

The Agenda to Raise Pennsylvania’s Pay

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Keystone Research Center's *The State of Working Pennsylvania* in [2016](#) and [2017](#) documented the long-term wage stagnation experienced by all but the top end of the Pennsylvania earnings distribution and by virtually every race/gender/education level. The top 1 percent in Pennsylvania has garnered 44.3% the increase in market incomes since 1979 and the top five percent 72% of the increase.

As economic distress fuels anger and division in our national and state body politic, it is more vital than ever that state policymakers enact policies that restore hope and begin to life wages and incomes across the board. In this context, the Keystone Research Center is issuing this updated "Agenda to Raise Pennsylvania's Pay."

Because wage stagnation stems from intentional policy choices, it can be reversed by making different policy choices. It is time to stop rigging our economy to benefit the rich and to restore a fair reward for hard work and the American dream of widespread mobility in Pennsylvania.

I. Establish a Vision and Action Plan for Raising Pennsylvania's Pay

1. Use Gov. Wolf's Middle Class Task Force to Develop an Action Plan to Raise PA's Pay

Gov. Wolf's inaugural address made "jobs that pay" a central priority of his administration. To help his administration advance this priority, Gov. Wolf in his 2017 budget address announced a "Middle Class Task Force."¹ As it undertakes its mission this fall, Pennsylvania's Middle Class Task Force should solicit input on all possible ways that the Wolf Administration, through executive action and in partnership with the legislature, could improve middle-class pay. It should then unveil an ambitious action plan to begin implementing policies to raise Pennsylvania's pay in 2018.

II. Enact Policies to Directly Boost Pay

2. Raise the State Minimum Wage

In 2017, the \$7.25 per hour Pennsylvania and U.S. inflation-adjusted minimum wage are 37% below their 1968 level,² even though productivity has doubled since 1968 and the [education and skills](#) of those in the bottom fifth have greatly improved.³ Pennsylvania's four most populous neighbors (Ohio, New Jersey, Maryland, and New York) already have legislation on the books that will move their minimum wage to at least \$9.50 per hour and as much as \$15 per hour by 2024. Moving the Pennsylvania minimum wage to \$12 by 2020 would benefit [about a quarter of the Pennsylvania workforce](#) directly and indirectly, nearly nine out of 10 of them adults 20 and over; moving the minimum wage to [\\$15 per hour now](#) would benefit 40 percent of the workforce and still leave the minimum wage below 60 percent of what it would be today if it had risen since 1968 in tandem with inflation plus productivity growth – as it did in the two decades before 1968.⁴

3. Enact a Higher Pennsylvania Overtime Threshold Through Executive Action

Last year, the Obama Administration sought to raise the salary threshold under which working people earn overtime pay. Under the new rule, most salaried workers – including managers and professionals – making less than \$47,476 would have been entitled to overtime pay. This change would have directly benefitted an estimated [459,000 Pennsylvanians, nearly a quarter \(22.6%\) of the commonwealth’s 2 million salaried workers](#). In November 2016, however, a [Texas Court blocked the new rule](#).

The Trump Administration could have challenged the lawsuit and moved to implement the Obama rule, providing a significant raise through federal policy to millions of middle class workers who embraced the President’s economic populism on the campaign trail. Instead, the Trump Administration did not challenge the lawsuit and has now issued a request for information that looks like an excuse for delay and may be a prelude to abandoning any increase in the federal overtime threshold at all.⁵

As with the minimum wage, the absence of federal action requires states to step up. [New York](#) raised its thresholds to \$37,830 to \$42,900 last December 31 and will raise them by the end of 2018 to \$43,264 to \$58,500. [California’s threshold is \\$43,680 this year](#) and will rise to \$62,400 by 2022. Based on the Pennsylvania Minimum Wage Act (the Pennsylvania statute that requires overtime pay), we believe that the overtime threshold could be changed in Pennsylvania via regulation. If the Wolf Administration achieved such a change using the time-consuming process for review of regulations by both the Independent Regulatory Review Commission and legislative committees, the only way for the legislature to undo a regulation is for both houses to pass a resolution of disapproval. Such a resolution would then go to the governor and could be vetoed like any other law. If either Chamber of the General Assembly upholds a gubernatorial veto, a higher overtime threshold could be achieved. The drawn out regulatory and review process would provide an opportunity to educate the public and media about who wants to raise middle-class pay and who doesn’t.

An increase in the overtime threshold to \$47,476 would boost the pay of above-minimum-wage, middle-income workers more than any state or federal policy in decades. As well as increasing overtime pay, an increase in the threshold would raise families’ incomes because some salaried employees who regularly work overtime would get raises to \$47,476. This change would respond powerfully to the desire of Pennsylvania middle-class voters – including Trump voters in western and rural PA – for a more level playing field between employers and workers, one that allows more families to benefit from economic growth and is less rigged to benefit the one percent.

4. Promote Higher Sectoral or Occupational Pay When It Serves a Public Purpose

In Pennsylvania and some other states, policies also exist that promote pay above the minimum wage in specific occupations and/or sectors when it serves a public purpose. New York state has one of the most flexible policies. The state’s minimum wage law allows for creation of “wage boards” to analyze the need for higher minimum wages in any occupation and make recommendations to the state Commissioner of Labor. In 2015, New York used this provision to increase the pay of fast food workers.⁶

Pennsylvania’s minimum wage statute does not provide similar authority to the Secretary of Labor and Industry. Even so, inspired by the New York fast food example, the Pittsburgh City Council established a “Wage Review Committee” in 2015 to evaluate wages paid to service workers in the health care sector. The committee endorsed “...hospital workers’ call for a minimum industry wage of no less than \$15/hour...” and made several other recommendations that would increase compensation and living standards for service workers in health care.⁷ The committee also recommendation that Pittsburgh City Council exercise its authority over budgeting, contracting, zoning and building codes, and public health and safety to “...incentivize hospital employers to improve pay and

working conditions for hospital service workers...” In March 2016, UPMC, by far the largest health care network in Pennsylvania, announced it would increase its starting employee’s pay to \$15 per hour by 2021.⁸

In another example, Pennsylvania’s “prevailing wage” law does required companies performing state-funded public construction projects to pay wage levels well above the state minimum wage. The law helps ensure that state-funded public construction – a significant share of the non-residential construction industry market – and legal requirements that the state accept the “lowest bid” do not tilt the state’s construction industry toward cut-throat low-wage, low-skill, low-productivity competition.⁹ Without a state prevailing wage law, the wages of white men in Pennsylvania without a four-year college degree would have fallen even more since 1979.¹⁰

Drawing on these examples, state government in Pennsylvania should consider the need to use its existing authority to increase pay in certain occupations and/or sectors. It should also consider the need to seek additional authority from the legislature to establish sectoral pay standards above the minimum wage. The following sectors should be the focus of early action to increase pay.

- Long-term care and early childhood education. In these caregiving industries, higher wages lower workforce turnover and stabilize the critical relationship between the caregiver or educator and the consumer or young child. When combined with effective training and supportive management, higher compensation can have a profound impact on quality. In early childhood, higher wages pay for themselves many times over in the long run by reducing social costs and increasing tax payments.¹¹ In long-term care, raising pay to \$15 per hour has a small impact on total costs, and there would be offsetting savings.¹² Pennsylvania Representative Ed Gainey has introduced legislation to encourage nursing homes to pay \$15 per hour.¹³ Given the concentration of women in caregiving jobs, “quality wage” standards in caregiving would help close the gap between women’s and men’s wages.
- Trucking: Pennsylvania has the third most truck drivers in the country, and a particularly high concentration of such drivers outside southeast Pennsylvania and Allegheny County.¹⁴ A series of studies have established that higher pay improves safety in the long-haul trucking industry, in part because it improves retention of experienced drivers and because drivers no longer need to work unsafe number of hours to earn a decent living.¹⁵ As discussed below, current policy contributes low industry pay because public training dollars subsidize the steady replenishment of truck drivers with Commercial Drivers’ Licenses (CDLs). As well as modifying its training policies, Pennsylvania could lift the pay of truck drivers is by cracking down of misclassification of drivers as independent contractors.¹⁶ The state could also explore a truck driver minimum pay standard above the minimum wage. Since higher pay improves safety, Australia earlier this decade established a “Road Safety Remuneration System” to set pay and working conditions for truck drivers.¹⁷ Lifting pay for truck drivers operating within Pennsylvania would particularly benefit men and the central and rural parts of the state.¹⁸
- Manufacturing and distribution: the state of Pennsylvania provides millions of dollars annually in business subsidies, tax breaks, and training, mostly for manufacturing companies but in some cases for warehouses and distribution companies (e.g., Amazon). These funds should require all employees to earn at least \$15 per hour within one year of employment, or by the completion of a registered apprenticeship program for employees hired as apprentices.
- Non-public construction: for residential and commercial construction funded only by private funds, a case remains for lifting wages above the minimum wage because it would improve safety. Pennsylvania’s Department of Labor & Industry should conduct or commission an assessment of the potential reduction in accidents, injuries and fatalities that might result from higher pay throughout the construction industry coupled with mandatory safety training for all Pennsylvania construction workers.

5. Promote State and Local Earned Sick Leave and Paid Family Leave

Since the 1970s, the share of families in which all adults work, including families with children and with aging parents, has grown sharply.¹⁹ This has heightened work-family stress, while also forcing families to make difficult choices between their income and the time they have for a child or others who need care. A growing number of cities and states have begun to assist today's workers and their families in achieving a better balance between work and family. Forty states and cities now [provide earned sick leave](#),²⁰ including [Philadelphia on May 13, 2015](#),²¹ and the city of Pittsburgh (although Pittsburgh's bill is still tied up in the courts).²² States and cities have also begun to adopt paid family and medical leave and the Commonwealth of Pennsylvania is currently studying the feasibility of establishing a statewide paid family leave program under a [grant from the U.S. Department of Labor](#).²³ The state of Pennsylvania should join the movement for earned sick leave and paid family and medical leave.

6. Enact a Predictable Scheduling Law to Stabilize the Pay of Low-wage Workers

Pennsylvania should also enact another family-friendly labor standard recently adopted in [San Francisco](#), [Seattle](#), [New York City and Oregon](#) – a prohibition on last-minute or “just-in-time” scheduling, which as *The Washington Post* notes “...can wreak havoc on the lives of workers...”²⁴ As well as enabling families to perform their family responsibilities, fair scheduling would stabilize pay for the lower-income workers with the least predictable schedules.

7. Consider the Need for Long-term Policies to Raise Pay and Reduce Work Time if “The Robots Are Coming”

Over the past several years, an international debate has emerged about the possibility of mass worker displacement by robots and artificial intelligence (e.g., driverless vehicles). Keystone Research Center is on record as skeptical of some claims about worker displacement. That said, we do not have a crystal ball and thus considering how policy could cope with a massive reduction in available paid work hours makes sense. Such a trend should be cause for celebration because, after all, it would amount to a huge increase in productivity that society could distribute in the form of higher wages per hour, shorter work weeks, more vacation weeks, or higher social benefits (such as a “Universal Basic Income”).²⁵ Given the more extended period over which this issue will unfold, the Middle Class Task Force in the second half of 2017 could make recommendations for a longer-term research and policy development process that would dig more deeply into this issue.

III. Strengthen Worker Voice and Promote High-Road Business Strategies

8. Use Public Dollars and Partner with Philanthropy to Improve Jobs and Don't “Subsidize the Low Road”

A large body of research documents that, in the same industry and product market, profitable businesses may vary “systemically” in how they compete. Some companies, such as the Wolf Company when Gov. Wolf served as CEO, pay high wages and benefits by the standards of their industry and tap into the worker commitment and higher productivity that result from such “good jobs” – or “high road” – strategies.²⁶ Other businesses pay low wages and benefits by the standards of their industry, experiencing high turnover and achieving low productivity, service, and quality as a result. The Wolf Middle Class Task Force should establish as a basic operating principle for Pennsylvania going forward that state government “pave the high road” and “block the low road.”

Perhaps inadvertently, state government in Pennsylvania currently paves the low road in some instances. For example, education and workforce programs subsidize low-wage nursing homes, trucking companies, and other high-turnover businesses.²⁷ In addition, state economic development dollars are distributed without sufficient attention to the wages and labor practices of recipient companies. This means that manufacturing and distribution companies in some cases receive support that pay either less well than their peers and/or have a track record of violating labor standards and their workers' rights to organize and bargaining.²⁸

The Wolf Middle Class Task Force should review the current distribution of workforce and economic development dollars and define policies that ensure that funds in the future support high-road companies or assist typical companies in emulating their high-road peers. The state could also explore partnering with philanthropy to provide technical assistance that helps low-wage companies phase in a \$15 per hour minimum wage by the beginning of next decade.²⁹

9. Strengthen Worker Voice and Collective Bargaining Rights

The single largest factor suppressing wage growth for middle-wage workers over the last few decades has been the [erosion of collective bargaining](#), which has affected both union and nonunion workers alike.³⁰ Federal law governs collective bargaining rights for most of the private sector, and has the most authority to ensure that workers gain the leverage they need to bargain for better wages and benefits, and to set high labor standards for all workers.³¹ Yet the state does control labor rights in the non-federal public sector and has significant regulatory, funding, and procurement authority that can impact worker voice and bargaining power more broadly. The state should use this authority to protect worker voice and bargaining right.³²

- [Don't award state contracts to labor-law violators](#). The Obama Administration enacted new regulations that required companies to disclose violations of 14 different labor standards from the previous three years when bidding for new contracts of \$500,000 or more and that also require procurement officials to consider "serious, willful, repeated, or pervasive" past wrongdoing in awarding contracts.³³ Pennsylvania should explore requiring similar notification of companies bidding for contracts with the state and taking this information into account when awarding contracts.³⁴
- [Support positive labor-management models and innovative efforts to adopt good jobs strategies](#). The flip side of not supporting labor-law violators is helping companies and unions strengthen or transition to positive relationships that result in good jobs for employees, organizational success for the business, and stronger families and communities.
- [Use the bully pulpit to raise the visibility of broad-based unions that can restore equity](#). Where the state does not have significant legislative or executive authority, a governor and his or her administration can still use the bully pulpit to educate the public and boost workers' collective confidence. For example, a growing number of unions and workers recognize that area-wide unions in industries that cannot relocate (such as janitorial services, security guards, health care, caregiving, hotels, restaurants, fast food, taxi or ride-share drivers, supermarkets) could restore equity in America by raising pay substantially. These sectors collectively account for most low-to-moderate wage U.S. jobs today. Speaking clearly about the potential of area-wide sector unions to transform poor jobs to family-supporting ones would also reinforce the new workers' movement that has gathered pace in Pennsylvania and nationally in recent years (sometimes operating under the banner of "Fight for \$15 and a Union"). President Obama, for example, used the bully pulpit to highlight the potential of broad-based unions to lift workers' wages, saying, "[if I were busting my butt in a service industry today, I'd join a union...](#)"³⁵

10. Support Effective and Strategic Enforcement of Labor Standards

The [enforcement of labor standards](#) in the United States is so weak that hundreds of thousands of employers routinely fail to pay minimum wage or overtime, fail to protect employees from workplace hazards, fail to pay payroll taxes or worker's compensation premiums, or fail to provide family and medical leave.³⁶ Wage theft alone costs employees as estimated \$15 billion dollars per year, and lack of worker's compensation coverage, unemployment insurance coverage, or Social Security coverage can cost them billions more.³⁷ Moreover, Pennsylvania victims of wage theft lose more money on average than victims the other nine of the 10 most populous states (see source in previous note). Pennsylvania should join the growing number of states and localities adopting pro-active, strategic industry-specific enforcement strategies to root out systemic violation of labor standards. Effective enforcement to ensure high compliance with the law should be coordinated with assistance to businesses that helps them transition to strategies that do not require wage theft or violation of other standards to achieve decent profits.

IV. Boost Job Growth and Reduce Unemployment

11. Invest in Pennsylvania's Infrastructure

In January 2008, before the nation knew it was in the Great Recession, the Keystone Research Center [stated publicly that Pennsylvania should invest in infrastructure](#) to capitalize on low interest rates and low construction costs certain to result from our already-faltering economy.³⁸ While construction costs have recovered, interest rates remain low, so it is *still* a good time for Pennsylvania to invest in infrastructure. On state-funded infrastructure projects, Pennsylvania should also invest in high-quality, registered construction apprenticeship programs to help train the next generation of construction trades workers and promote the diversification of the pipeline to family-supporting construction careers.

12. Invest Adequately and Equitably in Schools, Restoring Public Sector Jobs Lost in 2011-14.

The deep cuts in education funding in Pennsylvania in 2011 [led to an estimated 27,000 job losses in the public education sector](#) and contributed substantially to Pennsylvania's plunge to the bottom of the state job-growth rankings from the beginning of 2011 to the end of 2014.³⁹ Increasing education funding would restore many school jobs and strengthen and sustain the economic recovery. It would also translate into tangible educational improvements – smaller classes, more school nurses, and more teachers for arts and other programs cut in the past few years. An increase in funding is also needed to fully fund Pennsylvania's fair funding formula established by the bipartisan Basic Education Funding Commission, and to lift Pennsylvania out of last place for funding equity between rich and poor districts.⁴⁰ The increase in jobs in schools would especially benefit women, who make up a high share of school jobs.

13. Implement a "Bring Good Manufacturing Jobs Back to Pennsylvania" Strategy

While manufacturing accounts for a smaller share of all jobs than in the past (currently a bit less than one in 10 in Pennsylvania), it remains vital to the state's economy. Pennsylvania manufacturing jobs pay an average annual compensation of over \$65,000 per year. The manufacturing sector also accounts for over 90 percent of the state's exports, and 70 percent of all research and development. Since 2010, employment in manufacturing has grown slightly, partly because more U.S. companies have come to see the downsides of distant sourcing. Pennsylvania should seize the moment and implement a bipartisan "Bring Good Manufacturing Jobs Back to Pennsylvania"

strategy. This could be overseen by a public-private Pennsylvania Advanced Manufacturing Partnership that includes representatives of manufacturers and labor. It could include policy components to:

1. Retain and reshore manufacturing jobs;
2. Finance working capital and innovation;
3. Build skills for 21st century making; and
4. Boost demand for Pennsylvania manufacturing products through infrastructure investment, buy Pennsylvania and buy American procurement policies, maximizing manufacturing jobs linked to Pennsylvania's Shale gas, and giving Pennsylvania companies better access to U.S. fair trade laws.

A Pennsylvania manufacturing strategy would especially benefit men and Pennsylvanians living in rural areas because these two groups account for a disproportionate share of manufacturing jobs.

14. Ban the Box

While policies that expand employment like infrastructure spending benefit all workers by tightening labor markets, truly promoting equity in hiring and career advancement also requires policies specifically targeted at hard-to-employ groups.

Decades of excessive policing and over-criminalization have left tens of thousands of people across Pennsylvania with criminal records that operate as a barrier to employment when employers use questions about criminal convictions to narrow the hiring pool. "Ban the box" delays background check inquiries by employers until after the employer has made an offer of employment.⁴¹ It's a simple low-cost reform that removes an arbitrary barrier that might prevent an otherwise qualified candidate from getting a job and research shows these policies have increased job opportunities for workers with criminal convictions.⁴²

15. Subsidized jobs

There is broad bipartisan support for the notion that the best way to fight poverty is with a job. Hard-to-employ groups such as ex-felons, low-income parents and people with disabilities, however, often struggle to find employers willing to invest in the training necessary to make these workers productive. Last year, [Community Legal Services of Philadelphia](#) and their community partner Redeemed PA launched the [#WeNeedToWork campaign](#) to promote as a solution to this problem Pennsylvania and Philadelphia subsidized jobs program. Subsidized employment programs give employers an extra incentive to employ hard-to-employ groups by covering some of the wages of these workers. Once on the job these workers begin to accumulate hard and soft skills that make them more likely to stay in the labor market once job subsidies end. Subsidized jobs programs also save taxpayers money: they cost much less than incarcerating someone, for example, and larger long-term savings result when participants becomes permanently more strongly attached to productive employment.⁴³

V. Expand Access to Education and Training Leading to Good Jobs

14. Provide Up To Two Years of Free College or Post-secondary Education Tied to Good Jobs

In an April 2017 brief, Keystone Research Center and the Pennsylvania Budget and Policy Center have demonstrated the critical importance of Pennsylvania's public colleges to intergenerational upward mobility.⁴⁴ Subsequent briefs demonstrated that state funding cuts and the rising cost of attending college have plunged Pennsylvania to dead last – 50th – for higher education according to *U.S. News and World Report*. Funding cuts and rising student costs threaten the access of today's children from Pennsylvania working families to postsecondary education, sharply reducing their chances for a family supporting career. Access to postsecondary education is especially sparse in rural

parts of the state that have no community colleges, with many such areas considered “education deserts” by a recent academic study. Given the low levels of educational attainment in these rural areas, further reductions in access to postsecondary education could trigger or accelerate regional decline and depopulation.

To provide opportunity for working families, hope for many of its rural areas, and skills for high-wage employers, Pennsylvania needs a bold new initiative to increase access to post-secondary education. This initiative should provide at least two years of free college for new graduating seniors in middle class families (up to an income threshold above \$100,000). It should also provide adults without a (two- or four-year) degree access to education that provides college credit and leads to industry recognized credentials (such as an apprenticeship).

If this program requires eligible students to seek federal Pell grants prior to accessing additional state support needed to zero out tuition, a significant part of the funds come from the federal government. (Pennsylvania students currently draw down about \$200 million less in Pell grants than if they drew down an amount equal to Pennsylvania’s share of the U.S. 19-34 years old population.)

15. Expand Training Linked to Careers That Pay

Pennsylvania is a national leader in building multi-firm sectoral training consortia (known as industry partnerships) and has more extensive multi-firm apprenticeships than most states, especially in the construction trades but also in manufacturing. These multi-firm training collaborations can grow public-private shared investment in workers’ skills. They can also develop portable industry-recognized credentials and job-matching institutions (e.g., job boards, job fairs, or hiring halls) that enable employers to find qualified workers and more laid-off workers to find another good job that utilizes their unique skill set. Pennsylvania should expand family-supporting careers through increased public-private investment in industry partnerships and apprenticeship linked to companies with good jobs.⁴⁵

16. Expand Use of Work Sharing

In 2011, Pennsylvania became one of the now-28 states that allow “work sharing” – i.e., partial claims for unemployment if employers reduce hours because of depressed demand. Under this provision, if an employer’s need for employees drops from five to four, all five employees can work 80 percent and draw 20 percent unemployment benefits. Work sharing has strong bipartisan support, in part because it allows employers to retain valued employees. By reducing the number of “separations” between worker and firm, work sharing helps retain family-supporting jobs and careers in recessions. While Pennsylvania has increased its informational materials on work sharing, the take up rate remains low.⁴⁶ Building on the state’s efforts, and in partnership with business and labor and utilizing sector-specific employer training consortia such as Industry Partnerships and apprenticeship programs, Pennsylvania should develop a plan to expand work sharing.

VI. The Top 1 Percent

16. Make the Pennsylvania Tax System Fairer

Pennsylvania has one of the most unfair state and local tax systems in the country, with middle-income families paying two-and-half times as much of their income in taxes as the top 1 percent, with low-income families paying nearly three times as much.⁴⁷ Fairer taxes would increase the take-home pay of middle- and low-income families. Asking top income Pennsylvanians to pay their fair share would also provide resources to invest in schools and finance infrastructure bonds. Pennsylvania could make the tax system fairer by:

- Enacting the “fair share tax” proposed by the Pennsylvania Budget and Policy Center. This would raise the tax rate on “unearned” income from wealth (such as capital gains and dividends) while lowering it on income on wages;⁴⁸
- Eliminating the Pennsylvania constitution’s uniformity clause so that the state can exempt the first part of income from taxes and enact either graduated income tax rates such as exist in all of Pennsylvania’s surrounding states or at least a second higher tax rate on the very rich;⁴⁹
- Passing the severance tax included in the revenue package passed by the Pennsylvania Senate in July and then improving that severance tax (which would add only about 1% to the effective tax rate on natural gas extraction) until, in combination with the existing impact feed, it raises the effective tax rate on natural gas to the 5% rate in neighboring West Virginia;
- Closing the Delaware holding company loophole that allows multi-state companies to shift much of their reported income out of Pennsylvania.⁵⁰ Since the early 2000s, cuts in corporate taxes – and the failure to close corporate tax loopholes have cost the state over \$3 billion each year in revenue.⁵¹

¹ Keystone Research Center recommended creating such a task force in “The State of Working Pennsylvania” in 2015 and 2016, pointed to U.S. Vice President Joe Biden’s [Middle Class Task Force](https://obamawhitehouse.archives.gov/sites/default/files/microsites/100226-annual-report-middle-class.pdf) within the Obama Administration as one model (online at <https://obamawhitehouse.archives.gov/sites/default/files/microsites/100226-annual-report-middle-class.pdf>).

² Inflating the 1968 nominal minimum wage of \$1.60 per hour using the CPI-U-RS indicates that the minimum wage in June 2017 would have had to be \$11.43 to have maintained its inflation-adjusted value. At \$7.25 in June 2017, the Pennsylvania and U.S. minimum wage had lost 37% of their 1968 value.

³ Lawrence Mishel, *Low-Wage Workers Have Far More Education than They Did in 1968, Yet They Make Far Less*, Economic Policy Institute, January 23, 2014; <http://www.epi.org/publication/wage-workers-education-1968/>

⁴ For estimates of the number of Pennsylvania workers who would benefit from minimum-wage increases to four different levels (\$8.75, \$10.10, \$12, and \$15 per hour), see “Table 1” online at http://keystoneresearch.org/sites/default/files/KRC_Table1_4Proposals.pdf. U.S. labor productivity has increased 133 percent since 1968 (www.bls.gov). Since the minimum wage would need to equal \$10.80-\$11.02 to adjust for inflation alone since 1968, it would have to exceed \$25 per hour to compensation for both inflation plus productivity growth.

⁵ Heide Shierholz, “The Trump administration is trying to take away the rights of millions of Americans to get paid for their overtime,” July 25, 2017, <http://www.epi.org/press/the-trump-administration-is-trying-to-take-away-the-rights-of-millions-of-americans-to-get-paid-for-their-overtime/>

⁶ See “Report of the Fast Food Wage Board to the NYS Commissioner of Labor,” 2015, <https://labor.ny.gov/workerprotection/laborstandards/pdfs/Fast-Food-Wage-Board-Report.pdf>; and Mario J. Musolino, “Order of Acting Commissioner of Labor Mario J, (sic) Musolino on the Report and Recommendations of the NY Fast Food Wage Board,” September 10, 2015, <https://labor.ny.gov/workerprotection/laborstandards/pdfs/FastFood-Wage-Order.pdf>

⁷ See “The Report of the Wage Review Committee on the Impact of Raising Wages for Service Workers at Pittsburgh’s Anchor Institutions,” December 8, 2015, http://apps.pittsburghpa.gov/district9/FINAL.Report_of_the_Wage_Review_Committee_12082015_%281%29_%281%29_%281%29.pdf.

⁸ Ben Schmitt, “UPMC to increase minimum starting wage to \$15 an hour,” *Pittsburgh Tribune-Review*, March 29, 2016, <http://triblive.com/news/adminpage/10221461-74/upmc-hour-employees>

⁹ For summaries of research documenting that prevailing wage laws improve pay, skills, training and productivity—but do not raise state construction costs—go to <http://keystoneresearch.org/issues-guides/prevailing-wage>

¹⁰ Although the diversity of employment in the Pennsylvania construction has increased significantly since the late 1970s, most trades workers (and other occupations) in the industry remain white men.

¹¹ According to Pennsylvania Partnerships for Children, “High-quality pre-kindergarten is a proven investment—every dollar spent returns up to \$17 in reduced crime, education and social services savings, as well as resulting in higher earnings and increased taxes paid in adulthood.” <http://www.papartnerships.org/work/early-learning>

¹² Keystone Research Center estimates that raising wages of all nursing home workers would increase nursing home costs by 4 percent. In addition, this change would generate offsetting savings because of reduced workforce turnover and reduced prescription drug costs because of happier residents. For the state and federal government, and for taxpayers, the cost of means-tested public

assistance for low-wage workers would also decline. See Stephen Herzenberg, *Double Trouble: Taxpayer-Subsidized Low-Wage Jobs in Pennsylvania Nursing Homes*, Keystone Research Center, April 2015, p. 10;

http://keystoneresearch.org/sites/default/files/KRC_DoubleTrouble.pdf

¹³ Pennsylvania Rep. Ed Gainey has introduced legislation that would give nursing homes paying at least \$15 per hour to all their employees a “living-wage certification.” He has also introduced separate legislation requiring nursing homes not meeting this standard to pay a portion of the cost of public benefits for which their low-wage workers qualify. See Stephen Herzenberg, *Nursing Homes Jobs That Pay*, Keystone Research Center, November 2015;

http://keystoneresearch.org/sites/default/files/201511_NHFollowUp_FINAL.pdf

¹⁴ For a profile of “U.S. heavy and tractor-trailer truck drivers,” including Pennsylvania’s third-place ranking for employment and a map showing that most of rural, central, and southwest Pennsylvania have between 1.25 and 2.5 times as many of these drivers relative to total employment as does the United States as a whole, see <http://www.bls.gov/oes/current/oes533032.htm>. See also <http://www.bls.gov/ooh/transportation-and-material-moving/heavy-and-tractor-trailer-truck-drivers.htm>.

¹⁵ Michael H. Belzer summarizes three safety studies in “The Effects of Economic Forces on Motor Carrier Safety,” Motor Carrier Safety Advisory Committee, Federal Motor Carrier Safety Administration, December 7, 2009. The first study examined a “natural experiment” at J.B. Hunt, the second largest truckload carrier in 1995, when the company raised wages because of turnover of 96%. The study of this event found that, at the average wage, a 10% higher driver pay rate resulted in a 40% lower crash probability. A second study, using data on 102 truckload carriers, found that, for every 10% increase in compensation, carries had a 9.2% lower crash rate. The third study, based on a survey of 1,000 drivers, found that, at the mean pay rate, for every 10% more that drivers earn, their probability of reporting having had a crash last year is 25.0% lower. For a more recent review of research in the United States and Australia, see Mooren Lori, Ann Williamson, and Raphael Grzebieta, “Evidence that truck driver remuneration is linked to safety outcomes: a review of the literature,” *Proceedings of the 2015 Australasian Road Safety Conference* 14, 16 October, 2015, Gold Coast, Australia.

¹⁶ Personal communication with Michael Belzer, Wayne State University.

¹⁷ See <https://www.fairwork.gov.au/about-us/legislation/road-safety-remuneration-system>

¹⁸ Truck drivers in the United States are 94 percent male, about 60 percent non-Hispanic white, 21.3 percent Hispanic or Latino, and 14.8 percent black (<http://www.bls.gov/cps/cpsaat11.pdf>). Given the low share of Hispanics in Pennsylvania compared to nationally, it is likely that 70 percent or more of Pennsylvania truck drivers are white.

¹⁹ For data on the rising labor force participation rates of women, including those with children at home, see Bureau of Labor Statistics, *Women in the Labor Force: A Data Book*, especially Table 1, pp. 11-12 and Table 2, p. 23; <http://www.bls.gov/cps/wlf-databook-2013.pdf>

²⁰ <http://familyvaluesatwork.org/media-center/paid-sick-days-wins>

²¹ Tricia Nadolny, “Paid sick leave signed into Philadelphia law,” February 14, 2015; http://articles.philly.com/2015-02-14/news/59123442_1_sick-leave-seasonal-workers-greenlee

²² Pittsburgh enacted paid sick leave in 2015, but a [judge struck down the bill on December 23, 2016](#). An appellate court [upheld this decision in May of this year](#) and [the city plans to appeal to the state Supreme Court](#).

²³ U.S. Department of Labor, “Paid Leave Analysis Grants”; <https://www.dol.gov/wb/media/paidleavegrants.htm>

²⁴ The San Francisco “Retail Worker Bill of Rights,” which includes a “predictable scheduling” provision, went into effect on July 3, 2015. See also Lydia DePillis, “The next labor fight is over when you work, not how much you make,” *Washington Post*, May 8, 2015; online at

<https://www.washingtonpost.com/news/wonk/wp/2015/05/08/the-next-labor-fight-is-over-when-you-work-not-how-much-you-make/>. For a study of the impact of just-in-time scheduling on employees in Washington D.C., see Ari Schwartz, Michael Wasser, Merrit Gillard, and Michael Paalberg, *Unpredictable, Unsustainable: The Impact of Employers’ Scheduling Practices in DC*, D.C. Jobs with Justice and partners, June 2015; http://www.dciwj.org/wp-content/uploads/2015/06/DCJWJ_Scheduling_Report_2015.pdf

²⁵ For materials on the debate about the future of work including whether the “robots are coming” and how to manage it if they are, go to <http://www.earncentral.org/futureofworkinthestates.htm>. Start with the “overview” document includes a summary of the other links at this web page.

²⁶ Companies that pursue “good jobs” strategies pay significantly above industry average wages and benefits and also adopt operating and organizational practices that capitalize on having experienced workers who want to help their employer achieve high performance. See Zeynep Ton, *The Good Jobs Strategy: How the Smartest Companies Invest in Employees to Lower Costs and Boost Profits*, New Harvest, January 14, 2014.

²⁷ According to the Commercial Vehicle Training Association (CVTA), up to 60% of the 50,000 students in its members’ schools that deliver Commercial Drivers’ License (CDL) training receive federal Workforce Investment Act (now Workforce Investment and Opportunity Act) dollars. Students obtaining CDLs may also receive assistance from federal Pell grants for postsecondary education

or state dollars for occupational education. Many students who obtain CDLs are then placed in low-wage jobs and in some cases become (possibly misclassified) independent contractors earning low net pay yet trapped because of the debt they own for their training and/or their truck. See Steve Vischelli, *The Big Rig: Trucking and the Decline of the American Dream* (Oakland, California: University of California Press, 2016), see especially chapter 1, “The CDL Mill: Training the Professional Steering Wheel Holder.” For discussion of how workforce dollars may inadvertently subsidize low-wage, high-turnover employers without guidelines to ensure they support job quality, with an illustration drawn from nursing homes, see Laura Dresser, Hannah Halbert, and Stephen Herzenberg, “High Road WIOA: Building Higher Job Quality Into Workforce Development,” COWS, Keystone Research Center, and Policy Matters Ohio, December 2015; https://www.keystoneresearch.org/sites/default/files/KRC_WIOA.pdf.

²⁸ Pennsylvania gave Amazon subsidies totaling \$22.25 million in 2016, a \$5 million grant, \$15 million in tax credits and \$2.25 million for job training. Anthony Salamone, “Amazon’s expansion and the Lehigh Valley: 5 things to know,” *Allentown Morning Call*, July 22, 2016, <http://www.mcall.com/business/mc-amazon-five-things-lehigh-valley-20160722-story.html>. On job quality at Amazon, see the *Morning Call* series at <http://www.mcall.com/news/local/amazon/> and this [Salon story](#).

²⁹ As part of the [National Fund for Workforce Solutions](#) (NFWS), state government and three regions within Pennsylvania has partnered actively with national and Pennsylvania philanthropy on workforce development over the past decade, helping low-income workers acquire the skills needed by employers with good jobs. The NFWS has recently focused increasingly on providing technical assistance to employers to help them improve job quality. One natural next step in this context might be Pittsburgh or Philadelphia state-philanthropy partnerships that assist low-wage employers significantly raise their wages over a period of several years.

³⁰ Lawrence Mishel, *Unions, inequality, and faltering middle-class wages*, Economic Policy Institute, August 29, 2012; <http://www.epi.org/publication/ib342-unions-inequality-faltering-middle-class/>

³¹ <https://www.nlr.gov/rights-we-protect/jurisdictional-standards>

³² For examples of the many ways that state and local government can strengthen worker power, raise wages, and promote area-wide bargaining within industries, see David Madland and Alex Rowell, “How State and Local Governments Can Strengthen Worker Power and Raise Wages,” Center for American Progress, May 2, 2017, <https://www.americanprogressaction.org/issues/economy/reports/2017/05/02/166640/state-local-governments-can-strengthen-worker-power-raise-wages/>

³³ New York Times Editorial Board, “Fair Pay, Safe Workplaces, Republican Objections,” August 26, 2016; <http://www.nytimes.com/2016/08/27/opinion/fair-pay-safe-workplaces-republican-objections.html>

³⁴ For companies that bid for federal as well as Pennsylvania contracts, and that have already disclosed information to the federal government, the state could allow companies to grant the state access to the information shared with the federal government and negotiate a Memorandum of Agreement with the federal government.

³⁵ <https://www.youtube.com/watch?v=SzvtCTJ7UY0>

³⁶ Gordon Lafer, *The Legislative Attack on American Wages and Labor Standards*, Economic Policy Institute, October 31, 2013; <http://www.epi.org/publication/attack-on-american-labor-standards/>

³⁷ David Cooper and Teresa Kroeger, “Employers steal billions from workers’ paychecks each year,” Economic Policy Institute, May 10, 2017, <http://www.epi.org/publication/employers-steal-billions-from-workers-paychecks-each-year-survey-data-show-millions-of-workers-are-paid-less-than-the-minimum-wage-at-significant-cost-to-taxpayers-and-state-economies/>

³⁸ Mark Price and Stephen Herzenberg, *A Building Storm: The Housing Market and the Pennsylvania Economy*, Keystone Research Center, January 31, 2008; <http://keystoneresearch.org/publications/research/building-storm-housing-market-and-pennsylvania-economy>. See also Elizabeth McNichol, *It’s Time for States to Invest in Infrastructure*, Center on Budget and Policy Priorities, February 23, 2016; <http://www.cbpp.org/research/state-budget-and-tax/its-time-for-states-to-invest-in-infrastructure>

³⁹ Mark Price and Stephen Herzenberg, *The State of Working Pennsylvania 2014*, Keystone Research Center; <http://keystoneresearch.org/swp2014>

⁴⁰ Michael Churchill, *PA Basic Education Funding Commission Formula Means Districts Needs at Least \$3.2 Billion More in State Funding*, the Public Interest Law Center, May 2016; <http://www.pilcop.org/befc-adequacy-calculation/> the City of Philadelphia has a Ban the Box ordinance ⁴¹ modelled on similar laws in New York City and New Jersey;

<http://www.phila.gov/HumanRelations/DiscriminationAndEnforcement/Pages/BantheBoxLawAtAGlance.aspx>

⁴² For more on the effectiveness of these policies see Maurice Emsellem and Beth Avery, *Racial Profiling In Hiring: A Critique of New “Ban The Box” Studies*, National Employment Law Project; <http://www.nelp.org/publication/racial-profiling-in-hiring-a-critique-of-new-ban-the-box-studies/>

⁴³ For a review of the research on the effectiveness of subsidized jobs programs see Indivar Dutta-Gupta, Kali Grant, Matthew Eckel, and Peter Edelman, *Lessons Learned from 40 Years of Subsidized Employment Programs: A Framework, Review of Models, and Recommendations for Helping Disadvantaged Workers*, Georgetown University Law Center on Poverty and Inequality, Spring 2016

<https://www.law.georgetown.edu/academics/centers-institutes/poverty-inequality/current-projects/loader.cfm?csModule=security/getfile&PageID=269877>

⁴⁴ See Mark Price, "Pennsylvania's Great Working Class Colleges," April 24, 2017,

<https://www.keystoneresearch.org/publications/research/pennsylvanias-great-working-class-colleges>; Diana Polson, Stephen Herzenberg, and Mark Price, "At Students' Expense: Rising Costs Threaten Public Universities' Role in Upward Mobility," June 8, 2017, <https://www.keystoneresearch.org/publications/research/students%E2%80%99-expense-rising-costs-threaten-pennsylvania-public-universities%E2%80%99-role>; Eugene Henninger-Voss and Stephen Herzenberg, "Higher Education at a Crossroads: To Boost Opportunity and Growth, Pennsylvania Needs to Invest in Higher Education," August 18, 2017, <https://www.keystoneresearch.org/publications/research/pennsylvania-higher-education-crossroads-boost-opportunity-and-growth-pennsylv>

⁴⁵ Among the ways this could be done are increasing the state budget line item for industry partnerships, now less than \$2 million compared to \$20 million at its peak; reauthorizing of the state's "Reemployment Fund" which provides flexible training dollars and will sunset in 2017; enacting industry partnership tax credit, one version of which passed the Senate Finance committee in the 2011-12 legislative session; and leveraging federal and philanthropic dollars.

⁴⁶ The Pennsylvania Department of Labor & Industry's educational materials on work sharing are online at <http://www.uc.pa.gov/employers-uc-services-uc-tax/shared-work/Pages/default.aspx>. For more information on work sharing, including on its wide use in Germany and the inclusion of support for work sharing in the Obama 2017 budget, see the web page of the Center for Economic and Policy Research (<http://cepr.net>).

⁴⁷ See Institute for Taxation and Economic Policy, *Who Pays? Pennsylvania State and Local Taxes in 2015*; online at <http://www.itep.org/whopays/states/pennsylvania.php>

⁴⁸ Marc Stier, "A Fair Share Tax to Support Public Investment in Pennsylvania," Pennsylvania Budget and Policy Center, March 22, 2017, http://www.pennbpc.org/sites/pennbpc.org/files/20170321_FairShareTaxReport.pdf

⁴⁹ A uniform exemption on Pennsylvania's income tax for the first \$30,000 of income could raise over a billion dollars in revenue and reduce income taxes paid on average by bottom 80 percent of Pennsylvania taxpayers by nearly \$500 per taxpayer. See Stephen Herzenberg and Mark Price, *Pennsylvania Should Raise Needed Revenues in Fair Ways: Short- and Long-term Approaches to Fixing Pennsylvania's Unfair Tax System*, Pennsylvania Budget and Policy Center, April 11, 2016; <http://pennbpc.org/pa-should-raise-needed-revenues-fair-ways-short-and-long-term-approaches-fixing-pennsylvania%E2%80%99s-unfair>. Preliminary (unpublished) analysis of the geographical impact of this change shows that most rural counties would pay substantially less in taxes, thereby increasing their take-home pay.

⁵⁰ <https://www.pennbpc.org/press-memo-revenue-options-finish-2017-18-budget>

⁵¹ Pennsylvania Budget and Policy Center, "Corporate Tax Cuts Help Put State in the Red," December 18, 2013, <https://www.pennbpc.org/corporate-tax-cuts-help-put-state-red>. In 2015-16, we estimate that corporate tax cuts enacted since 2002 cost the state \$3.4 billion.