

RAISE THE WAGE ACT: AT A GLANCE

Low wages are bad for people and terrible for businesses. Lawmakers can efficiently jump-start the “real” economy, stabilize working people, and ensure a reasonably constant level of aggregate consumer demand by gradually raising the national wage floor to \$15 per hour. The U.S. economy is 70% consumer demand.

The Raise the Wage Act will both **permanently guarantee** that full time work in the United States provides an annual compensation of **at least \$30,000**, and ensure the long-term stability and growth of salaries *much further up the compensation ladder*.

WHAT THE RAISE THE WAGE ACT DOES

1. Gradually increases the federal minimum wage from \$7.25 to \$15 per hour by 2025, beginning with a bump to \$9.50 this year.
2. Eliminates a vestige of slavery from our economy by equalizing the sub-minimum tipped wage - currently \$2.13 per hour - and the standard minimum wage.
3. Eliminates the sub-minimum wage for disabled working people and youth.
4. “Indexes” the minimum wage to median wages to stabilize the wages of working people permanently.

PROPOSED WAGE SCHEDULE

	Standard Minimum Wage (MW)	Tipped Minimum	Youth Wage	14(c)
2020	\$7.25	\$2.13	\$4.25	Subminimum Wage
2021	\$9.50	\$4.95	\$6.00	\$5.00
2022	\$11.00	\$6.95	\$7.75	\$7.50
2023	\$12.50	\$8.95	\$9.50	\$10.00
2024	\$14.00	\$10.95	\$11.25	\$12.50
2025	\$15.00	\$12.95	\$13.00	\$15.00
2026		\$14.95	\$14.75	
2027				
2028	Index to	Standard MW &	Standard MW &	Standard MW &
2029	median wages	index moving	index moving	index moving
2030		forward	forward	forward

WHY NOW? WHY \$15?

The Covid pandemic has given us up close and personal experience with what a drop in consumer demand does to our society. **Let's not repeat it.**

This is not complicated. There is math on this exam. The American economy is 70% consumer driven. Demand-based economies require customers with money to spend in order to function. But lawmakers - at the request of their political donors - have structured the economy so that half of our potential customers have no money to spend. This is just dumb.

The minimum wage has lost more than 20% of its purchasing power in the last 10 years, and more than 40% of its spending power since its peak in 1968¹. A low wage floor also significantly reduces the total compensation for jobs much further up the income scale. Receptionists, day care teachers, housekeepers, cashiers, and truck drivers can all feel the effects of a weak, insufficient wage floor.

Currently 53 million Americans² - 44% of the workforce - work in "low wage" jobs that don't provide enough income for them to participate in the economy (eg. buy stuff) in a meaningful way. The median compensation of that (almost) half of the American workforce is around \$10 an hour (\$18,000 annually). At that compensation level, the people most likely to "buy stuff" are almost certain to have no money to spend.

Lawmakers must give America's customers a raise. Business leaders should demand it.

Smart bar owners care way more about how much beer money their customers have than how much they pay their bartender.

WHO MAKES LESS THAN \$30,000 A YEAR?²

- Pharmacy Aides
- Teacher assistants
- Ambulance drivers
- Bartenders
- Manicurists
- Cooks
- Retail salespeople
- Home health aides
- Chicken plant processors
- Bookkeepers
- Medical Assistant
- Restaurant Servers

¹ Inflation Calculator, US Bureau of Labor Statistics https://www.bls.gov/data/inflation_calculator.htm

² Brookings, "Meet the low-wage workforce", Ross and Bateman, Nov. 2019, <https://www.brookings.edu/research/meet-the-low-wage-workforce/>

MIND-BLOWING MINIMUM WAGE FACTS

- **Over the last 20 years, 100% of ballot initiatives raising the minimum wage have passed** including all of those proposed in red states (Arkansas, Alaska, Florida, Maine, Missouri, Montana, Nebraska, Ohio, South Dakota).
- **44% of all working people aged 18-64 - more than 53 million people - are "low wage workers."**
Range from up to \$12.54 in Beckley, WV and up to \$20.20 in San Jose, CA:
 - 52% White, 25% Latino, 15% Black, 5% Asian American
 - 54% women
 - 40% raising children
 - 25% receive safety net assistance
- **40% of working people in America report they can't come up with \$400 in an emergency.**
- In states without a \$15 minimum wage law, public support programs for underpaid working people and their families make up **42% of total spending** and cost federal and state taxpayers more than \$107 billion a year.
- A \$15 minimum wage by 2025 would **generate \$107 billion in additional wages** for working people per year.
- In January, 1914 Henry Ford - a racist, anti-semitic - began paying factory workers **\$5 a day for 8 hours of work**, double the average factory wage at the time, because he understood that when employees clock out, they become customers - and he wanted those customers to buy his cars. Inflation adjusted, Ford's \$5 a day wage in 1914 is the equivalent of \$120 a day today.
*****\$5 for 8 hours of work in 1914 = \$120 a day/\$15 an hour in 2020*****
- Minimum wage enjoyed the most buying power in 1968 (\$1.60 per hour):
 - In 1968, McDonald's debuted the **Big Mac** to American consumers. **Price: 49¢ (1 hour of work = 3 Big Macs)**
 - If it had been indexed to inflation, today it would be **\$11.90 per hour (\$23,800 per year);**
 - If it had been indexed to both inflation and productivity, it would be **\$22 per hour (\$44,000 per year);**
- Today the U.S. minimum wage is **\$7.25 an hour (\$15,000 per year);**
- Today, the average fast food wage in Denmark is **\$20 an hour (\$40,000 per year);**
- The average cost of a Big Mac in Denmark is **\$5.15 (vs. \$4.80 in US).**
- Americans are more unequal today than they have been in **100 years.**

MINIMUM WAGE MYTHS

"RAISING THE MINIMUM WAGE WILL ELIMINATE MILLIONS OF JOBS."

WRONG (as well as illogical). A number of recent studies have thoroughly debunked this myth. Studies consistently show better earnings for workers with no significant loss of employment, even in low wage areas.

The Institute for Research on Labor and Employment (IRLE) found that in low-wage areas, raising the minimum wage substantially reduced household and child poverty, without any negative impacts on employment or hours worked ([Godoey and Reich, Berkeley IRLE](#)). When studying a sample of cities with a \$15 minimum wage, IRLE found that earnings increased substantially with no significant employment loss ([Nadler et. al, Berkeley IRLE](#)).

It's worth mentioning that this claim doesn't even make sense on its face. A consumer driven economy requires a stable level of consumer demand. COVID has clearly demonstrated what happens to the economy when consumer spending stops.

The Raise the Wage Act will both guarantee that full time work in the United States provides an annual compensation of at least \$30,000, and ensure the long-term stability and growth of salaries much further up the compensation ladder.

"BUT THE CBO ESTIMATED 1.3 MILLION LOST JOBS!"

The CBO report estimated that 27 million people would receive a raise, and presented a range of estimates on potential job loss, including a reasonable possibility of no job loss. Further, "in choosing the parameters that resulted in that conclusion it failed to appropriately weight the highest-quality studies in the vast academic literature on this issue." ([Shierholz, Economic Policy Institute](#)).

While recent studies highlight issues with the assumptions made in the study, the CBO even acknowledged that many of those experiencing "job loss" would not be out of work the entire year and may in fact come out even or ahead on an annual basis when they work fewer hours throughout the year but earn higher wages when they do work.

"\$15 PER HOUR ONLY MAKES SENSE IN BIG CITIES."

WRONG. Most big cities require incomes much higher than \$15 an hour. The federal minimum wage is a national earnings floor, and \$15 is the bare minimum workers need to survive anywhere in the US ([MIT Living Wage Calculator](#)). State and municipal governments in higher cost-of-living regions would still have the ability to set a minimum wage above that floor. Adopting the leading proposal for a "regional minimum wage" would mean 15.6 million fewer people would see a raise, many of whom would be women and people of color ([Cooper, Sheirholz, Economic Policy Institute](#)).

MINIMUM WAGE MYTHS CONT.

“MINIMUM WAGE JOBS ARE FOR HIGH SCHOOLERS LOOKING FOR POCKET CHANGE.”

WRONG. There are 53 million people, or 44% of the 18-64 year old workforce in the US, who earn low hourly wages for their region. Over half are between 25 and 50 ([Ross and Bateman, Brookings](#)). These jobs are nursing assistants, daycare workers, home health aids, assistant retail managers and more. Workers who would directly benefit from the minimum wage are not part-time kids with after school jobs. 32 million Americans make less than \$15 per hour ([Tung, et al NELP](#)), almost half of them are over 35, 57% of them work full time, 28% have children ([EPI Fact Sheet](#)), on average they earn more than half the family's income ([Cooper, EPI](#)).

“RAISING THE WAGE WILL KILL SMALL BUSINESSES.”

WRONG. Outside of the weekend, the busiest day for restaurants and retail is payday ([Jacobe, Jone, Gallup](#)). Raising the minimum wage to \$15 an hour provides workers with an additional \$5,100 in annual income ([EPI Fact Sheet](#)). That means they can cover rent, groceries, transportation, and healthcare costs, and be able to spend money at their local restaurants, bars, stores, and entertainment spaces. This is about giving their customers a raise. And when people have money, people spend money.

One study compared states with wages above the minimum wage and found that higher wage states saw the number of businesses under 50 people grow by 3.9% compared to only 1.9% everywhere else ([Fiscal Policy Institute](#)). And not only does a higher wage grow the customer base, but it also results in lower staff turnover and more productive workforces.

REPUBLICAN SUPPORT FOR A HIGHER MINIMUM WAGE

In 2020, voters in the red state of Florida passed a \$15 statewide minimum wage (61%) and voted to re-elect Donald Trump (51%). In fact, over the last 20 years, 100% of ballot initiatives raising the minimum wage have passed including all of those proposed in red states (Arkansas, Alaska, Florida, Maine, Missouri, Montana, Nebraska, Ohio, South Dakota).

The last federal minimum wage increase was supported by 82 House GOP and 46 Senate GOP.

In [a secret survey of their own members](#), the U.S. Chamber of Commerce found that 80% of business leaders supported a higher minimum wage, a negligible 8% opposed.

62%

of Republican voters support raising the minimum wage



"As long as it's done in a staged way and in a way that is equitable for everybody, McDonald's will do just fine with [\$15]."

CHRIS KEMPCZINSKI, CEO, MCDONALDS



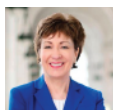
"I think we are nuts not to raise the minimum wage . . . as a party, to say we're trying to help the middle class of America and the poor and not raise the minimum wage sends exactly the wrong signal."

SENATOR MITT ROMNEY (UT)



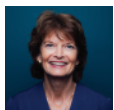
"I would be in favor of increasing the minimum wage to a certain extent . . . I think the \$7.25 an hour minimum wage is too low, it's historically low. We could reset that base to a reasonable level."

SENATOR RON JOHNSON (WI)



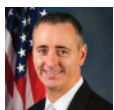
"It is overdue for us to look at increasing the minimum wage."

SENATOR SUSAN COLLINS (ME)



"We do have room to increase the federal minimum wage."

SENATOR LISA MURKOWSKI (AK)



"The federal minimum wage is woefully too low."

REPRESENTATIVE BRIAN FITZPATRICK (PA)



"A thoughtful plan that raises the federal minimum wage while considering geographic differences and small business is something that I think should be done."

DOUG MCMILLON, CEO, WALMART & CHAIR, BUSINESS ROUNDTABLE

MINIMUM WAGE RESEARCH

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