOOSTING THE MINIMUM WAGE MAY INCREASE PRICES SLIGHTLY, BUT INCREASES IN WAGES WILL OFFSET THE CHANGE IN PRICES FOR THREE REASONS:

(1) Labor costs are only one of several factors businesses use to set prices. (2) Higher wages reduce turnover and training costs, saving businesses money. (3) Higher wages improve worker morale and productivity. A recent study determined that California's 25% increase in the minimum wage raised restaurant prices by only 1.45%. In New York City, the minimum wage is now \$13.50 per hour—but you can still buy a slice of pizza for \$1.

CLAIM: Raising the minimum wage will hurt workers currently earning \$12-\$18 an hour.

WRONG. WHEN THE MINIMUM WAGE GOES UP, WORKERS CURRENTLY EARNING MORE THAN THE NEW MINIMUM WAGE GET PAID MORE, TOO.

Businesses don't want to lose experienced workers. According to the PA Independent Fiscal Office, a minimum wage of \$12/hour will give a raise to 1.1 million Pennsylvanians currently making less than that. And nearly another million workers currently making \$12/hour or more will see their wages go up.

CLAIM: Raising the minimum wage will destroy small businesses.

WRONG. MANY MINIMUM WAGE WORKERS ARE EMPLOYED BY LARGE CORPORATIONS, AND MANY SMALL BUSINESSES ALREADY PAY MORE THAN THE MINIMUM WAGE. RAISING THE MINIMUM WAGE SETS A LEVEL PLAYING FIELD, WHERE SMALL BUSINESSES CAN THRIVE.

A higher minimum wage can benefit small businesses by reducing managerial headaches—reducing turnover and training costs—and increasing worker productivity. As business leaders recognize, when workers are paid more, they have more to spend—usually on small businesses—boosting local economies.

CLAIM: Increasing the minimum wage will lead to job loss.

WRONG. RESEARCH OVERWHELMINGLY SHOWS A WAGE INCREASE HAS LITTLE TO NO EFFECT ON EMPLOYMENT.

A 2019 UC-Berkeley study of more than 750 U.S. counties found that a \$15 an hour minimum wage by 2024 boosts incomes without significant job losses. In fact, decades of research has determined that a higher minimum wage does not lead to job losses. Every state bordering Pennsylvania has raised its minimum wage, and in them not only pay, but employment for food service workers is growing faster than in Pennsylvania.