



Coalition of 60 Groups, Activists, and Legislators Oppose \$15 Federal Minimum Wage

February 2, 2021

Dear Member of Congress,

On behalf of millions of taxpayers across the country, we urge you to reject proposals to increase the federal minimum wage at a time of unprecedented economic calamity, including President Joe Biden’s push to raise the minimum wage to \$15/hour, more than doubling the current minimum wage of \$7.25/hour.

President Biden’s recent \$1.9 trillion “American Rescue Plan” calls on Congress to more than double the federal minimum wage to \$15/hour and eliminate the “tipped” minimum wage for servers. The Biden proposal likely mirrors legislation passed by the House in 2019 and reintroduced in 2021, the *Raise the Wage Act*, which increases the minimum wage to \$15 by 2025, indexes it to inflation, and repeals the tipped minimum wage for servers.

A \$15 minimum wage would substantially raise the cost of labor at a time when small businesses are already struggling to keep the lights on. Small businesses with thin margins would be forced to pass the costs onto consumers, which could lead to a decline in businesses, a loss of revenue, and layoffs. Businesses that have closed temporarily due to the pandemic may decide not to reopen at all in the face of a higher minimum wage, and many employers will forgo hiring new workers because they cannot afford them.

These concerns are not hypothetical. According to the nonpartisan Congressional Budget Office (CBO), the *Raise the Wage Act* [would eliminate](#) up to 1 million jobs by 2023 and up to 3.3 million jobs by 2029. A more modest estimate still shows 1.2 million lost jobs by 2026. Another CBO estimate [shows](#) that a \$15 minimum wage could cost as many as 3.7 million American jobs.

Even workers who retain their jobs will be worse off under a nationwide \$15 minimum wage. Some will lose non-wage benefits such as free parking or meals, and others will have their hours reduced. Workers may not earn any more money under the higher wage, but will face fewer opportunities to work and less benefits when they do.

Workers employed by small businesses and in restaurants, retail, and hospitality would be disproportionately harmed, as would younger workers beginning their careers, minorities, and those in states with lower relative costs of living. For example, a recent study found that the *Raise the Wage Act* would kill over 108,000 jobs in Ohio, 106,000 jobs in Georgia, and 12,000 jobs in West Virginia. States like Maine and Montana would also lose [thousands of jobs](#).

While some workers would see higher wages due to this government mandate, the CBO estimates the number of workers losing their job could greatly exceed the number of workers that would be pulled out of poverty. CBO also estimates a \$9 billion reduction in family income and an increase in prices for all consumers.

President Biden’s minimum wage hike would also harm tipped workers at a time when the restaurant industry is rapidly collapsing, with over [10,000 restaurants](#) closing their doors in





the last three months alone. In recent years, servers and bartenders in several states and localities—including Maine, Virginia, and Washington, DC—have successfully rallied against proposals to change the tipped wage system. If President Biden succeeds in eliminating the tipped wage, [one in three](#) tipped workers could lose their jobs.



The Coronavirus pandemic has caused unprecedented hardship to American businesses and workers. Government-mandated lockdowns shuttered hundreds of thousands of businesses, kicking millions of Americans out of work. Over [60 percent](#) of business closures from the pandemic are now permanent.



Congress has [taken steps](#) to assist struggling businesses as they navigate the COVID-19 crisis and economic restrictions. As leaders continue to debate the best policies to help in economic recovery, a \$15 minimum wage is one policy that should be off the table.



Imposing a drastic minimum wage hike during a pandemic-induced recession – which would kill millions of American jobs and eliminate thousands of small businesses – flies in the face of Congress’s stated goal of supporting small businesses and workers. While this drastic increase in labor costs would be disastrous in normal times, the impact would be even worse during a global pandemic.



If Congress is serious about supporting small businesses and a strong economy, lawmakers should reject any and all efforts to impose a nationwide \$15 minimum wage. Doing so would eliminate millions of American jobs, kill thousands of small businesses, and prolong the economic misery that COVID-19 has caused our country.



Sincerely,

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