

Wages Not Keeping Up

Pennsylvania workers have gained little or nothing from the economic recovery that began in late 2001. That is the key finding of the Keystone Research Center in its latest report, **The State of Working Pennsylvania 2005**.

Inflation-adjusted hourly earnings of typical low-wage Pennsylvania workers fell in 2004 to \$7.16 an hour, 10 cents lower than 2003 and 15 cents lower than 2001. If employed full-time and year-around, their annual income was about \$14,900, below poverty for a family of three. Median-wage workers earned \$14.08 an hour in 2004, up 13 cents from 2003 and 9 cents from 2001. High-wage workers earned \$30.07 in 2004, a decline of 84 cents from 2003 and 8 cents from 2001.

According to the report, "This stagnation coupled with rising gas prices helps explain the intensity of public reaction to the 16-34 percent pay increases enacted for members of the General Assembly in July. This reaction, in turn, has left the legislature searching for ways to demonstrate its concern for the average Pennsylvanian."

The report goes on to offer a specific recommendation: raise the state's minimum wage and protect it against future erosion by inflation through an automatic annual cost-of-living adjustment. "A hike to \$7.15 per hour from the current \$5.15 would benefit an estimated 860,000 Pennsylvania workers and their families, helping them avoid difficult choices this winter between heating the house and keeping food on the table." About one-third of the dollars from a hike in the minimum wage would go to the poorest fifth of Pennsylvania households. Seventy-one percent of the beneficiaries would be age twenty and older. About 20 percent work as cashiers, retail salespersons, and as counter and rental clerks. Another 14 percent work as cooks, dishwashers, and wait staff.