

# RESEARCH BRIEF

## Raising Wages of Low Wage Workers: Does It Help? | April 2020



### PURPOSE

The minimum wage in Pennsylvania is set at the federal rate of \$7.25 across the Commonwealth; except for Philadelphia, Pennsylvania law does not allow local governments to raise the minimum wage on their own.

Almost half of the U.S. workforce earns less than \$15 per hour; this wage is not enough to enable most workers and their families to meet their basic needs. Workers earning low wages face multiple hardships, such as housing hardship, food insecurity, and medical hardship.

The purpose of this study is to understand the effects of raising the wages of service, clerical, and technical hospital workers\* in South Western Pennsylvania. In particular, we are interested in whether increasing wages for these workers led to a decrease in the hardships they experienced and less reliance on a variety of strategies they used to make ends meet.

### METHOD

Data come from the first of a three-wave structured survey and in-depth, qualitative interviews of hospital workers employed in an Allegheny County hospital.

The survey includes 166 respondents. All these respondents received their first raise in July 2016. These workers were predominantly women (79%) and White (66%). Less than half of respondents had a college degree (42%). Their average hourly wage was \$18.05 after the first raise, and the average amount of raise was \$1.61.

The interview includes 48 participants. These workers were primarily women (73%). Most workers identified as either Black (48%) or White (44%). About 31% of participants had a college degree. Their average hourly wage was \$15.64 after the first raise, and the average amount of raise was \$0.96.

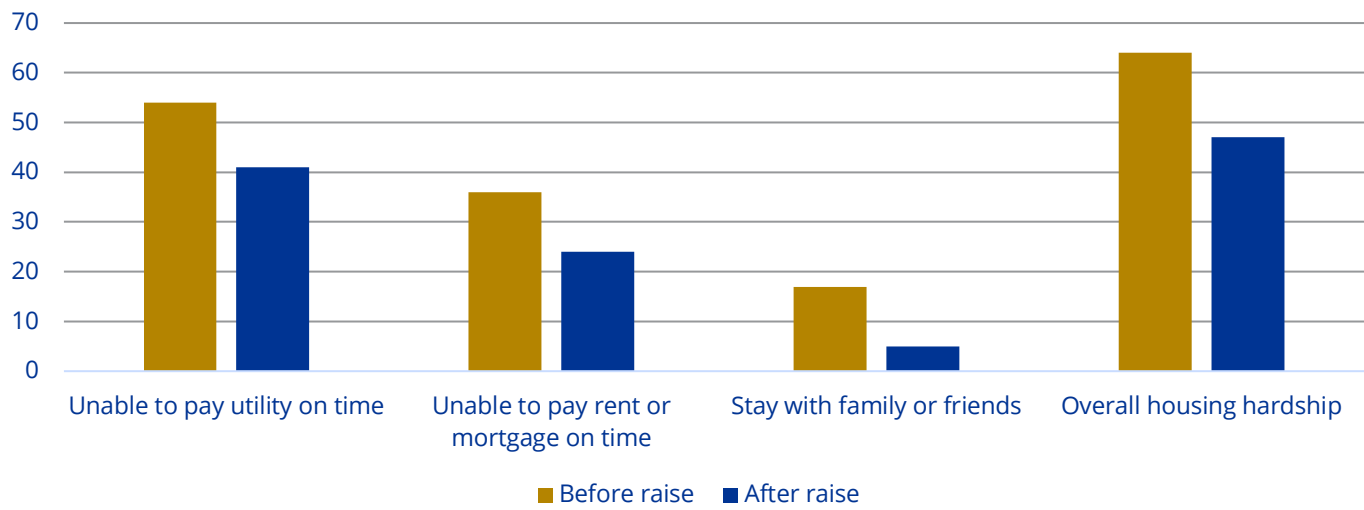
\* In the remainder of this brief, we use "hospital workers" to include service, clerical, and technical hospital workers.

### KEY FINDINGS

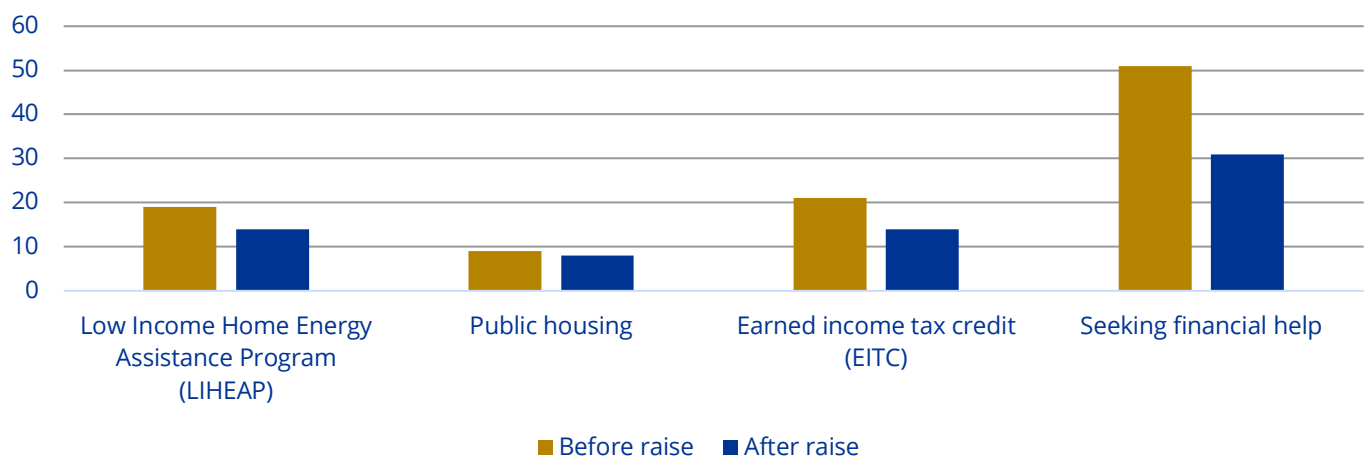
- Hospital workers experienced enormous hardships in multiple domains of their lives.
- Hospital workers utilized a variety of strategies to make ends meet, such as using public benefits and borrowing money from family or friends.
- Following an initial wage increase, hospital workers experienced fewer hardships and relied less often on strategies to make ends meet.

## HOUSING HARDSHIP

Housing hardship decreased following a raise



Use of strategies to negotiate housing hardship decreased following a raise



## FINDINGS

After receiving a raise, respondents reported fewer housing hardships. They also reported less reliance on a range of strategies to meet housing needs including borrowing money from family and friends and using public benefits. Despite these decreases, over 40% of these hospital service workers reported experiencing at least one housing hardship as exemplified by their own words.

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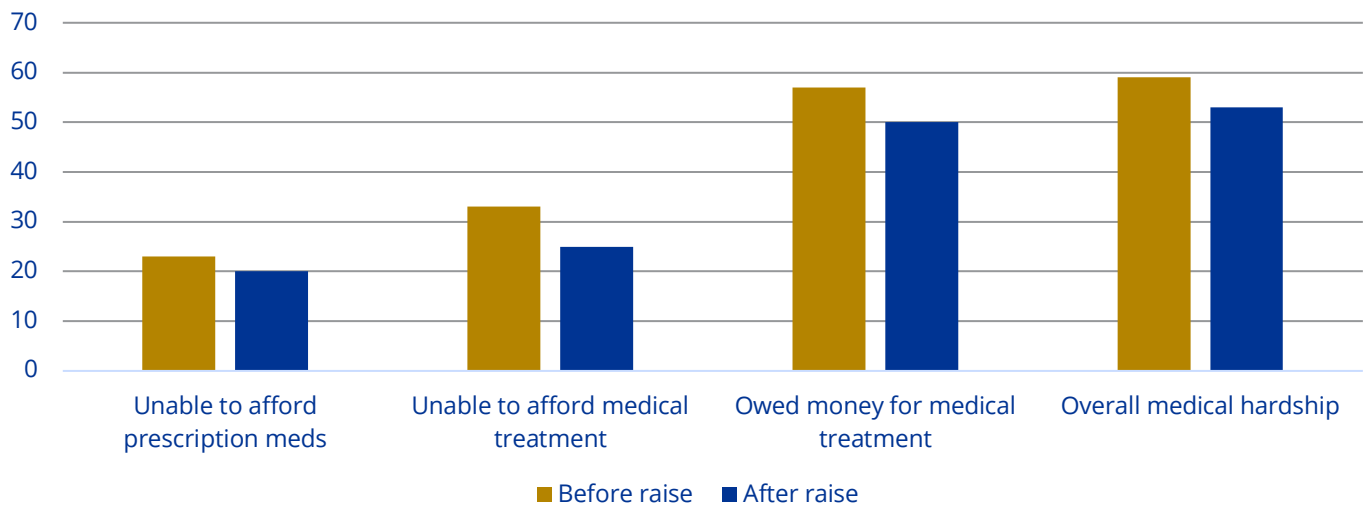
*"My rent is \$700. I always have to worry about a late fee, because it's always late, because I don't have it, even if I have overtime."*

*"I always have to call and tell them, I'm going to be late with this [electricity]. Can we please work something out, could I give you this, will you try to— you know what I mean? That's what I normally have to do."*

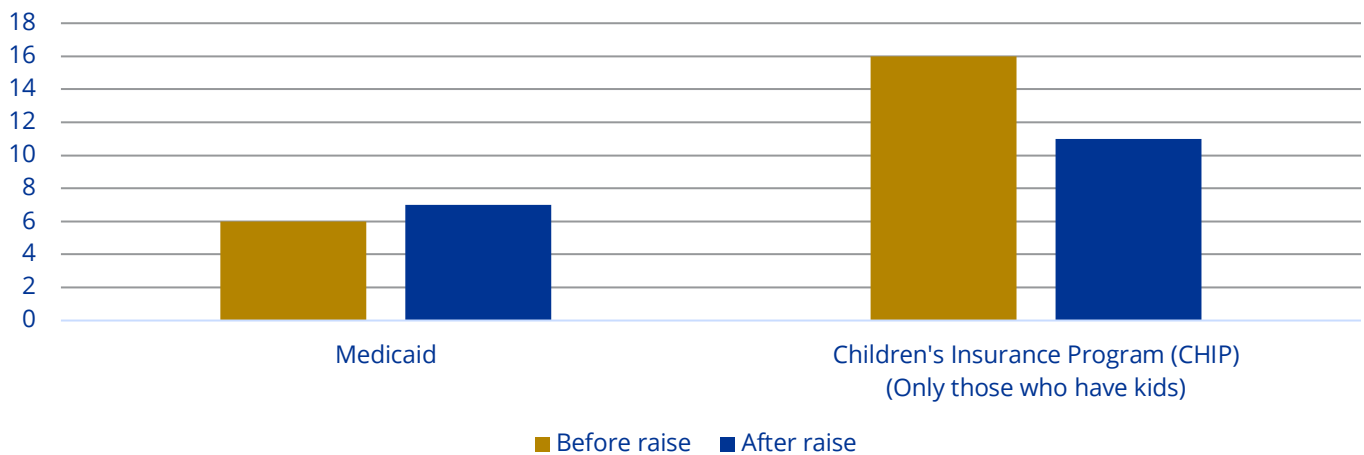
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## MEDICAL HARDSHIP

### Medical hardship decreased following a raise



### Use of CHIP to cope with medical hardship decreased following a raise



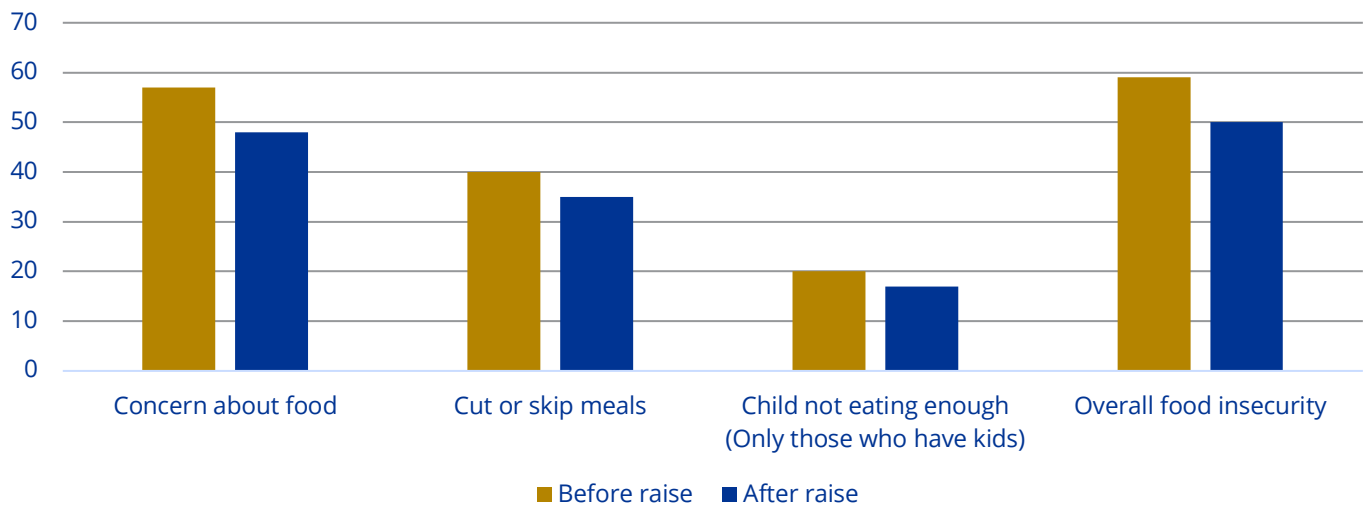
## FINDINGS

Nearly 60% of the workers faced medical debt prior to the wage increase and about 50% still had medical debt following the wage increase. There was a significant decrease in the number of respondents who could not afford medical treatment and a smaller decrease in those unable to afford prescription medications. Workers used public health programs at relatively low rates both before and after the wage increase.

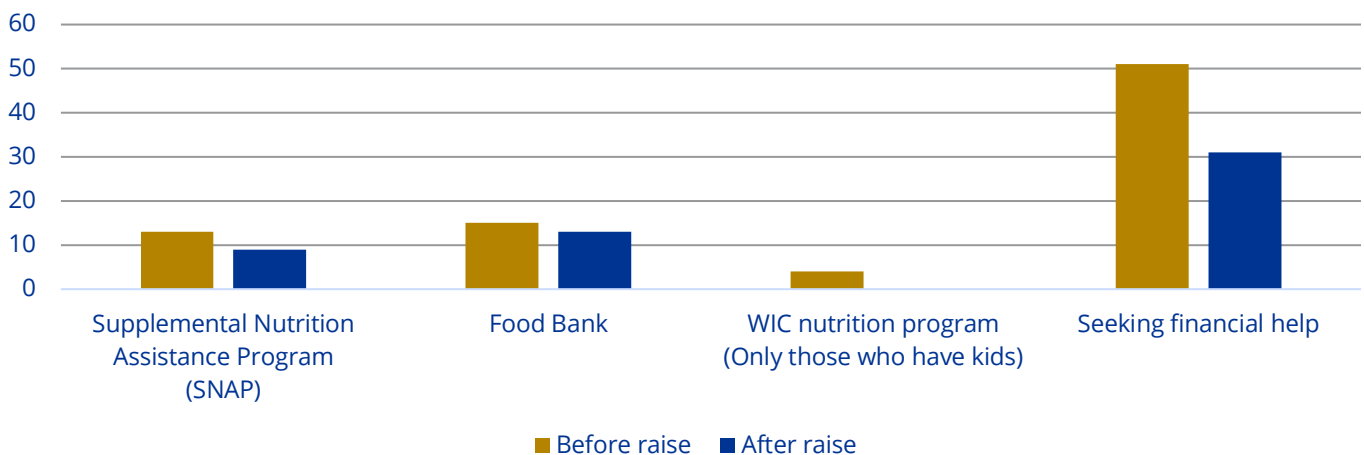
*"For a while now, like, there was a time that I didn't have any health insurance, so that [medical debt] stems back from way back then, when I didn't have any health insurance, so they just bill you and it stays on there forever, because those bills are so high, and of course I can't pay it at the moment, so, it kind of just lingers on with you."*

## FOOD INSECURITY

### Food insecurity decreased following a raise



### Use of strategies to manage food insecurity decreased following a raise



## FINDINGS

Hospital workers reported high levels of food insecurity both prior to and after the wage increase. After the wage increase, workers worried less about whether their food would run out before they got money to buy more nor cut the size of their meals or skipped meals because there wasn't enough money for food. SNAP, food bank, and WIC usage declined among workers who received a raise.

*"Being a single person, it's hard. There are some days I have to decide... do I buy groceries, or do I pay my bills? And of course I have to pay my bills, so I don't get groceries. So I go to my mom's house to eat, or I ask my sister if she can give me money to buy groceries."*

*"I have to forgo a lot of things a lot of times. But I forego lunch a lot of time. I forego eating a lot of times when I don't have it, to eat, like, I go to bed hungry half the time."*

## CONCLUSION

### MATERIAL HARDSHIPS ARE PREVELANT AMONG LOW-WAGE HOSPITAL WORKERS

Hospital workers experienced significant housing, medical and food hardships. Even after a raise, these workers still reported housing and medical hardships, and food insecurity. This is important because hardships are associated with increased stress, lower levels of life satisfaction, and adverse mental and physical health outcomes.

### USING A RANGE OF STRATEGIES TO MAKE ENDS MEET IS COMMON

Hospital workers used a range of strategies to make ends meet. These strategies include using public benefits, seeking financial help, juggling bills, ignoring or carrying medical debt, putting off doctor visits, avoiding eating out, eating smaller portions or skipping meals, and working overtime or taking on a second job to earn extra money. One of the most common strategies to make ends meet was relying on family or friends for financial support. Use of public and tax benefits among these workers was relatively low.

### RAISING WAGES CAN MAKE A DIFFERENCE IN THE LIVES OF LOW-WAGE WORKERS

Raising wages makes a difference in the lives of low-wage workers. Increasing wages reduce hardships and reliance on public assistance. As we have reported elsewhere (<http://www.pittsburghwagestudy.pitt.edu/wpcontent/uploads/2020/03/essential-hospital-work-Final.pdf>), hospital workers do essential work to maintain safe and caring hospitals to support healthy communities. Especially during the pandemic, hospital workers on the front lines of the fight against the coronavirus encounter numerous challenges. We must ensure that at least basic needs of these essential workers and their families are satisfied, and thus their essential work continues.

*About the Author:* This brief was authored by Jihee Woo, Jeffrey Shook, Kess Ballentine, Soobin Kim, Sara Goodkind, Rafael Engel, Helen Petracchi, and Sandra Wexler. The authors are members of the Pittsburgh Wage Study Research Team. For questions please contact the Pittsburgh Wage Study at [pittsburghwagestudy@pitt.edu](mailto:pittsburghwagestudy@pitt.edu).