



To: **Members of the Pennsylvania House of Representatives**

From: **Gregory B. Moreland, Pennsylvania State Director**
Melissa W. Morgan, Assistant State Director

SUBJECT: **HB 2198 (Dawkins): Minimum Wage Increase**

On behalf of the 13,200 Pennsylvania small-business members of the National Federation of Independent Business (NFIB), **we are asking you to please oppose HB 2198 (Dawkins)** when it is brought before the full House.

House Bill 2198 would increase the minimum wage in Pennsylvania to \$15.00 per hour in 2029 and permanently index it to inflation. Multiple entities conducting impartial research regarding the minimum wage have concluded that drastically hiking the minimum wage would lead to significant job losses, reduced work hours, income reductions, and potentially closures for small businesses across Pennsylvania.

Let's set the record straight. The average worker earning minimum wage is a teenager or young adult, working part-time, who still lives at home with their parents, has no children, and has never been married. This data comes directly from the Shapiro Administration, as published in the 2024 Minimum Wage Report issued by the PA Department of Labor & Industry:

- In 2024, there were an estimated 47,200 Pennsylvania workers earning minimum wage or less. This was the lowest number of workers, at or below minimum wage, on record in this annual report series and is 16,400 (-25.8%) below the previous low set in 2022 (at 63,600 workers). Many of these were servers/special needs individuals working with nonprofits.
- Workers earning minimum wage or less represented 1.5% of all hourly workers and 0.8% of all workers, and both shares declined over the year.
- Despite emotional claims to portray the average minimum wage earner as a single mother working two jobs, the facts don't support that claim. The average minimum wage worker, according to the report, is:
 - 16-24 years old: 66.8%
 - High school graduate, no college: 72.6%
 - Never married: 85.2%
 - No children: 94%
 - Female: 52%
 - White: 77.7%
 - Live in a household with an annual income of less than \$40,000: 9%
 - Live in a household with an annual income of more than \$75,000: 75%
 - Live in a household with an annual income of more than \$150,000: 42%



In the Spring of 2023, NFIB commissioned Regional Economic Models, Inc (REMI) to perform an economic impact analysis of the proposed minimum wage increase detailed in HB 1500. **The study found that if HB 1500 (similar to HB 2198) became law, over the next ten years over 101,000 jobs would be lost, with almost 57,000 of the job losses being suffered by small businesses. The cumulative real economic output loss by 2033 would exceed \$13 billion, and nearly \$7 billion or 51.2% of that lost economic output would have been produced by small businesses.**

Additionally, a report by the Employment Policies Institute issued in June of 2023 indicated that a \$15 minimum wage in PA would cost the Commonwealth 85,779 jobs, with 64% being women and 70% among the 16–24-year-olds. Half of the losses will come from the restaurant and bar industry, with 1 in 4 losing their job, or 31,923 people.

HB 2198 (Dawkins) will hurt the very people supporters claim to be helping.

Increasing the minimum wage would have multiple countervailing effects on Pennsylvania's economy. It would raise wages for many employed workers, increase consumer spending, and thereby create additional demand for many in-state businesses. However, it would also **raise labor costs** for many businesses, negatively impacting the state's economic competitiveness and increasing consumer prices. REMI's analysis found that the latter effect would outweigh the former, leading to relatively **lower levels of employment and economic output.**¹

The commonwealth's Independent Fiscal Office (IFO), in its review of Gov. Josh Shapiro's fiscal year (FY) 2025–26 Executive Budget, says, "the data suggests that the effective market minimum wage is roughly \$11 to \$11.50 per hour. When addressing the \$15 minimum wage proposal, the IFO states, "some employers will respond by (1) slowing the rate of hiring, (2) releasing less productive workers, and (3) reducing non-wage compensation."

Further, the NFIB Research Center has collected Small Business Economic Trends data with quarterly surveys since the fourth quarter of 1973 and monthly surveys since 1986. The most recent survey conducted in December of 2025 found that 31% of owners reported raising compensation, **without the government forcing them to do so.**

¹ Economic Impact of a Proposed Minimum Wage Increase in Pennsylvania; Regional Economic Models, Inc.



Based on the facts relayed above, the market has properly adjusted wages for inflation, and current minimum wage rates should remain in place. Employers are increasing wages despite concerns about current and future economic conditions and increased employer costs.

Should this legislation be enacted, how will employers react to a government-imposed increase in labor costs? Employers that can remain in business will **reduce hours, hire fewer workers, automate, focus on doing more with less, and they will not hire those without some sort of skill set, i.e., they will not take a chance on someone just entering, or re-entering, the labor force.** Fewer hours equal less money, not more. Job losses will concentrate on the most vulnerable workers: **youth workers, people with disabilities, people recovering from drug or alcohol addiction, and people reentering the workforce after a conviction.** Workers who need a job at the bottom of the job ladder will be hurt by this.

Another issue with HB 2198 is the **indexing** of this wage rate to inflation. Permanently indexing the minimum wage rate for inflation is not sound policymaking. Legislators in the Commonwealth are paid to make tough decisions and shouldn't shield themselves from responsibility. By indexing minimum wage, this legislation will perpetuate the higher costs of goods and services, decreasing the value of the dollar in their pocket.

Business owners will pass **increased costs onto consumers**, continuing to negatively affect inflation. They will **cut hours or employees.** They may even stop offering **benefits** they currently offer because they simply cannot afford them anymore. The government cannot continue to mandate higher labor costs and expect no impact on consumers.

Main Street small businesses are already navigating economic headwinds – some of which are the direct result of recent state government policy decisions, including labor shortages, inflation, unpredictable consumer demand, ever-changing compliance requirements, permitting delays, supply chain disruptions, high fuel and equipment prices, and an ever-diminishing ability to remain competitive.

Please oppose HB 2198 when it is brought up for consideration. Thank you, and please do not hesitate to contact us should you have any questions about this or any other piece of legislation.