

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

SUZANNE P. CLARK
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TO THE MEMBERS OF THE U.S. HOUSE OF REPRESENTATIVES:

A minimum wage increase of the scale proposed in H.R. 582, the Raise the Wage Act, will cost millions of Americans their jobs, harm small businesses, and appears to be driven by politics rather than economic facts. **The Chamber strongly opposes this legislation and will consider including votes on this bill in our *How They Voted* scorecard.**

A more than doubling of the federal minimum wage to \$15 per hour from \$7.25 per hour would have disruptive impacts on employers, particularly small businesses, and it would also have severely negative impacts on job opportunities for first-time workers or those employees who have had little-to-no education or on-the-job training. A recent Congressional Budget Office (CBO) analysis concluded that a \$15 minimum wage could result in as many as 3.7 million workers losing their jobs. CBO further found that total real family income could drop by \$9 billion.

Many advocates for a federal minimum wage increase argue that the current minimum wage rate has not kept pace with inflation. However, if the current federal minimum wage were adjusted for inflation over five years, as the Raise the Wage Act envisions, it would be \$9.76 per hour, based on CBO's estimates of the Consumer Price Index. Proponents of the Raise the Wage Act have failed to justify an increase in the minimum wage that is more than 50% higher than the current minimum wage adjusted for inflation.

The Raise the Wage Act also includes other provisions to which the Chamber objects, such as indexing the minimum wage to inflation and eliminating the credit for tipped employees. The minimum wage increases should be considered by Congress so immediate economic conditions can be evaluated, rather than the autopilot wage increase provisions of this bill. And, with regards to the tip credit, the Council of the District of Columbia recently invalidated a similar proposal to eliminate it because of fears it would reduce take home pay for many tipped employees.

As the Chamber indicated in correspondence to the House last week, it is reasonable to adjust the federal minimum wage from time-to-time, but increases must be done in a responsible manner based on economics and must be paired with other provisions that help employers manage the increased labor costs. The Raise the Wage Act, appears to be little more than an attempt to turn the political slogan of \$15 an hour into national legislation and is inconsistent with economic conditions in many communities across the United States. The federal minimum wage is a national floor for entry-level employees. The Fair Labor Standards Act allows states

and localities to set their own, higher minimum wages, and many states and local jurisdictions have done so.

The Chamber continues to believe that there is a path forward on a legislative package that includes a meaningful, but reasonable increase in the minimum wage. We stand ready to work with Congress on such legislation. However, \$15 per hour is not a workable federal minimum wage, and H.R. 582 does not represent such an approach.

Sincerely,

A handwritten signature in black ink that reads "Suzanne P. Clark". The signature is written in a cursive style with a large, looped initial 'S'.

Suzanne P. Clark
President
U.S. Chamber of Commerce