

Minimum Wage

SUMMARY

- Findings by the Pennsylvania Department of Labor and Industry (L&I) show that **less than one percent of Pennsylvania workers (47,200) earn the minimum wage or less, an all-time low.**¹
- The commonwealth's Independent Fiscal Office (IFO), in its [review](#) of Gov. Josh Shapiro's fiscal year (FY) 2025–26 Executive Budget, says, “the data suggests that the effective market minimum wage is roughly \$11 to \$11.50 per hour.”²
- Almost 75 percent of those earning minimum wage live in households with total annual incomes above \$75,000 annually, and 42 percent of those individuals have annual household incomes of \$150,000 or more, according to L&I's Minimum Wage Advisory Board.³
- The IFO analysis calculates that raising the minimum wage to \$15 an hour would cost an estimated 15,600 jobs.⁴ Other projections suggest a much more dramatic negative impact, forecasting as many as **85,779** jobs lost in Pennsylvania.⁵
- To truly help workers, Pennsylvania should reject wage mandates and instead reduce barriers to employment caused by unnecessary licensing, high taxes on employers, overregulation that stymies job creation, and the lack of education opportunities.

CURRENT MINIMUM WAGE PROPOSALS

Shapiro's 2025–26 budget plan [proposes](#) raising—beginning in 2026—the minimum wage from \$7.25 to \$15 an hour and raising the tipped wage 218 percent, from \$2.83 to \$9 per hour.⁶ Meanwhile, Democrats in the state Senate introduced [Senate Bill \(SB\) 19](#), which demands a minimum wage of \$15 an hour and \$11.25 per hour for tipped employees.⁷ And in the House, they introduced [House Bill \(HB\) 1549](#) that would impose tiered minimum wage increases across Pennsylvania based on the size of the municipality, with businesses in Philadelphia paying the highest rate of \$15 an hour.⁸

HISTORY OF MINIMUM WAGE PROPOSALS

Since taking office, the governor has repeatedly called for a \$15 minimum wage.⁹ Shapiro's push is a continuation of [proposals](#) by his predecessor, former Gov. Tom Wolf, to raise the minimum to \$10.10 or \$12 and index it to inflation in a path toward \$15,¹⁰ which is the number that aligns with national demands by public sector unions [since 2012](#).¹¹

In 2023, the General Assembly considered amending the Minimum Wage Act with [HB 1500](#), requiring identical increases to Shapiro's proposal. The bill passed the Pennsylvania House but never advanced out of committee in the Senate.¹²

Most state workers already make at least \$15 per hour. In [2016](#), Wolf raised the minimum wage by executive order for state employees under his jurisdiction and state contractors, setting it at \$10.15.¹³ Then

again, in 2022, Wolf issued an executive order increasing the minimum wage for the same workers to \$15 per hour.¹⁴

HOW MANY PENNSYLVANIANS EARN THE MINIMUM WAGE?

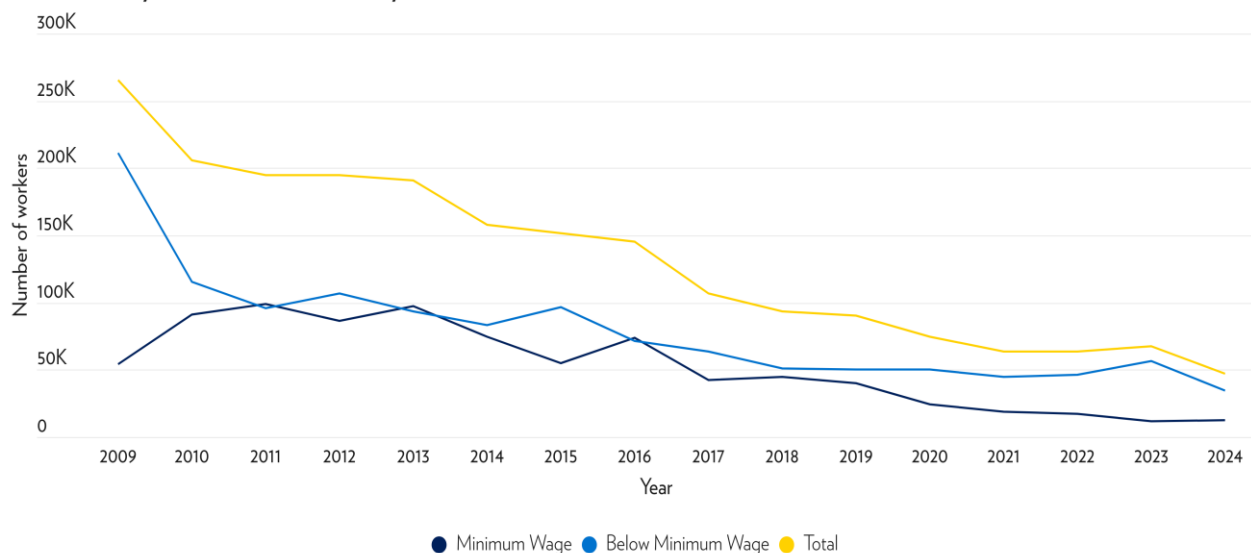
In 2024, the number of minimum wage workers in Pennsylvania reached an all-time low since 2007, when L&I first began compiling [minimum wage data](#). **Just 47,200 Pennsylvanians (less than one percent among all workers) earn minimum wage or less**—16,400 (-25.8 percent) below the previous low of 63,600 set in 2022. Moreover, the number of “at-or-below” minimum wage workers fell by 55.6 percent since 2017.¹⁵

- L&I’s latest numbers from the Minimum Wage Advisory Board show workers earning minimum wage or less represent 1.5 percent of all hourly workers and 0.8 percent of all workers.
 - About 12,300 Pennsylvanians earn exactly the minimum wage.
 - About 34,900 Pennsylvanians earn less than the minimum wage. These are tipped workers whose tips must bring their earnings above minimum wage.
- About 255,300 Pennsylvanians earn between the minimum wage and \$12, again a decrease from 2021.
- Another 442,700 Pennsylvanians earn between \$12.01 and \$15.¹⁶

Furthermore, L&I reports that wages are rising. Notably, more than 75 percent of hourly workers already earn \$15 an hour or more. And the median wage rose to \$20.00, an increase of another \$0.15 from 2023.¹⁷

Decline of Pa. Minimum Wage Workers

Since the last minimum wage increase, the number of minimum wage and below (tipped) workers consistently declined in Pennsylvania.



Source: Minimum Wage Advisory Board, “Analysis of the Pennsylvania Minimum Wage,” (Harrisburg: Minimum Wage Advisory Board, Pennsylvania Department of Labor and Industry, March 2007-2024), <https://www.workstats.dli.pa.gov/Products/MinimumWageReports/Pages/default.aspx>.

WHO MAKES THE MINIMUM WAGE?

- Nationally, nearly half ([about 46 percent](#)) of minimum-wage earners work for smaller businesses with fewer than 100 employees.¹⁸
 - Minimum pay at Pennsylvania's [largest](#) private-sector employers—Walmart ([\\$14](#)), Amazon ([\\$15](#)), Giant Food Stores ([\\$9.75](#)), and UPS ([\\$21](#))—already exceeds the minimum wage.
- Minimum wage earners are more likely than the average Pennsylvania worker to be female, unmarried, and below the age of 24 with no education beyond high school.¹⁹
- Most minimum wage workers have no children (94 percent) and work part-time (73 percent).
- Most minimum wage workers are not sole-earners. Almost 75 percent of minimum wage earners live in households with total incomes at or above \$75,000, and of that group, 42 percent were in households with total incomes of \$150,000 or more. Notably, only 9 percent of minimum wage earners were in households making less than \$50,000 annually.²⁰

WHAT IS THE IMPACT OF A MINIMUM WAGE INCREASE?

In its March analysis, the IFO estimates that forcing a \$15 minimum wage would result in an average raise of \$1.94 per hour for some 684,000 Pennsylvanians, meaning the average worker will earn about \$3,142 more per year. However, this comes at a **cost of 15,600 jobs**.²¹

The IFO's projection—which does not include any estimates for job losses among tipped workers—likely underestimates the cost. Using a methodology developed by the nonpartisan Congressional Budget Office, the Employment Policies Institute (EPI) projected in 2023 that **Pennsylvania, with a \$15 minimum wage, could lose as many as 85,779 jobs**, disproportionately among employees in the restaurant and bar industry. And its 2021 study on the impact of a phased increase in the minimum wage forecast that Pennsylvania would lose [143,402](#) jobs over a six-year period.²²

- Job losses will be particularly harmful to and disproportionately affect workers already on the fringes of the job market.
 - Part-time workers: National data shows most jobs (81 percent) paying less than \$11 are part-time, putting them first in line for employment contraction. The IFO forecasts a drop of 11,800 part-time jobs with the \$15 minimum wage.²³
 - Women: EPI estimates that 64 percent of job losses will be among women.
 - Tipped employees: Assuming tipped wages are increased to at least \$9 an hour, EPI calculates roughly one in four (24 percent) of tipped employees in Pennsylvania figure to lose their jobs.

Overall, there is more at stake than pay. Studies show minimum wage mandates can reduce worker hours and benefits, resulting in net harm to workers, including those who keep their jobs.

- A study, summarized in the [Harvard Business Review](#), examined the impact of the minimum wage on firms' scheduling practices in the retail industry and showed that a \$1 increase in the minimum wage leads to a 27.7 percent increase in the number of workers scheduled per week, but a **20.8 percent reduction in weekly hours per worker**.²⁴

- Notably, fewer hours would not only result in reduced overall compensation but also affect eligibility for certain benefits (e.g., health insurance), a net loss for worker welfare. A study from the [Competitive Enterprise Institute](#) details how mandated wage increases reduce other employer-based benefits such as tips, health insurance, employee discounts, flexible hours, and tuition assistance.²⁵
- [Evidence](#) from Hawaii and Nebraska, which increased their respective minimum wages to \$12 and \$10.50 per hour in 2022, suggests that increased minimum wages result in a decline of those seeking employment.²⁶
- Raising the minimum wage to \$15 would also indirectly impact about 702,000 workers receiving just above minimum wage. The IFO assumes that these workers would receive a “slightly higher wage” but does not attempt to project any job losses among this group.
- Finally, the IFO projects a relatively small net revenue benefit from an increase in the minimum wage, with \$60 million more in personal income tax collected, \$35 million in corporate income tax, \$35 million in sales and use taxes, and \$5 million in fewer personal income tax (PIT) refunds. The estimated net annual General Fund revenue impact is \$65 million.²⁷

WHO PAYS FOR A MINIMUM WAGE INCREASE?

IFO’s executive budget analysis assumes that businesses will be forced to raise prices and still lose money in response to a minimum wage increase. As a result, Pennsylvania consumers are expected to fund 60 percent of the increased costs. In other words, those receiving a boost in minimum wage will also be paying for it.²⁸

WAGES ARE RISING FOR WORKERS

Minimum wage advocates assume the government must force businesses to offer higher wages, but post-pandemic job shortages led to substantial wage growth in traditional minimum wage occupations.

- Median weekly earnings for all workers were [4.6 percent](#) higher, [year over year](#), for the second quarter of 2025, according to U.S. Bureau of Labor Statistics data, with inflation at 2.7 percent over the same period.²⁹
- **For workers most likely to make the minimum wage, the gains were even larger.** According to the Economic Policy Institute, since 2019, hourly wages for the lowest-paid workers at the bottom 10 percent grew by “a tremendous” [15.3 percent](#), faster than average growth over the prior 40 years.³⁰
- The IFO estimates that the effective market minimum wage—the wage rate that would be determined by market forces without government intervention—is roughly \$11 to \$11.50 per hour.³¹

MINIMUM WAGE HIKES ARE SHORTSIGHTED

State laws should bolster long-term prosperity. Raising the entry-level wage harms entry-level employees the most—those who need experience to move into family-sustaining careers.

Research on the [minimum wage and job loss](#) published in 2022 by the National Bureau of Economic Research states: “the evidence of negative employment effects is stronger for specific workers than specific industries.” The findings reveal “strong and consistent evidence of negative employment effects for teens, young adults, the less-educated, and directly-affected (low-wage) workers.”³²

REFORMS CAN RAISE WAGES WITHOUT REDUCING JOBS OR BENEFITS

If Shapiro and policymakers are concerned about wages, they should pursue the following proven reforms:

- **Lower the cost of doing business:** By accelerating the current phased reduction to 4.99 percent by 2031 of the commonwealth's Corporate Net Income Tax (CNIT), it is possible to raise wages and increase hiring. For example, [SB 207](#), an initiative to fast-track the reduction in the CNIT to an improved 4 percent by 2026, would instantly put the state in a tie for the third-lowest CNIT rate nationwide.³³
- **Enact comprehensive regulatory reform:** Pennsylvania administers more than 164,000 regulations, [reducing regulations](#) by 36 percent would result in an annual 1 percent economic growth in GDP and create more than 180,000 new jobs.³⁴
- **Lower barriers to employment:** Lawmakers, in 2024, took a small step by [ending pointless](#), costly licensing requirements for natural hair braiding, yet much needs to be done to remove [needless barriers](#) to work among the commonwealth's [29 licensing boards and commissions](#).³⁵
- **Give kids a lifeline:** A good education leads to [higher incomes](#) and stable employment. Pennsylvania's more than 200,000 students stuck in failing district schools [need a lifeline](#) to a quality education.³⁶ Both the Pennsylvania Award for Student Success Scholarship (PASS) Program ([SB 10](#)), and [Lifeline Scholarships](#) (HB 1489) provide tuition scholarships of up to \$10,000 per student for kids residing in catchment areas of low-achieving public schools.³⁷

¹ Minimum Wage Advisory Board, "Analysis of the Pennsylvania Minimum Wage: 2024" (Harrisburg, PA: Pennsylvania Department of Labor and Industry, March 2025), 3, 10, 12, <https://www.pa.gov/content/dam/copapwp-pagov/en/dli/documents/cwia/products/minimum-wage-reports/minimum-wage-report-2024.pdf>.

² Mathew Knittel et al., "Analysis of Revenue Proposals: FY 2025–26 Executive Budget" (Harrisburg, PA: Independent Fiscal Office, March 2025), 18, http://www.ifo.state.pa.us/download.cfm?file=Resources/Documents/Revenue_Proposal_Analysis_2025_03.pdf.

³ Minimum Wage Advisory Board, "Analysis of the Pennsylvania Minimum Wage: 2024," 15.

⁴ Knittel et al., "Analysis of Revenue Proposals: FY 2025–26 Executive Budget," 21.

⁵ William Even and David Macpherson, "A \$15 Minimum Wage in Pennsylvania Would Cost Nearly 86,000 Jobs," Employment Policies Institute, June 2023, https://epionline.org/app/uploads/2023/06/230619_EPI_MinWagePennsylvania_FINAL.pdf.

⁶ Pennsylvania Office of the Budget, "Governor Josh Shapiro Executive Budget 2025–2026" (Harrisburg, PA: Commonwealth of Pennsylvania, February 4, 2025), A1-6, C1-7, <https://www.pa.gov/content/dam/copapwp-pagov/en/budget/documents/publications-and-reports/commonwealthbudget/2025-26-budget-documents/2025-26%20budget%20book.webversion.pdf>.

⁷ Sen. Christie Tartaglione, Senate Bill 19, Pennsylvania General Assembly, Regular Session 2025–26, <https://www.palegis.us/legislation/bills/2025/sb19>.

⁸ Rep. Jason Dawkins, House Bill 1549, Pennsylvania General Assembly, Regular Session 2025–26, <https://www.palegis.us/legislation/bills/2025/hb1549>.

⁹ Kirsten Mosbruckner-Garza, "Gov. Shapiro Renews Push to Raise Pennsylvania's Minimum Wage to \$15 an Hour," 90.5 WESA, February 8, 2024, <https://www.wesa.fm/politics-government/2024-02-08/shapiro-raise-pennsylvania-minimum-wage>; Brooke Schultz, Pennsylvania House Passes \$15 Minimum Wage Bill, Associated Press, June 20, 2023, <https://apnews.com/article/pennsylvania-minimum-wage-b9e8c02a63f7bd20cf7f9683d0793851>.

¹⁰ Grace Ganz, "Pennsylvania Is Finally Increasing Its Minimum Wage—for Some: Here's When Commonwealth Employees Can Expect More Money," Fox43, January 26, 2022, <https://www.fox43.com/article/news/local/pennsylvania-raises-minimum-wage-commonwealth-workers/521-db5796fe-b7c7-47e5-a28e-85b01c2aeedd>.

¹¹ Yannet Lathrop, Ten-Year Legacy of the Fight for \$15 and a Union Movement," National Employment Law Project, November 29, 2022, <https://www.nelp.org/insights-research/10-year-legacy-fight-for-15-union-movement/>.

¹² Rep. Jason Dawkins, House Bill 1500, Pennsylvania General Assembly, Regular Session 2023–24, <https://www.palegis.us/legislation/bills/2023/hb1500>.

¹³ 48 Pa.B. 1243.

¹⁴ 52 Pa.B. 3042.

¹⁵ Minimum Wage Advisory Board, "Analysis of the Pennsylvania Minimum Wage: 2024," 3, 7, 10; Minimum Wage Advisory Board, "Analysis of the Pennsylvania Minimum Wage: 2017" (Harrisburg, PA: Pennsylvania Department of Labor and Industry, March 2018) 3, 7, 10, <https://www.pa.gov/content/dam/copapwp-pagov/en/dli/documents/cwia/products/minimum-wage-reports/minimum-wage-report-2017.pdf>.

¹⁶ Minimum Wage Advisory Board, "Analysis of the Pennsylvania Minimum Wage: 2024," 3, 10.

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- ¹⁷ Minimum Wage Advisory Board, “Analysis of the Pennsylvania Minimum Wage: 2024,” 3, 10.
- ¹⁸ Minimum Wage Facts and Analysis, “Don’t Call It Relief: Small Businesses, Restaurants Will Be Negatively Impacted by \$15,” January 22, 2021, <https://minimumwage.com/2021/01/dont-call-it-relief-small-businesses-restaurants-will-be-negatively-impacted-by-15/>.
- ¹⁹ Minimum Wage Advisory Board, “Analysis of the Pennsylvania Minimum Wage: 2024,” 7, 12–15.
- ²⁰ Minimum Wage Advisory Board, “Analysis of the Pennsylvania Minimum Wage: 2024,” 15.
- ²¹ Knittel et al., “Analysis of Revenue Proposals: FY 2025–26 Executive Budget,” 15, 21–22.
- ²² Even and Macpherson, “A \$15 Minimum Wage in Pennsylvania Would Cost Nearly 86,000 Jobs”; William Even and David Macpherson, “The State Employment Impact of a \$15 Minimum Wage,” Employment Policies Institute, January 2021, https://epionline.org/app/uploads/2021/01/State_Employment_Impact.pdf.
- ²³ Knittel et al., “Analysis of Revenue Proposals: FY 2025–26 Executive Budget,” 21.
- ²⁴ Qiuping Yu, Shawn Mankad, and Masha Shunko, “Research: When a Higher Minimum Wage Leads to Lower Compensation,” June 10, 2021, *Harvard Business Review*, <https://hbr.org/2021/06/research-when-a-higher-minimum-wage-leads-to-lower-compensation>, summary of the research paper by Yu, Mankad, and Shunko, “Evidence of the Unintended Labor Scheduling Implications of the Minimum Wage,” June 10, 2021 [Revised May 23, 2022] 14, *Manufacturing & Service Operations Management*, forthcoming, <https://ssrn.com/abstract=3863757> or <https://dx.doi.org/10.2139/ssrn.3863757>.
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- ²⁷ Knittel et al., “Analysis of Revenue Proposals: FY 2025–26 Executive Budget,” 1, 15.
- ²⁸ Knittel et al., “Analysis of Revenue Proposals: FY 2025–26 Executive Budget,” 23.
- ²⁹ U.S. Bureau of Labor Statistics, “Usual Weekly Earnings of Wage and Salaried Workers, Second Quarter 2025,” Economic News Release, July 22, 2025, U.S. Bureau of Labor Statistics, “Table 1. Median Usual Weekly Earnings of Full-Time Wage and Salary Workers by Sex, Quarterly Averages, Seasonally Adjusted,” release, July 22, 2025 [modified], <https://www.bls.gov/news.release/wkyeng.t01.htm>; “12 month percentage change, Consumer Price Index,” release June 2025, <https://www.bls.gov/charts/consumer-price-index/consumer-price-index-by-category-line-chart.htm>.
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- ³¹ Knittel et al., “Analysis of Revenue Proposals: FY 2025–26 Executive Budget,” 18.
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- ³⁴ James Broughel, “Cutting Red Tape in Pennsylvania,” Commonwealth Foundation, September 18, 2023, <https://commonwealthfoundation.org/research/cutting-red-tape-pennsylvania/>.
- ³⁵ Commonwealth Foundation, “New Pennsylvania Law Eliminates Job-Killing Hair Braiding Licensing Requirements,” release, October 16, 2024, <https://commonwealthfoundation.org/2024/10/16/pennsylvania-hair-braiding-licensing-requirements/>; Institute for Justice, “Occupational Licensing in Pennsylvania,” accessed July 20, 2025, <https://ij.org/issues/economic-liberty/occupational-licensing/pennsylvania/>; Pennsylvania Department of State, “Boards and Commissions,” accessed July 20, 2025, <https://www.pa.gov/agencies/dos/department-and-offices/bpoa/boards-commissions>.
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