

P. MICHAEL STURLA, CHAIRMAN
414 MAIN CAPITOL BUILDING
P.O. BOX 202096
HARRISBURG, PENNSYLVANIA 17120-2096
(717) 787-3555
FAX: (717) 705-1923



HOUSE DEMOCRATIC POLICY COMMITTEE

WEBSITE: www.pahouse.com/policycommittee

EMAIL: policy@pahouse.net

    @PADemPolicy

House of Representatives
COMMONWEALTH OF PENNSYLVANIA

HOUSE DEMOCRATIC POLICY COMMITTEE HEARING

Topic: Wage Growth

Unity Baptist Church – Braddock, PA

January 17, 2019

AGENDA

- 2:00 p.m. Welcome and Opening Remarks
- 2:10 p.m. Jennifer Berrier
Deputy Secretary for Safety and Labor-Management Relations
Pennsylvania Department of Labor & Industry
- 2:40 p.m. Panel One:
- Chad Trainer, Legislative Director, Pennsylvania AFL-CIO
 - Steve Kelly, Member, 32BJ
 - Clive March, Member, SEIU Healthcare PA
 - Reggie Moorefield, Child Life Specialist, UMPC Children's Hospital
 - John Mutchka, Dietary Worker, UPMC Presbyterian Hospital
- 3:20 p.m. Panel Two:
- David Madland, Ph.D., Senior Fellow, Center for American Progress Action Fund
 - Logan Bialik, Graduate Student Assistant, University of Pittsburgh
- 3:50 p.m. Closing Remarks



Written Testimony of Jennifer Berrier, Deputy Secretary for
Safety and Labor-Management Relations

Before the House Democratic Policy Committee

January 17, 2019

Good afternoon Chairman Sturla, Representative Lee, and members of the House Democratic Policy Committee. My name is Jennifer Berrier, and I am the Deputy Secretary for Safety and Labor-Management Relations at the Pennsylvania Department of Labor & Industry. I appreciate the opportunity to appear before you today to discuss the important topics of fair compensation and wage growth for all Pennsylvania workers.

In my position with the department, I am charged with oversight of the Bureau of Labor Law Compliance (BLLC) which administers and enforces the state's wage and hour laws, including the Minimum Wage Act, Wage Payment and Collection Law, Equal Pay Law, Prevailing Wage Act, and Construction Workplace Misclassification Act (Act 72). Strong enforcement of these laws helps to protect workers from exploitation, overwork, and abuse, and it levels the playing field for employers who follow the law. The bureau actively investigates complaints of noncompliance and has successfully recovered more than \$4.9 million in wages and fines in 2018.

Labor laws enforced by BLLC represent a basic structure, or framework, that supports Pennsylvania's economy and governs the relationships between employers and employees. The laws assign clear responsibilities to employers and establish expectations of fair wages and working conditions for employees. They set the floor for wages, require pay on regular pay dates, and prohibit pay disparity based solely on gender. However, many of the most fundamental worker protections contained in these laws have not been updated to reflect economic improvements and thus are not working as originally intended.

Governor Wolf, like many members of this committee, has prioritized the need to address our labor laws and other issues affecting working residents and their families. In 2017, the department was a part of the Governor's Middle Class Task Force, which traveled the state to hear from workers, educators, workforce development providers, and employers and business leaders. A common concern expressed throughout these meetings was that workers are struggling due to low and stagnant wages, which creates significant barriers to joining the middle class or maintaining a middle-class living. These concerns underscored the Governor's priorities and reinforced the department's efforts to modernize workplace laws and protections.

Most significantly, Governor Wolf has called on the General Assembly to approve a meaningful increase to the state's minimum wage. Pennsylvania's Minimum Wage Act became law in 1968, and the minimum wage rate was last amended by the General Assembly in 2006 to be set at \$7.15 per hour. In 2009, the state's law was surpassed by the federal minimum wage rate and increased to \$7.25. Pennsylvania now maintains the lowest allowable rate nationwide and the lowest rate of all surrounding states.

Since Pennsylvania's minimum wage was adjusted in 2006, the purchasing power of \$7.25 has fallen more than 12 percent. Moreover, the minimum wage has not kept pace with economic growth—today's minimum wage has only 26 percent of the purchasing power it did in 1979. Currently, a single minimum wage income may qualify for Medical Assistance. A parent working full time at the minimum wage lives below the federal poverty line. It is also important to note that about two-thirds of Pennsylvania minimum wage earners are adults over the age of 20.

An increase to the minimum wage would provide immediate assistance and relief to the state's lowest wage earners. Additionally, investments in the minimum wage benefit the overall economy, because workers tend to spend increases locally on personal and household expenses. Estimates show that 1.7 million workers may benefit from a raise to \$12 per hour, while 2.2 million workers would benefit from an increase to \$15.

In June 2018, Governor Wolf took action through an executive order to increase minimum wages for employees under his jurisdiction, including many state contractors, to \$12 an hour, which took effect on July 1. The executive order also set a minimum wage increase of 50 cents each year thereafter, until reaching \$15 in 2024. This action built on a prior executive order, signed in March 2016, to require a minimum wage of \$10.20 per hour.

In a similar effort to ensure fair payment of wages owed, the department has been working to update regulations for the payment of overtime under the Minimum Wage Act, which have not been revised since 1977. Specifically, these regulations define which salaried executive, administrative, and professional employees may be exempt from overtime payments. In 1977, the state's regulations required overtime pay for more than 60 percent of salaried workers; however, today that protection has significantly eroded to cover only ten percent of workers. Up to 460,000 residents could benefit from the proposed regulations, and even more workers who are unintentionally misclassified under the current confusing and outdated rules may benefit from clarifying protections. The department's proposed regulations were published in the Pennsylvania Bulletin in June 2018. After a 60-day public comment period, comments were received from a total of 922 individuals, with more than 60 percent in favor.

Governor Wolf took another executive action in June 2018 to address a separate workforce issue—the gender pay gap. Pennsylvania's Equal Pay Law was enacted in 1959 and has not been updated in more than 50 years. It's estimated that women working full time, year-round in Pennsylvania are paid just 79 cents on the dollar of what men are paid, a gap of 21 percent, which puts the state above the national gap of 20 percent. The department's Center for Workforce Information and Analysis (CWIA), which tracks and publishes labor market information for Pennsylvania, estimated that the average difference may be about \$1,900 a month. Additionally, CWIA found that that certain measures of data published by the United States Census Bureau data may indicate that the gap could be as high as 35 percent for certain workers. Accordingly, the Governor's executive order seeks to reduce this disparity by ending the practice of state agencies requiring a job applicant to provide salary history during the hiring process. Measures like this ensure that salaries are based on job responsibilities, position pay range, and the applicant's job knowledge and skills.

The administration is keenly aware that several bills to make similar changes to the state's Minimum Wage Act and Equal Pay Act, as well as bills to improve enforcement under other labor laws, have been introduced in prior sessions. We look forward to their reintroduction this session and to working with you to help apply improved protections to all Pennsylvania workers.

I thank you for your time, and I am glad to answer any questions you may have.

TESTIMONY

OF

CHAD TRAINER, LEGISLATIVE DIRECTOR

THE PENNSYLVANIA AFL-CIO

ON

WAGE GROWTH

BEFORE THE

HOUSE DEMOCRATIC POLICY COMMITTEE

JANUARY 17, 2019

Richard W. Bloomingdale, President

Frank Snyder, Secretary-Treasurer

Pennsylvania AFL-CIO

600 North Second Street

Harrisburg, PA 17101

Good afternoon Chairman Sturla, and members of the House Democratic Policy Committee. My name is Chad Trainer. I am the Legislative Director for the Pennsylvania AFL-CIO, and I am here today on behalf of the affiliated labor organizations representing over 700,000 working women and men.

Thank you for the opportunity to present testimony regarding wage growth. After some introductory comments, I will talk about the status of wages presently. I will then try to put the status quo in its appropriate context in terms of both history and standard economics. Next, and by way of conclusion, I will discuss worker power and unions and where I think we need to go from here.

Capitalist economies by their very nature involve a playing field between employers and employees that tends not to be level because having a job is more important to an individual worker than any given individual worker is to an employer. So when tensions arise between an individual worker and an employer, employees have more at risk than employers should disputes arise. But to say that the playing field between employers and employees tends not to be level is not to say that the imbalance has existed to the same degree over the decades. There has been much variation, and it is instructive to observe and analyze these variations. Policymakers during different times have varied in the priority they put on this asymmetry and the policy levers available to level this playing field. The insufficient wage growth and rise of inequality as of late is largely the product of policymakers deliberately preventing a level playing field here.

The Keystone Research Center (KRC) reports:

“● Wages for workers throughout most of the Pennsylvania wage distribution *fell* in the 12 months ending in June 2018.

● Over the past decade, wages have also fallen for most of the bottom 60% of Pennsylvania workers.

Meanwhile, top 1% incomes, which took a dive with the stock market crash in and after the Great Recession, are back on the fast track.

● Top 1% earners took home one-third of the increase in Pennsylvania income from 2009-2015 (the latest period for which these data are available).

● And Pennsylvania income other than typical wages and salaries (“non-withholding income”), which goes mostly to high earners (e.g. dividends, capital gains, and profits) increased a robust 7.8% in the last 12 months (i.e. the fiscal year ending in June 2018)” (Price/Herzenberg 2).

KRC goes so far as to say “the inflation[-]adjusted decline in hourly earnings for most workers in the past twelve months is startling, especially considering the fiscal stimulus injected into the economy over the last eight months” (Price/Herzenberg 7).

As if the foregoing is not ominous enough, the benefits of the Trump administration’s Tax Cuts and Jobs Act (TCJA) are “widely expected to be skewed toward families with the highest incomes. Here in Pennsylvania, the Institute on Taxation and Economic Policy (ITEP) estimates the top 5% of Pennsylvania taxpayers, those earning \$225,900 or more, will capture 51% of the benefits of the TCJA this year (2018). The early returns on hourly wages...point to the so-far limited impact of this poorly targeted fiscal stimulus on wage growth” (Price/Herzenberg 7).

As I am speaking to state legislators, I want to impress upon you that wage growth in Pennsylvania has been worse than in other states except for those “at the very top (90th percentile)” (Price/Herzenberg 9). This needs to change.

According to Josh Bivens and Heidi Shierholz's article "What Labor Market Changes Have Generated Inequality and Wage Suppression?", "[i]n the 1950s and 1960s, hourly compensation grew at roughly the same rate as productivity. But from 1973 to 2016, productivity grew six times as fast as compensation for typical workers" (Bivens/Shierholz). Since the middle of the 20th century, "the *relative* strength of employer power has increased, contributing to substantial slowdowns in wage growth" (Bivens/Shierholz). "[T]he key difference between the post-1970s period...and previous decades...is that in the earlier period, these sources of employer power were more likely to be compensated for by institutions and policies that provided countervailing power to workers. In the recent period, many of these institutions and policies have been eroded or rolled back, with nothing to replace them as sources of countervailing worker power" (Bivens/Shierholz).

It is true that automation has jeopardized many jobs and that the increase in trade with countries paying low wages has contributed to these trends and increased inequality.* However, "This collapse of worker power has been overwhelmingly driven by conscious policy decisions that have intentionally undercut institutions and standards that previously bolstered the economic leverage and bargaining power of typical workers; it was not driven simply by apolitical market forces" (Bivens/Shierholz). Much of this has been done in the name of "neoliberalism," namely, that concept of "fiscal rectitude that rejected higher taxes and instead cut social programs, froze wages, and privatized public services and assets" (Panitch/Gindin 165).† "[M]acroeconomic policy (particularly monetary policy) has prioritized steady and very low inflation over low unemployment in recent decades" (Bivens/Shierholz).‡

Not only is "low- and middle-wage workers' pay...much more responsive to unemployment than the pay of highly paid workers" (Bivens/Shierholz), but even in a low unemployment economy, wage growth is insufficient. In a normal market process when the unemployment rate is coming down, the pool of people from which employers can hire is smaller than otherwise, and a consequence is that it becomes easier to hire people if the employer starts offering higher wages, thereby contributing to wage growth. But, for all the lip service the business community pays to competition, their actual support for it is very selective. This is clear from the variety of practices employers pursue, such as "requiring workers to sign mandatory arbitration agreements with class and collective action waivers as a condition of employment, misclassifying workers as independent contractors, and not providing workers with predictable schedules" (Bivens/Shierholz).§ Such practices hinder wage growth even in a low unemployment economy.

Furthermore, the Economic Policy Institute reports that "Likely the most important factor behind the collapse in workers' bargaining power has been the erosion in the share of workers in a union, which fell from 24 percent in 1973 to 10.7 percent in 2017. Research demonstrates that

* Indeed, "Trade agreements in recent decades have sought to maximize labor market competition between workers in the U.S. and abroad while simultaneously boosting protections for corporate profits" (Bivens/Shierholz).

† Noam Chomsky is fond of quipping that there is nothing either new or liberal about "neoliberalism."

‡ "For the bottom end of the labor market, the policy assault on their bargaining position is obvious: the federal minimum wage is now roughly 25 percent lower in inflation-adjusted terms than it was at its height in 1968, even though productivity has nearly doubled and low-wage workers have become far more educated in the intervening years" (cited at Bivens/Shierholz). "Notably, policymakers have failed to enact sufficient increases in the federal minimum wage despite growing economic evidence that most minimum wage increases since 1990 (at the federal or state level) have not caused measurable employment loss, contrary to predictions of competitive labor market models (cited Bivens/Shierholz). This finding of no measurable job loss is consistent with low-wage labor markets that are characterized by monopsony power held by employers. In models of monopsony, legislated wage increases can lead to higher wages and greater—not reduced—employment" (Bivens/Shierholz).

§ "...21% of workers earning less than the median wage are currently, or have been, restricted in their mobility by one of these agreements" (Price/Herzenberg 2018 14).

this erosion has had a substantial impact on middle-wage workers, including both union and nonunion workers (cited in Bivens/Shierholz).

The research shows that “the wage-suppressing effect of labor market concentration is lessened when union coverage is strong. So if labor market concentration has been relatively constant, but the countervailing force imposed by unionization has eroded, this combination could well have led to significant compensation losses” (Bivens/Shierholz). What’s more is that “the steady erosion of union coverage is not the natural evolution of a modern economy, as is often claimed. Instead, it is the result of a sustained policy assault on workers’ right to effectively organize” (Bivens/Shierholz). Fully “Sixty-two percent of Americans approve of labor unions today....” (<https://news.gallup.com/poll/241679/labor-union-approval-steady-year-high.aspx>). Unions not only raise wages for their members but for workers generally, including those employers that take especially good care of their workers precisely in order to avoid having to deal with a union. The decline of the labor movement also compounds the declining purchasing power of the minimum wage, which is down 28% since 1968.

Wage growth is worse in Pennsylvania than in many other states. The institutions and policies that once provided countervailing power to workers have been significantly weakened not as a result of a “free market” but primarily as a result of conscious policy decisions. The most realistic way to redress these matters is to revive the union movement.

I thank you for this opportunity to appear before you.

References

Bivens, Josh and Shierholz, Heidi. December 12, 2018. “What labor market changes have generated inequality and wage suppression?”

Gindin/ Sam and Panitch, Leo. 2013. *The Making Of Global Capitalism: The Political Economy Of American Empire*. New York: Verso

Price, Mark and Herzenberg, Stephen. August 2018. “State of Working Pennsylvania 2018”. Harrisburg: Keystone Research Center

Reggie Moorefield

Talking points- Lee Hearing

- Thank you for having me here today. My name is Reggie Moorefield and I have worked at UPMC Children's and Magee for 4 years.
- A huge percentage of my neighbors are employed at UPMC. The question here is not, "Are there jobs available?" The question is "Are those jobs good jobs?" The answer is no.
- I can barely support myself on my wages, and I don't even have a kids like many of my coworkers. Some of my coworkers are in debt to UPMC due to routine medical procedures, and even if we do get a raise, UPMC does things like increase our health care payments, so we don't even see that extra money. We are right back to square one.
- UPMC promised to get everyone to \$15 by 2021. Not only is it still unclear how many of us are going to reach that number by then, but costs are rising in Pittsburgh every year. At this point, \$15 isn't even enough to cover the essentials for a simple guy like me. I can't imagine what it means if you're trying to support a family.

I'm dreading to bring my fiancé and step son to Pittsburgh by the way of Missouri, because I know that I will have to add them to my health insurance and lease. This will cause an increase in my insurance cost and rent which I can barely pay now. I don't think I should have to live in fear to the employer who I gave the last four years of my life to.

- That's why this is not just about higher wages. Workers need to be a part of the conversations that impact our lives and livelihoods. We need a voice!
- We want to build better lives for ourselves, we want progress for our families, we want progress for Pittsburgh, but how can we do that if we are continually being silenced?

UPMC has ignored us over and over, we have tried to get a seat at the table with UPMC executive to discuss a pathway to get workers to \$15/hr. So how can we trust an email and news briefings when they refuse to sit down with their own employees??

- When the city's largest employer pays poverty wages, when it gets in trouble time and time again for violating working people's constitutional rights, when it busts unions, fires people over nothing, puts its workers in debt over healthcare, and closes hospitals in our needy communities, it's time for our communities to rise up and demand more. We can't keep giving our city away to this company.
- To do that, UPMC workers need to be able to form a union without fear. And we need to know our elected leaders have our back.

John Mutchka

UPMC Presbyterian Hospital Employee

Summer Lee Hearing on Low Wages 1-17-2019

- Hello, and thanks for having me here today. It means a lot to us. I was asked to speak a few days ago and when I told my crew at work they all had things to add, "Be sure to tell'em about... etc, etc..". So from all of us, sincerely, Thank You.
- My name is John Mutchka. I'm a receiver in the UPMC Presbyterian Hospital Cafeteria and my job is to document food items that have been delivered, assure that they are in permissible condition to serve (not rotten, damaged, expired etc..), unload pallets, organize, store and inventory all items... every day. It's not rocket science, but it is the first stage of our quality control and cost management process. Our work impacts the thousands of patients and guests that come to UPMC Presby every year.
- I was asked to speak as another voice for UPMC employees. I believe that what I present to you is representative of both myself and my coworkers, gathered through normal workday conversations, after-work communications, and the preliminary results of a coworker to coworker survey called "Our Voice" conducted by us employees with the support of SEIU.
- To share some of my background, I'm a native of Western Pa, and I was born in a little town called Coal Run. My oldest brother Mathew worked as a miner in the Tunnelton Mine, and he became secretary of the union during the huge strikes in the 1970's. My family was always union. My father worked in Pittsburgh in J&L Steel Mill for 38 years and was always union. My mother worked as a janitor at IUP and through her Union I went to college tuition free. I was raised to accept nothing less than work & managerial standards that are protected by labor unions.
- Let's examine some of the standards we all expect in a workplace.
- Dignity & Respect. Example: 1 manager, 3 employees and 2 months. A case where one manager shows abuse of authority, verbal and sexual harassment and inappropriate behavior and the apparent unwillingness of superiors to address it. Employees a reluctant to report incidents to HR for fear of retaliation.
- Job security. Example: Movement from part-time to full time, OR Waiting for Godot. The abuse of part time employees waiting for benefits. When full time positions are posted, current part-time employees are regularly passed over for people from the outside. My coworkers are left struggling without good healthcare, paid time off, etc.
- Pay. Example: Me. A case where pay is low, I use my job at UPMC as my base job and work 40-45 hours a week. I make barely enough to keep my home running as a single adult. So I work another 20 hours a week on the side as an Arborist- cutting trees, making bids on projects. This is ON TOP OF my 40 hours at UPMC Presby. The majority of other service workers at UPMC do the same- either work a second job, or get by on taking as much overtime as they can.

- The effects of these conditions. Our survey shows 86% of employees believe that their departments are understaffed and consequently they feel that they are overworked. 71% believe that UPMC doesn't care about them or their contributions.
- There is no clarity for IF and WHEN ALL employees will make not just \$15/hr, but A LIVING WAGE that can support a family.
- UPMC has given zero details about their plans to raise our pay. Meanwhile, other hospital systems around the country are implementing a \$15/hr minimum NOW, not dragging it out until 2021, when \$15 will feel like \$13 does today.
- While they haven't raised our wages this year, UPMC *has* raised our health insurance premiums. They have raised our co-pays by \$5 each. ER visits are over \$100 dollars. They took away our vision plan and offered a more expensive plan. How can we get ahead on wages if they just take it back in healthcare costs?
- We need representation to battle fear. We need a pathway to a dignified work environment and the ability to freely unionize.
- Unions are part of my history. My mom, a janitor at IUP, and my dad, a steel worker who only missed 2 days on the job in 38 years, would not have been able to send me to college without the support of their unions. Unions are the surest way to have a voice at work and to build a strong middle class like the one I grew up in.
- With a union at UPMC, we could speak out without fear, feel safe in our work environments, be a real part of decisions that are made about our livelihoods and be paid a fair, livable wage for our work. Pittsburgh would be stronger. Pennsylvania would be stronger, if the thousands of us workers at UPMC- our state's largest private employer- had a voice, living wages, and union rights. Thank you.

Testimony for House Democratic Policy Committee public hearing with Rep. Summer Lee on Wage Growth, January 17, 2019

Representative Summer Lee and other members of the House Democratic Policy Committee, my name is David Madland and I am a senior fellow at the Center for American Progress Action Fund. The Center for American Progress Action Fund is an independent, nonpartisan policy institute and advocacy organization that is dedicated to improving the lives of all Americans, through bold, progressive ideas, as well as strong leadership and concerted action.

Thank you for the opportunity to testify during this important hearing about wage growth. I have been researching slow wage growth for several years and am pleased to talk about potential solutions to the problem.

As you all are aware, wages in Pennsylvania and across the country are stagnant for most workers. In the United States, the typical male worker makes the same hourly wage today as they did in the early 1970s.ⁱ Women's wages have slightly increased since then, but they are still well below male wages. Over this period, the overall economy has grown significantly and workers have become much more productive -- from 1973 to 2017, net productivity rose 77 percent.ⁱⁱ But, most workers have received very little of the gains they have helped create. Only the very rich have seen significant gains in incomes over recent decades.ⁱⁱⁱ

The failure to provide good jobs with higher wages that help reduce inequality has caused significant harm to millions of workers and the overall economy. The 2007–2009 financial crisis and Great Recession were fueled in part by stagnant wages and extreme economic and political inequality that gave more power to the wealthy, drove Americans into great debt, and exacerbated Wall Street speculation.^{iv} The stability of American democracy may be threatened if the economy continues to fail so many people, as the rich and powerful gain greater abilities to rig the system such as by denying voting rights, and the public becomes increasingly frustrated and alienated.^v

Raising wages for most Americans requires several different policy reforms, including those that create tight labor markets, raise the minimum wage, promote in-demand skills, and strengthen government supports. However, the most effective and direct way to boost wages is to increase the power of workers and give them greater ability to bargain for a raise. One way that Pennsylvania can move in this direction is by creating wage boards. Wage boards are governmental bodies that bring together workers, businesses, and the public to set minimum standards for industries and occupations.^{vi}

Several states—New York, California, and New Jersey—already have wage board laws.^{vii} For example, California's Industrial Welfare Commission, which by statute includes two labor representatives, two employer representatives, and one member of the public, has issued orders that set standards for both specific industries and occupations.^{viii} California currently has wage orders for 17 different industries that set minimum wages and address other issues such as overtime.^{ix} In 2015, the New York wage board recommended and the labor commissioner approved a policy increasing the minimum hourly wage for

fast-food workers from \$8.75 to \$15 over a period of several years—well before the state decided to raise its overall minimum wage.^x Also in 2015, through a separate wage board process, New York raised the minimum wage for some tipped workers in the hospitality industry by 50 percent.^{xi}

Wage boards complement the more familiar policy of setting a universal minimum wage. Wage boards can set pay levels above state minimum wage floors and provide pay differentials for workers with additional skills or experience as well as set standards for benefits such as training and leave.^{xii} They also enable standards to be tailored to the specific needs of an industry or region. Indeed, the scheduled rate of increases advanced by the New York fast food wage board is fastest for employers in New York City and slower for those in other parts of the state.^{xiii} Wage boards bring workers, employers and the public together to discuss issues—creating the potential for solutions that benefit all parties and that legislators were not considering.

Wage boards can also help build power for workers. While federal laws place some limits on the ability of states to promote private-sector unions and collective bargaining, states and cities are permitted to set minimum wages and other working standards and to use a variety of processes to set these standards—including wage boards.^{xiv} Wage boards involve workers in the process of setting wages through hearings and testimony and thus create opportunities for workers to come together and be part of an organization. Wage boards also start to model a kind of industrywide bargaining that is increasingly necessary in our economy as more firms contract out work and make the typical enterprise bargaining less workable. For workers excluded from the NLRA—such as agricultural workers, domestic workers, public-sector workers, and independent contractors—wage boards can go much further to build worker power and more directly help foster multiemployer bargaining.

For this subset of workers that are outside the NLRA, Pennsylvania should first allow them to unionize and collectively bargain and then support their bargaining through a more robust wage board. This more robust wage board would not only set minimum standards but could set standards based on collective bargaining contracts if they reach a certain threshold in the industry, akin to how prevailing wage laws set standards on government contracts.

Wage boards raise compensation for all types of workers, whether they are contracted temp workers or employees of a dominant firm; whether they are in a union or not; and regardless of race, ethnicity, gender, and sexual orientation. Rather than allowing potentially arbitrary or discriminatory factors to influence workers' pay, wage boards can set minimum pay levels based on measurable indicators such as the work and required skills. Furthermore, because wage boards raise minimum standards for wages and benefits across an industry, they help reduce firms' incentives to try to cut labor costs by discriminating, contracting out work, or fighting unions.

Wage boards would also help boost productivity by ensuring that similar work receives similar pay. This enables a more efficient allocation of resources and encourages more cooperative firm-level relations between workers and their managers.^{xv} Wage boards would help high-road businesses compete on an even playing field, as low-road employers would face new minimum standards for pay and benefits.

Finally, evidence suggests that the public strongly supports wage boards. A nationally representative poll conducted in January 2018 found that 77 percent of registered voters supported the creation of wage boards.^{xvi} Support was remarkably broad across age, race, education, geography, income, and

party identification, with strong majorities of virtually every demographic group favoring the policy. Both traditional Democratic constituencies—such as women, at 82 percent—and groups that tend to support Republicans—such as white voters without four-year college degrees and voters who live in rural areas, at 79 percent and 78 percent, respectively—expressed very high levels of support.

In short, there a number of reasons that Pennsylvania should adopt wage boards as a key strategy to raise wages for workers in the state.

Thank you for your time. I will be happy to answer any questions.

ⁱ Economic Policy Institute, *State of Working America Data Library*, “Median/average hourly wages,” 201, available at https://www.epi.org/data/#/?subject=wage-avg&g=*

ⁱⁱ Economic Policy Institute, “The Productivity–Pay Gap,” August 2018, available at <https://www.epi.org/productivity-pay-gap/>

ⁱⁱⁱ David Leonhardt, “Our Broken Economy, in One Simple Chart,” *New York Times*, August 7, 2017, available at <https://www.nytimes.com/interactive/2017/08/07/opinion/leonhardt-income-inequality.html>

^{iv} David Madland, *Hollowed Out: Why the Economy Doesn’t Work without a Strong Middle Class* (Oakland, CA: University of California Press, 2015); Atif Mian and Amir Sufi, *House of Debt*, (Chicago: University of Chicago Press, 2014); Alice Martin, Helen Kersley, and Tony Greenham, “Inequality and financialization: A dangerous mix” (London: New Economics Foundation, 2014), available at http://b3cdn.net/nefoundation/005f379c2df9c812f1_gqm6ivky0.pdf

^v Madland, *Hollowed Out*

^{vi} For additional information see, David Madland, “Wage Boards for American Workers,” (Washington: Center for American Progress, 2018), available at <https://www.americanprogress.org/issues/economy/reports/2018/04/09/448515/wage-boards-american-workers/>

^{vii} NJ Rev Stat § 34:11-56a8 (2016), available at <http://law.justia.com/codes/new-jersey/2016/title-34/section-34-11-56a8/>; CA Labor Code § 70-74 (2016), available at <http://law.justia.com/codes/california/2016/code-lab/division-1/chapter-2/>; New York Labor Law § 655 (2016), available at <http://law.justia.com/codes/new-york/2016/lab/article-19/655/>.

^{viii} Note that while this commission was defunded in 2004, its orders are still active. CA Labor Code § 70-74; California Department of Industrial Relations, available at <http://www.dir.ca.gov/iwc/wageorderindustriesprior.htm>

^{ix} State of California Department of Industrial Relations, “Industrial Welfare Commission,” available at <https://www.dir.ca.gov/iwc/wageorderindustriesprior.htm>

^x New York State Department of Labor, “Fast Food Wage Board,” available at <http://labor.ny.gov/workerprotection/laborstandards/wageboard2015.shtm>

^{xi} See New York Department of Labor, “Order of Acting Commissioner of Labor Mario J. Musolino on the Report and Recommendation of the Minimum Wage Board,” February 24, 2015, available at https://labor.ny.gov/workerprotection/laborstandards/pdfs/wage_board_order.pdf. Note that the minimum wage for some tipped hospitality workers was increased by 50 percent, by greater than 50 percent, or by less than 50 percent.

^{xii} Note that the federal government regulates employer-provided benefit plans through the Employee Retirement Income Security Act, or ERISA. With exceptions to allow for insurance, banking, and securities regulation, ERISA pre-empts state and local laws related to certain employee benefit plans. However, states and municipalities can still regulate some benefits. For example, states have been creating retirement programs requiring companies that do not offer employer retirement plans to automatically enroll employees in payroll deduction individual retirement accounts. Furthermore, ERISA pre-emption does not apply to state and local laws that establish requirements for paid sick, family, or medical leave. See Employee Benefits Security Administration, “Savings

Arrangements Established by States for Non-Governmental Employees,” 81 FR 59464, August 30, 2016, available at <https://www.federalregister.gov/documents/2016/08/30/2016-20639/savings-arrangements-established-by-states-for-non-governmental-employees>.

^{xiii} New York Department of Labor, “Order of Acting Commissioner of Labor Mario J. Musolino on the Report and Recommendations of the 2015 Fast Food Wage Board,” September 10, 2015, available at <https://labor.ny.gov/workerprotection/laborstandards/pdfs/FastFood-Wage-Order.pdf>.

^{xiv} Kate Andrias, “The New Labor Law,” *The Yale Law Journal* 126 (1) (2016), especially p. 89–92 available at <http://www.yalelawjournal.org/article/the-new-labor-law>

^{xv} For a general review of research on employer and economic benefits see David Madland, “The Future of Worker Voice and Power” (Washington: Center for American Progress, 2016), available at <https://www.americanprogress.org/issues/economy/reports/2016/10/11/143072/the-future-of-worker-voice-and-power/>. For some case studies, see Ronda Sauget and Marv Finkelstein, “Project Labor Agreements (PLAs) and Tripartite Approach Model for Construction Project Management Success” (Collinsville, IL: Southwestern Illinois Building Trades Council, 2015), available at http://www.swilbuildingtrades.com/pdf/PLAs_TAM_overall%20%281%29.pdf.

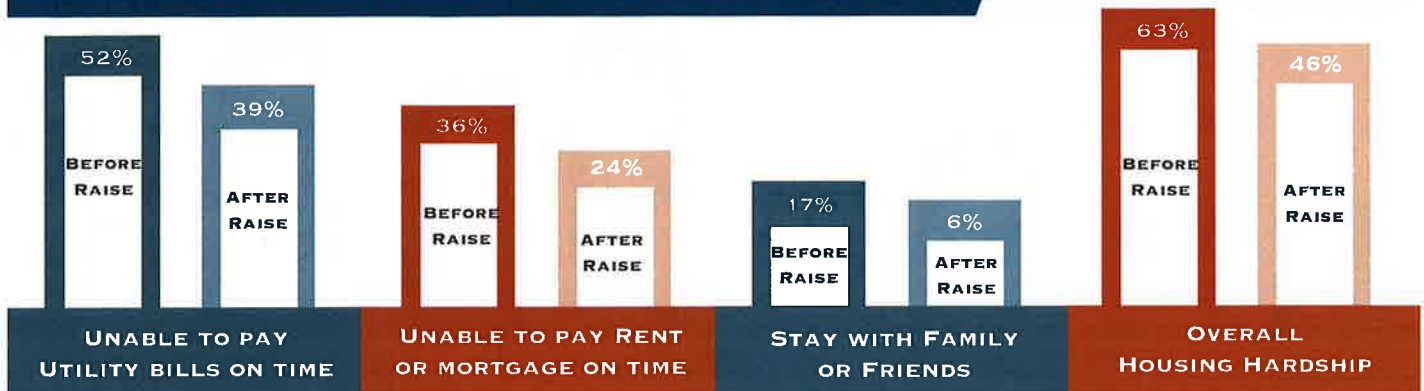
^{xvi} David Madland, “Broad Public Support for Wage Boards,” (Washington: Center for American Progress, 2018), available at <https://www.americanprogressaction.org/issues/economy/news/2018/05/31/170396/broad-public-support-wage-boards/>

HOSPITAL SERVICE WORKERS & HOUSING HARDSHIPS



FROM BARELY MAKING IT TO...? EFFECTS OF RAISING WAGES AMONG HOSPITAL WORKERS

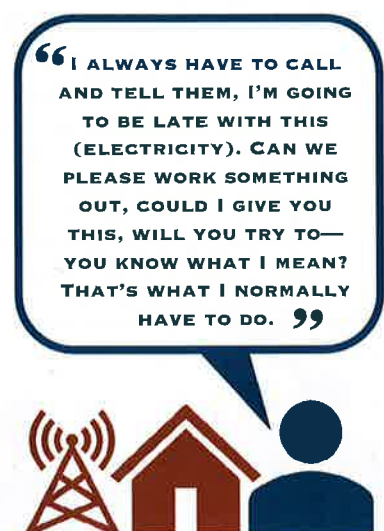
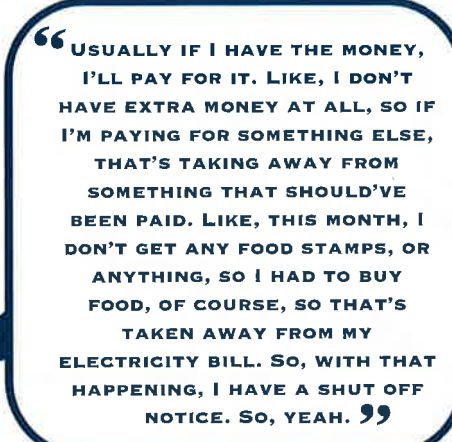
HOUSING HARDSHIPS DECREASED FOLLOWING A RAISE



USE OF STRATEGIES TO MANAGE HOUSING HARDSHIPS DECREASED FOLLOWING A RAISE



HOUSING IS A PROBLEM: WHAT DO WORKERS SAY?

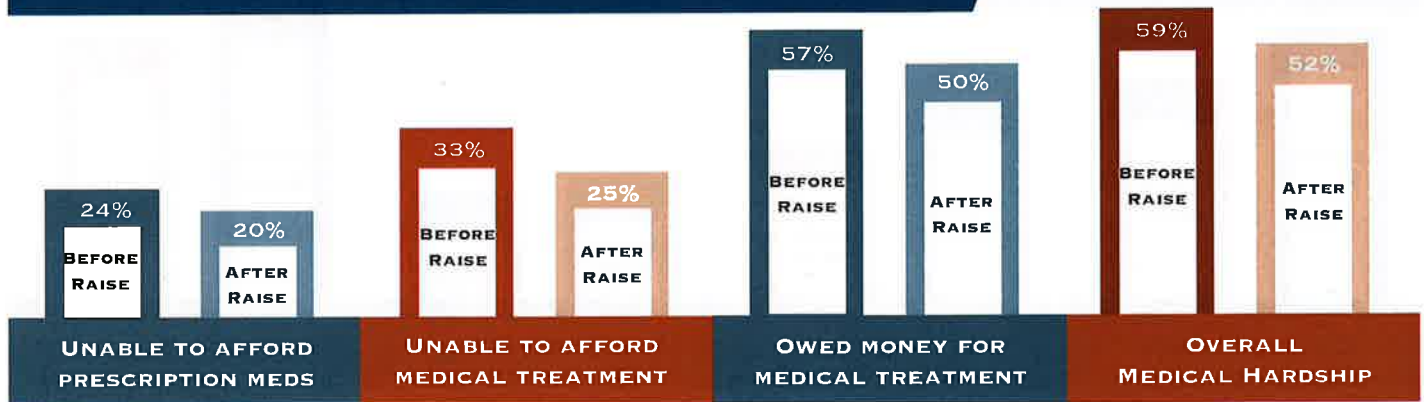


HOSPITAL SERVICE WORKERS & MEDICAL HARDSHIPS



FROM BARELY MAKING IT TO...? EFFECTS OF RAISING WAGES AMONG HOSPITAL WORKERS

MEDICAL HARDSHIPS DECREASED FOLLOWING A RAISE



USE OF STRATEGIES TO NEGOTIATE MEDICAL HARDSHIPS DECREASED FOLLOWING A RAISE



MEDICAL CARE IS A PROBLEM: WHAT DO WORKERS SAY?

“ I DON'T GET ANY MEDICAL OR ANYTHING, UNLESS IT'S FOR THE BABY. IF THEY ASK HOW COME I DIDN'T APPLY TO GET MEDICAL FOR MYSELF, IT COSTS TOO MUCH. YOU KNOW, IT COSTS TOO MUCH. AS LONG AS SHE'S COVERED, YOU KNOW? ”

“ FOR A WHILE NOW, LIKE, THERE WAS A TIME THAT I DIDN'T HAVE ANY HEALTH INSURANCE, SO THAT STEMS BACK FROM WAY BACK THEM, WHEN I DIDN'T HAVE ANY HEALTH INSURANCE, SO THEY JUST BILL YOU AND IT STAYS ON THERE FOREVER, BECAUSE THOSE BILLS ARE SO HIGH, AND OF COURSE I CAN'T PAY IT AT THE MOMENT, SO, IT KIND OF JUST LINGERS ON WITH YOU. ”

“ OH, MEDICAL CARE IS ONE OF THE BIGGEST THINGS. I MEAN, I TRY NOT TO GO TO DOCTORS UNLESS YOU ABSOLUTELY HAVE TO BECAUSE OF THE CO-PAYS, DEDUCTIBLES, EVERYTHING. ”

